



## Financial Best Practices

### KEY RESPONSIBILITIES OF FINANCE & OPERATIONS TEAMS

#### BUSINESS TEAM

Bookkeeping & Accounting  
Budgeting  
Financial Reporting &  
Forecasting  
Human Resources  
Payroll  
Compliance  
Development  
Grant Management  
Marketing & Recruiting

#### OPERATIONS TEAM

Student Records  
Student Enrollment &  
Withdrawal  
Food Services  
Transportation  
Purchasing & Logistics  
Facilities  
Technology  
Database Management

### INTERNAL CONTROLS:

#### Are adequate controls in place to prevent errors and fraud?

- Make certain there is an adequate segregation of duties between staff and outsourced consultants
- Establish and follow financial policies & procedures (FPP)
- Regularly educate staff on the FPP manual and revise when needed
- Create “cheat sheet” flowcharts to summarize major processes from the FPP manual
- Secure financial and human resource records in locked cabinets
- Store funds to be deposited, stock of blank checks and credit/debit cards when not being used in a locked safe

### RESOURCE MANAGEMENT:

#### Is there adequate staffing & are the right people in the appropriate positions?

- Create clear job descriptions and periodically review them with staff
- Segregate finance & operations duties and establish professional development plans for each role
- Implement a formal evaluation process for finance & operations staff that incorporates goal setting
- Regularly review staff roles & responsibilities to maintain proper staffing levels
- Train key staff on proper financial policies & procedures and the expectations of the authorizer, auditors and donors

### FINANCIAL MANAGEMENT:

#### Does everyone truly understand their role in managing the school's finances?

- Take time to understand the school's financial responsibilities, revenue streams, timing of payments
- Identify information needs and reporting requirements of the school
- Make certain the school's chart of accounts and financial reports align with GAAP and provide the level of detail needed to manage the school effectively
- Develop realistic (not hopeful) budgets with contingencies built in
- Monitor income/expenses regularly against the budget and include projections through the end of the fiscal year
- Implement the CSBM Binder system to file financial documentation

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**FINANCIAL REPORTING:**

**Do leaders have accurate financial information to manage the school?**

- Establish a monthly close schedule as well as reporting deadlines
- Incorporate reconciliation processes into the monthly close for bank accounts, credit cards, payroll, revenue, etc.
- Create useful financial reports on a monthly basis
  - Budget vs. Actuals with forecasts for the remainder of the fiscal year
  - Cash Projections (month by month to identify potential cash shortages)
  - Balance Sheet, Statement of Cash Flows and Grant Reports
- Professionally develop staff and the board to read and interpret financial reports
- Engage audit firm early

**RISK MANAGEMENT & LEGAL:**

**Have leaders done everything possible to protect the school?**

- Maintain proper/adequate insurance
- Review and update the HR manual as needed
- Limit access and use of credit & debit cards; if debit cards are used, establish a separate account to limit risk
- Avoid using petty cash if possible
- Maintain an attorney on the Board of Trustees (not to replace outside legal representation)
- Obtain a pro bono attorney as a cost-effective way to get legal help for your school
- Have the school's attorney review all hire/employment agreements
- Create a list of all risks and a plan to mitigate all risks

**TIP:** Schools should conduct a Finance & Operations Assessment periodically to ensure that the accounting and financial operations, including staffing, accounting processes, procedures, internal controls, and financial reporting are working effectively.

Any score above **48** is doing well, anything below may mean that your department requires improvement.

**START WITH THIS MINI ASSESSMENT**

There is paper everywhere in our finance office. We feel uncomfortable when seeing it.	1 2 3 4 5 6 7 8 9 10	Our financial back-up documentation is very neat and orderly. Items can be retrieved within seconds.
We don't understand revenue sources and related cash flows. We don't track student enrollment closely.	1 2 3 4 5 6 7 8 9 10	We fully understand our sources of revenues and related cash flows. We track student enrollment very closely.
Our annual & multi-year budgets do not provide as helpful information as we would like.	1 2 3 4 5 6 7 8 9 10	Our annual & multi-year budgets are effective guides and are prioritized to leverage our program and impact on our students.
Audited financial statements and management letters contain several recommendations, which make me very nervous.	1 2 3 4 5 6 7 8 9 10	Audited financial statements and management letters contain few recommendations, which make me feel proud of my finance department.
The finance department appears overwhelmed and needs help.	1 2 3 4 5 6 7 8 9 10	The finance department is simply "on it." We can fully focus on academics.
We are unclear about academic and financial requirements for the charter renewal process.	1 2 3 4 5 6 7 8 9 10	We have built evidence toward charter renewal throughout our charter term.