

# Fiscal Oversight

## 5 Steps to Improve Your School Now

SCSC Governance Training  
February 8, 2018

Terence  
Washington  
Financial  
Accountability  
Manager



# PRESENTATION OVERVIEW

1. Staff Up
2. Improve Your Financial Policies
3. Improve Your Procedures
4. Monitor Your Budget
5. Monitor Your Financial Performance

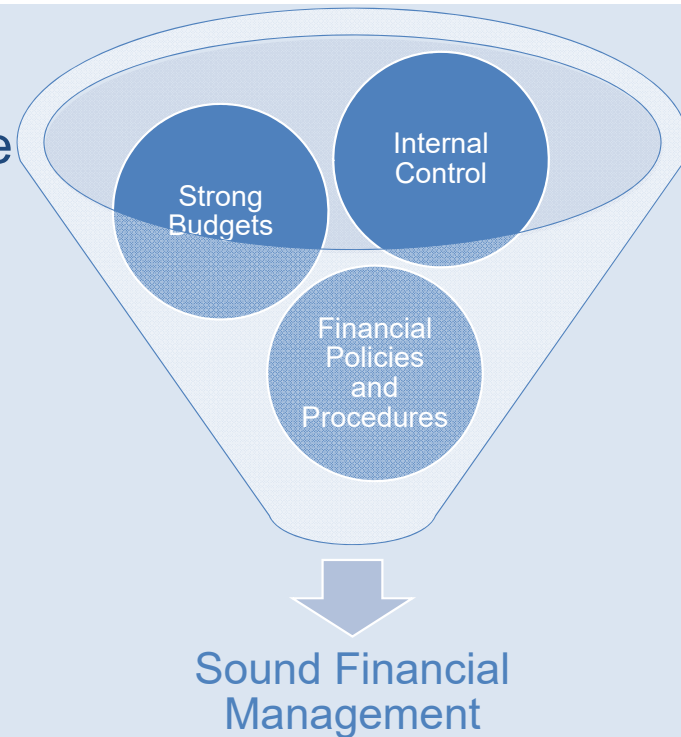


# FIDUCIARY RESPONSIBILITY



# FIDUCIARY RESPONSIBILITY DEFINED

- Fiduciary duty is defined as a legal obligation of one party to **act in the best interest** of another. The obligated party is typically a fiduciary, that is, someone **entrusted** with the care of money or property.



# BOARD MEMBER FIDUCIARY RESPONSIBILITY

Financial Oversight of the Charter School

Oversee Budget – Operating & Capital

Hold School Staff Accountable for Budget Management

Ensure Financial Policies are in Place



# STAFF UP



# STAFF UP

- CFO
- Bookkeeper
- Data Clerk
- Communications Director
- Training
- Superintendent



# CFO REQUIREMENT

At the time your charter term begins you should have a highly qualified CFO

Name the person OR provide details of job qualifications and rigorous hiring process

List how their qualifications match state requirements





# CFO REQUIREMENT

## State Requirements

A baccalaureate or higher degree in business, accounting, or finance from an accredited college or university and a minimum of four years experience in a field related to business or finance; or

Documented experience of ten or more years in the field of business and financial management



# IMPROVE YOUR FINANCIAL POLICIES



# FINANCIAL POLICIES DEFINED

Financial policies are guidelines or a plan of action for decisions as they relate to financial matters



# EFFECTIVE POLICY CHARACTERISTICS

- Clear, Specific
- Current
- Centrally available
- Comprehensive
  - Who, what, when, where (not how!)



