

Best Business Services Management Practices and Their Associated Indicators

Identifying Information of Respondent Completing Form

Name: _____

Telephone No. _____

Position: _____

Email Address: _____

School: _____





Years associated with this charter school?
1 – 3 Years ___; 4 – 6 Years ___; 7+ Years ___

If these do not apply, simply mark them “not applicable”.






Best Practices and Indicators

Yes | No | Unknown | *Explanation/Documentation*




Financial Management

Best Practices and Indicators	Yes	No	Unknown	<i>Explanation/Documentation</i>
1. The charter school periodically analyzes the structure and staffing of its financial services organization.				
a. Financial services has an approved organizational structure.				
b. The position descriptions for critical financial service positions contain appropriate education and experience requirements.				
c. Financial services staff are cross-trained for critical accounting processes.				
d. Financial service staff receive appropriate training and professional development.				
e. Financial services is appropriately staffed to ensure effective delivery of financial services to users.				
f. Decentralized accounting services positions are appropriately trained.				
g. The charter school staff analyzes potential cost savings of alternative financial services delivery, i.e., privatize vs. employees.				
2. The Administration has developed and distributed written procedures for critical accounting processes and promotes ethical financial management practices.				
a. These procedures address <ul style="list-style-type: none">  Identification and description of principal accounting records;  Standard accounting and journal entries including requirements for supporting documentation;  Identification of positions that approve accounting and journal entries prior to entry; and  Instructions for determining appropriate cut-off and closing of accounts for each accounting period. 				










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b. The Board has approved written ethics policies for the charter school financial staff.				
c. The charter school has established written procedures that provide for confidential reporting of suspected improprieties.				
3. The charter school has adequate financial information systems that provide useful, timely, and accurate information.				
a. The financial accounting system has appropriately integrated financial software components that minimize manual processes including: <ul style="list-style-type: none">  efficient data entry (decentralized vs. centralized);  capital projects tracking by and across fiscal years;  reconciliations between control accounts and subsidiary records (receivables, payables, payroll, inventories, fixed assets, etc.) which are automated or are rendered unnecessary by integrated accounting controls that ensure that the records remain in balance;  direct-deposit program for payroll checks that is implemented to reduce workload for accounting for payroll checks; and  manual processes, including those using spreadsheet software, which are used to verify, track, or maintain accounting activities are minimized. 				
b. The charter school staff analyzes cost savings of automation or manual processes.				
c. The charter school staff analyzes financial accounting and reporting procedures to minimize or eliminate duplication of efforts.				
d. The charter school staff analyzes strategic plans for measurable objectives/results.				
e. The accounting system facilitates accountability for restricted sources of funds through fund/grant/project accounting.				






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f. Charter school financial staff provides the Board and Administration with monthly, Interim Reports, Budgets, and annual Unaudited Actuals financial reports with explanatory narratives that effectively summarize financial operations and financial condition in an easy-to-understand format that assists the Board in making financial decisions.				
g. Charter school financial staff provide effective feedback to the Board and Administration on funding sources, budget limitations, and financial condition impacts relating to major financial proposals.				
h. Charter school budget managers receive periodic (at least monthly) reports or can electronically view data showing budget vs. expenditure comparisons for their responsibility areas.				
4. Charter school financial staff analyze significant expenditure processes to ensure they are appropriately controlled.				
a. Charter school financial staff analyze significant contract methods and financial negotiations, especially large dollar amount or high volume contracts described in policy and procedures.				
b. Charter school financial staff analyzes major expenditure categories to recognize and review unusual fluctuations in cost.				
Internal Controls				
5. The charter school has established adequate internal controls.				
a. The charter school has established effective controls over receipting processes to ensure: <ul style="list-style-type: none">  timely depositing and recording of collections;  recording of collections to the correct accounting codes (fund, revenue source, object); and  compliance with federal, state, and charter school laws, rules, and policies as appropriate relating to accounting for moneys received. 				



