



IDAHO PUBLIC CHARTER SCHOOL COMMISSION

CHARTER SCHOOL FINANCIAL OVERSIGHT EVALUATION TOOL



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Financial Risk Analysis Self-Evaluation Tool

This tool has been developed to assist new charter petitioners and operating charter schools evaluate fiscal oversight issues. It is imperative that school governance boards and administrators develop effective financial and operational practices. According to the Charter Friends National Network's *Guide for Developing a Business Plan for Charter Schools*, "charter school developers quickly realized that achieving their dreams for changing and improving education requires more than innovative strategies for teaching and learning. Charter schools have many of the same characteristics of start-up small businesses and face many of the same challenges. The greatest strategies for teaching and learning won't have a chance to succeed if they aren't supported by fiscally and administratively sound organizations."

This risk analysis tool can help to identify and address financial oversight challenges. While the risk analysis tool is not used as sole determiner of financial healthy, it can be used to identify potential areas of concern. Not intended to be an exhaustive list, this guide can serve as a template to preparing effective and comprehensive internal controls and oversight. The evaluation criteria, findings, and recommendations are designed to promote best practices and improve the operations of the charter school.

Financial Reporting and Budget

Financial Reporting	Yes	No
School follows a set of comprehensive written fiscal policies and procedures		
Policy for internal controls is established by the board		
Policies are established regarding budget, long-term debt, accounting procedures, and fiscal reporting		
Accrual based accounting, in accordance with GAAP is used		
Internal financials are prepared according to GAAP		
Employees performing financial functions are appropriately qualified and adequately trained		
Internal financial reports are prepared and reviewed by the board regularly		

Budget	Yes	No
School has clear budgetary objectives and budget preparation procedures		
Budget is based on sound use of financial resources and supports the academic program needs		
Enrollment study provides clear evidence for the reasonableness of projected enrollment		
Budget adequately supports staffing, enrollment, and facility projections		
Additional financial obligations are adequately provided for in budget		
Multi-year budget projections are prepared		
Long-term debt obligations have been included in multi-year projections		
Projections and assumptions are reasonable		
Based on projections, the school will be able to meet its financial obligations		
Based on projections, the charter school will maintain a prudent level of cash reserves in the current and subsequent fiscal years		
Philanthropy is not needed to sustain operations		

Budget and Reporting Governance	Yes	No
Board demonstrates a knowledge and understanding of the short and long-term financial outlook		
Budget is approved by governing board		
Long-term fiscal plan to actual progress is evaluated frequently and adjusts to meet changing conditions		
Process to review and revise budget for changes due to student enrollment and operations		
Budget revisions are approved by the board		

Accounts Receivable / Cash Receipts

Cash Flow	Yes	No
Cash flow projections are prepared and monitored by administration		
Cash flow projections are updated regularly to ensure sufficient funds are available		
Sufficient cash flow is maintained to pay current bills		
Schools financial condition is such that it will not require short-term borrowing for the current fiscal year		
Cash flow reports are presented to and reviewed by the board		

Cash Receipts	Yes	No
Policy regarding cash receipts is established		
Segregation of duties of monies, deposit of monies, and reconciliation of bank statements		
Audit trail is maintained to ensure deposit of all monies		
Bank signature authorization policy and procedure is established		
Policy regarding bank reconciliation is established		
Accounts receivable / cash receipt records are maintained for the independent auditor		

Accounts Payable / Disbursements

Disbursements	Yes	No
Disbursements are approved by the board		
Contracts and purchase orders are approved by the board		
School accurately records and properly documents transactions in accordance with management direction, laws, regulations, grants, and contracts		
Staff member reviews all grant contracts and restrictive gifts and monitors compliance with all stated conditions		
Checks signed by authorized employees/board members		
Dual signatures required on outgoing checks and bank transfers		
Segregation of duties among purchasing, receiving, and accounts payable		
Policy for staff and travel expenses is established		

Purchasing	Yes	No
Policy on purchasing requirements and major purchases is established		
Purchases require the following: Original invoice from vendor; receiving document; appropriate approval of the purchase		
Policy regarding purchase and maintenance of equipment is established		
Equipment purchased with federal funds or donations is identified		
Equipment is physically located at school		
Accounts payable/disbursement records are maintained for the independent auditor		

Payroll and Employee Data

Payroll ad Employee Data	Yes	No
Policy regarding payroll and employee data is established		
Staff contracts are approved by board and recorded in the meeting minutes		
Segregation of duties among maintenance of employee data, salary, schedules, and payroll payments		
Federal and State tax deposits made in accordance with the quarterly payment requirements		
Employee data is secured and restricted to authorized administrative staff		
Payroll records and maintained for the independent auditor		

Audit

Audit	Yes	No
An accounting firm has been contracted for an independent audit		
Audit schedule/timeline has been established		
A corrective plan of action is developed for each audit finding and recommendation		
Corrective action plan implemented for any/all audit findings and recommendations		
Prior years' audit findings and recommendations have been resolved		

Risk Analysis Review

Area of Evaluation	Total "No" Responses
Financial Reporting	_____
Budget	_____
Budget and Reporting Governance	_____
Cash Flow	_____
Cash Receipts	_____
Disbursements	_____
Purchasing	_____
Payroll and Employee Data	_____
Audit	_____
	Total: _____

Low Risk

Total Score 0-9. 85-100%. Management and monitoring of fiscal practices is adequate, additional oversight may be implemented as convenient.

Moderate Risk

Total Score 10-21. 65-84%. Increased management and monitoring of fiscal practices may be required. Additional oversight measures should be implemented in the near term.

High Risk

Total Score 22+. 0-64%. Considerable management and monitoring of fiscal practices is required. Additional oversight measures should be implemented as soon as possible.