# BASIC INTERNAL CONTROLS

Performance  
Reviews

Information  
Processing  
Controls

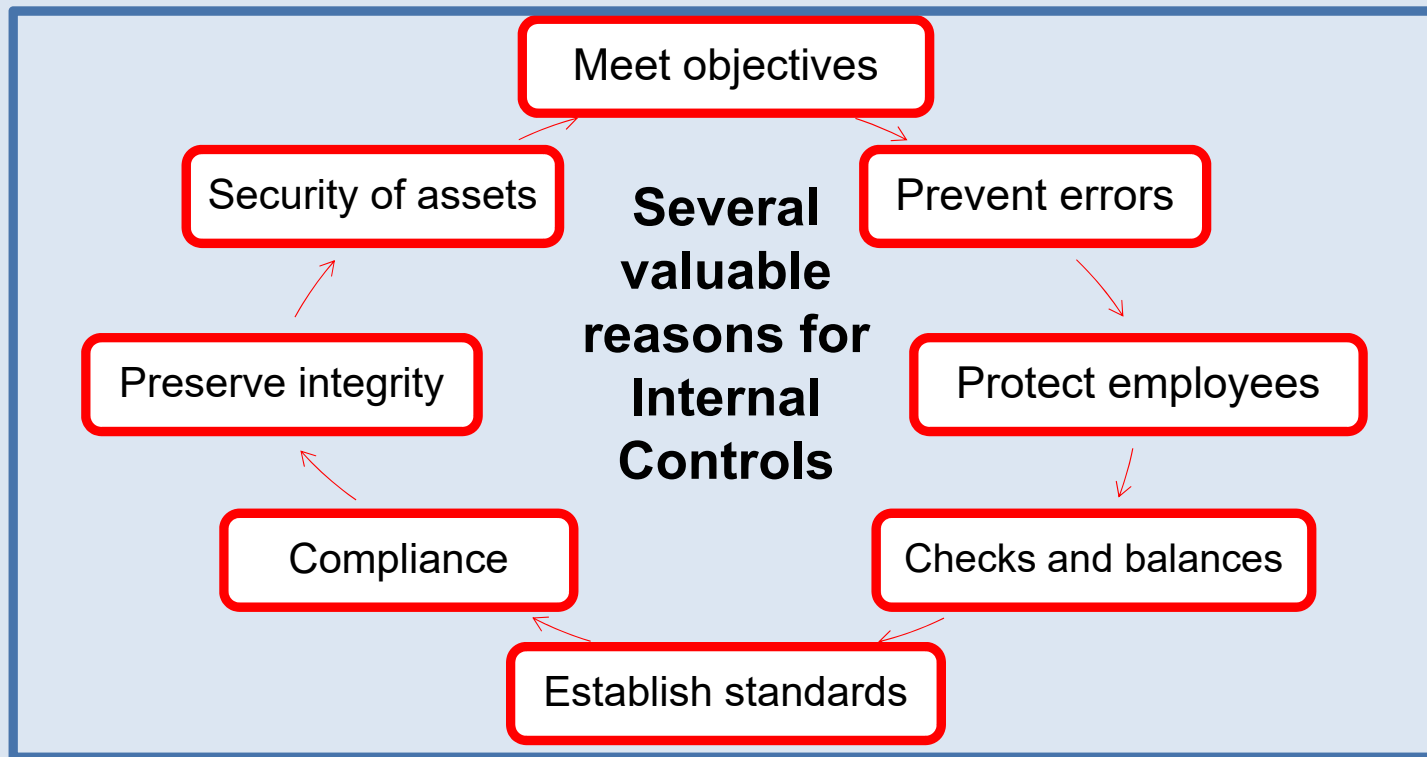
Physical  
Controls

Segregation of  
Duties

Authorization  
and Document  
Based Controls



# IMPORTANCE OF INTERNAL CONTROLS



# DUTIES TO SEGREGATE

The process of reviewing and approving transactions or operations

Authorization

Custody of Asset

Having access to or control over physical assets such as cash, checks, equipment

Process of creating and maintaining records of revenues, expenditures, inventories, journal entries, etc. May be manual records or computerized accounting records

Recordkeeping

Reconciliation

Performing a comparison of actual to balances on ledger. Examples include cash, accounts receivable, accounts payable, etc.



# IF YOU CAN'T SEGREGATE, THEN COMPENSATE

## ■ Compensating Controls

- Reviews and reconciliations conducted by independent parties
- Mitigate the risks of a potential control weakness
- Less desirable than segregation of duties since they occur after transaction is complete (DETECTIVE not PREVENTIVE)
- Takes more resources to detect errors than to prevent them

Continued on next slide





# IF YOU CAN'T SEGREGATE, THEN COMPENSATE

- Examples include:
  - Have the Board Treasurer perform a monthly review or a periodic re-performance of bank reconciliations
  - Monthly review of detailed revenue and expenditure reports/transactions



## ADDITIONAL I/C RESOURCES

- <http://www.gao.gov/greenbook/overview>
- <http://www.coso.org/IC.htm>
- <http://www.gfoa.org/>
- [https://register.cviog.uga.edu/ecsprod2/CourseListing.aspx?master\\_id=491&master\\_version=1&course\\_area=CHAR&course\\_number=103&course\\_subtitle=00](https://register.cviog.uga.edu/ecsprod2/CourseListing.aspx?master_id=491&master_version=1&course_area=CHAR&course_number=103&course_subtitle=00)



# IMPROVE YOUR FINANCIAL PROCEDURES





### ■ Policy

- Guiding principle put in place to give employees direction
- Set by governing body
- Reflect the mission statement of the school
- Sets out what staff can do

### ■ Procedure

- Set of actions that staff perform
- Step by step instruction that tell employees what to do and when to do it
- Spells out how staff is going to do it

*Policies translated into action are procedures.*

# PROCEDURE MANUAL

- Updated periodically
- Protects the school when employees leave
- Adds an additional layer of transparency



# MONITOR YOUR BUDGET



# MONITOR YOUR BUDGET

- Monthly meetings to discuss the budget
- Staff should provide budget projections
  - Comparison of actuals to projections
  - Budget variance summary report
- Budget Amendments
  - At least one per year if necessary



# COMMON BUDGET MISTAKES

Overestimating  
Funding

Underestimating  
Expenses

Including Donations  
as a Guaranteed  
Source of Revenue

Budget Deficits  
w/o Deficit  
Reduction Plan

Negative Ending  
Cash Amounts

Fuzzy  
Assumptions





# EXAMPLE



# MONITOR YOUR FINANCIAL PERFORMANCE



# MONITOR YOUR FINANCIAL PERFORMANCE

- Establish performance goals
- Monitor monthly
  - Create a tool to assess performance
- Hold Staff Accountable



# SCSC PERFORMANCE FRAMEWORK DASHBOARD

- What is a dashboard?
- What metrics should we look at?
  - [https://scsc.georgia.gov/sites/scsc.georgia.gov/files/related\\_files/site\\_page/SCSC\\_Comprehensive\\_Performance\\_Framework\\_Indicators\\_and\\_Weights\\_Approved.pdf](https://scsc.georgia.gov/sites/scsc.georgia.gov/files/related_files/site_page/SCSC_Comprehensive_Performance_Framework_Indicators_and_Weights_Approved.pdf)



# Questions