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<p>b. The charter school has established effective controls over payroll processes to ensure:</p> <ul style="list-style-type: none">  appropriate and timely reporting and remitting of federal and state payroll taxes to appropriate agencies (review reports and determine reasons for any payroll tax penalties paid by charter school);  appropriate and timely reporting of other payroll deductions, such as health insurance premiums;  appropriate and timely reporting of payroll and attendance information to employees (both on a payroll and annual basis);  compliance with federal, state, and charter school laws, rules, and policies; and  salary costs are properly charged to the correct accounting codes, including but not limited to fund, resource, function, project, location, and object. 				
<p>c. The charter school has established effective controls over disbursing processes.</p> <ul style="list-style-type: none">  payments are for authorized purposes, have sufficient budget authority, and prior verification of funds availability;  payments are supported by evidence that the goods and services were received;  payments are supported by appropriately canceled vendor invoices/bills;  disbursements are properly charged to the correct accounting codes (fund, function, project, location, and object). 				
<p>6. Administration proactively responds to identified internal control weaknesses and takes immediate steps to correct the weaknesses.</p>				
<p>a. Internal control weaknesses are identified from external and internal audit reports, risk assessments, grantor monitoring reports, and other sources, such as communications from employees and the public.</p>				
<p>b. Administration assigns responsibility for resolving internal control weaknesses to appropriate staff.</p>				









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c. Assigned staff must periodically report to Administration on progress towards resolving internal control weaknesses.				
7. The charter school produces an annual budget aligned to the strategic plan and provides useful and understandable information to users.				
a. Budgets are formed and adopted pursuant to applicable state law and rules. <ul style="list-style-type: none">  budget meets state-mandated and charter school required timelines;  budget document summaries are in approved format and appropriate detail is included. 				
b. Charter school staff use appropriate revenue-estimating practices when developing estimated budget sources for appropriation: <ul style="list-style-type: none">  includes prior year comparisons;  enrollment projections and methods;  Average Daily Attendance (ADA) considering history, graduation, economic development, and demographic factors. 				
c. The charter school has established a budget planning process and timeline that is clearly communicated to all of the involved stakeholders.				
d. Budget is presented with narrative descriptions, assumptions, and explanations of changes from prior years.				
e. The charter school has established a budget planning process linking strategic plan objectives to the development of the budget.				
f. Charter school maintains adequate reserves as specified in the Memoranda of Understanding.				
g. Charter school stakeholders include Administration, staff, SAC, and interested community members input and advice when developing budgets.				
h. Budgets are presented to the Board in advance to allow evaluation and preparation for Board deliberation, recommendations, and adoption during a regularly scheduled meeting.				












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8. Administration analyzes strategic plans for measurable objectives or measurable results.				
a. Strategic plan objectives can be tied to specific departments or projects and provide guidance to determine appropriate expenditures to achieve plan objectives (note-overlaps with accountability chapter).				
b. Strategic plan includes a provision for maintaining adequate levels of unreserved fund balance.				
c. Administration has developed a process that primarily commits funds for activities and projects that meet strategic plan objectives.				
d. The charter school has established appropriate procedures for reviewing, evaluating the financial impact of, and approving budget amendments described in policy and procedures.				
External and Internal Auditing				
9. The charter school ensures that it receives an annual external audit and uses the audit to improve its operations.				
a. Audit reports indicate that the audits were completed in accordance with Government and Financial Accounting Auditing Standards.				
b. The charter school responds immediately and appropriately to exceptions and Auditor requests and comments.				
10. The charter school has an effective internal audit function and uses the audits to improve its operations.				
a. The charter school’s internal audit function is organizationally independent.  It reports to the Board or to a Board-designated internal audit committee.				
b. The internal audit function performs annual risk assessment.				
c. The internal audit function prepares an annual internal audit plan that is based on prioritization of risks identified in the annual risk assessment.  The Board approves the annual internal audit plan.				




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<p>d. Internal audit function has sufficient resources to provide reasonable audit coverage on a periodic basis.</p> <ul style="list-style-type: none">  The internal audit function uses appropriate audit programs to conduct audits. 				
<p>e. The Board periodically approves internal audit reports.</p> <ul style="list-style-type: none">  Internal audit reports include charter school responses and corrective action plans.  The internal audit function has a process that ensures periodic follow-up of findings noted in previous internal audit reports. 				
11. The charter school ensures that audits of internal funds and discretely presented component units (foundations and charter schools) are performed timely.				
<p>a. The charter school ensures that required reports are timely and received by the external auditor for consideration in the completion of the charter school’s financial audit.</p> <ul style="list-style-type: none">  Annual school internal accounts financial audits are timely completed and presented to the Board.  CPA audits of direct support organizations are timely completed and presented to the Board.  CPA audits of charter schools are timely completed and presented to the Board. 				
<p>b. Administration reviews financial reports of internal accounts and discretely presented component units and use the information contained in the reports to make appropriate decisions involving these activities.</p>				
Cash Management				
12. The charter school periodically reviews cash management activities, banking relationships, investment performance, and considers alternatives				
<p>a. The charter school has appropriate written policies and procedures for cash management.</p> <ul style="list-style-type: none">  The charter school maintains its cash deposits in qualified public depositories  Cash collections are timely deposited and invested. 				

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<ul style="list-style-type: none">  Charter school staff that do not have the ability to update accounting records perform timely bank reconciliations.  Charter school staff that prepare bank reconciliations ensure that needed adjustments are made timely.  Appropriate management staff periodically review bank reconciliations and investigate unusual reconciling items.  The charter school has cash forecasting processes that ensure adequate liquidity throughout the year.  Banking contracts are periodically analyzed to ensure terms and fee schedules are appropriate. 				
<p>b. The charter school has appropriate written policies and procedures for investments that provide guidance for maximizing return for investments while ensuring the safety and liquidity of investments.</p> <ul style="list-style-type: none">  The charter school has an investment policy when it invests in those authorized investments for which an investment policy is required.  The charter school periodically reports to the Board the results of its investing activities—monthly or quarterly, and annually as appropriate.  The charter school staff analyzes the risk of the investment vs. the projected return on the investment.  The charter school staff are knowledgeable and receive periodic training on investments.  If appropriate, the charter school either physically protects its investments or provides for sufficient safekeeping of investment securities.  If appropriate, the charter school monitors investment earnings to ensure accuracy of amounts collected. 				








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Capital Asset Management				
13. The charter school has established written policies and procedures and periodically updates them to provide for effective management of capital assets.				
a. Charter school staff are knowledgeable about capital asset financial reporting requirements and has established procedures to ensure adequate and timely reporting.				
b. The charter school has implemented effective procedures to ensure that capital outlay purchases are appropriately capitalized. <ul style="list-style-type: none">  The charter schools capitalization thresholds are consistent with state requirements.  The charter school reconciles capital asset expenditures, additions, and depreciation to capital assets.  The charter school has procedures to ensure that appropriate asset values for completed construction projects are timely transferred to detailed subsidiary records for capital assets. 				
c. The charter school maintains detailed subsidiary records of capital assets.				
d. The charter school physically safeguards and tags capital assets.				
e. The charter school physically inventories capital assets annually using cost-effective methods.				
f. The charter school has established and carries out appropriate procedures to follow up on missing property items.				
g. The charter school appropriately accounts for capital assets acquired with restricted source funds.				
14. The charter school ensures significant capital outlay purchases meet strategic plan objectives.				
a. The charter school prepares separate capital projects budgets.				
b. The charter school does not charge maintenance and operations staff salaries to restricted capital outlay sources that do not permit such charges.				







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c. The charter school has implemented effective procedures and periodically updates them to provide for effective management of assets.				
Debt Management				
15. The charter school has established written policies and procedures and periodically updates them to provide for effective debt management.				
a. The charter school tracks debt service requirements and ensures timely payment.				
b. The charter school is knowledgeable about debt service financial reporting requirements, e.g., continuing financial disclosures pursuant to Securities and Exchange Commission requirements, and has established procedures to ensure adequate and timely reporting.				
c. The charter school complies with federal arbitration requirements.				
d. The charter school complies with bond covenants.				
16. The charter school ensures that significant debt financings meet strategic plan objectives.				
a. The charter school evaluates debt capacity prior to issuing debt.				
b. The charter school evaluates financing alternatives when acquiring major capital assets.				
Risk Management				
17. The charter school has established written policies and procedures and periodically updates them to provide for effective risk management				
a. The charter school's policies require clear and complete financial contract terms for all insurance contracts.				
b. Charter school staff analyzes current insurance plans including deductible amounts, co-insurance levels, and types of coverage provided.				
c. The charter school periodically compares costs and a risk analysis with peer charter schools.				
18. Charter school staff periodically monitors the charter school's compliance with various laws and regulations related to risk management.				
a. The charter school has established policies and procedures and periodically updates them				

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<p>to identify various risks and provide for a comprehensive approach to reducing the impact of losses.</p> <ul style="list-style-type: none">  The Board has written risk management policies.  Charter school management maintains written procedures that carry out Board policy. 				
<p>b. The charter school has adequate insurance coverage.</p> <ul style="list-style-type: none">  Liability, property, casualty, umbrella, employee, errors and omissions, and public official bonds. 				
19. The charter school prepares appropriate written cost and benefit analyses for insurance coverage.				
<p>a. Charter school staff analyzes alternatives for insurance coverage such as self-insurance and other current industry trends.</p>				
<p>b. Administration reports to the Board comparisons with local industry, other governmental entities, and comparable school charter schools.</p>				
Purchasing				
20. The charter school has established written policies and procedures to take maximum advantage of competitive bidding, volume discounts, and special pricing agreements.				
<p>a. The charter school periodically evaluates purchasing practices to maximize use of human resources assigned to the purchasing function.</p> <ul style="list-style-type: none">  Purchase cards are used for small dollar purchases.  Effective quotation procedures are used for purchases above small dollar purchases, but less than dollar limits requiring competitive bidding.  Competitive bidding processes are used for purchases above competitive bidding thresholds.  State contract bids, bids of other school charter schools, and other innovative purchasing processes are considered where appropriate. 				

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b. The purchasing function is organizationally separate from charter school departments that requisition goods and services.				
Inventory Management				
21. The charter school has established written policies and procedures and periodically updates them to provide for effective management of inventories.				
a. The charter school monitors inventory turnover to ensure that it does not have significant balances of outdated inventory items.				
b. The charter school has established effective controls over inventory processes including effective receipt and issue procedures.				
c. Warehouse or inventory storage areas are reasonably safeguarded to: <ul style="list-style-type: none">  prevent unauthorized access; and  protect inventory items from physical deterioration. 				
d. The charter school conducts annual physical counts of inventories using cost-effective methods.				
22. The charter school periodically evaluates the warehousing function to determine its cost-effectiveness.				
a. The charter school periodically identifies and evaluates the costs to maintain inventories. These costs are allocated to the per-unit cost of inventory items to compare with other warehousing alternatives such as next-day or rapid response inventory services provided by vendors.				
b. The charter school evaluates warehousing services to ensure effectiveness and user satisfaction. <ul style="list-style-type: none">  Inventory requisitions are delivered timely.  Users receive inventory items they ordered.  Items stored in warehouse are those that user most frequently ask for.  Effective reorder points are used for stock replenishment. 				
c. Other information that demonstrates the charter school’s use of best Business Services Management practices and should be considered.				