

Ensuring Effective Financial Oversight

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Financial Oversight: Defined

To ensure the school is financially sound, compliant, and aligned to its mission—by:

- ***SETTING EXPECTATIONS***
- ***APPROVING KEY FINANCIAL DECISIONS***
- ***MONITORING PERFORMANCE THROUGH CLEAR REPORTS***
- ***AND HOLDING LEADERSHIP ACCOUNTABLE FOR RESULTS.***



IT ALL BEGINS WITH THE BUDGET

A school's budget should serve as a strategic document that aligns with the school's strategy for generating student outcomes. It should tell a clear story about how the school will invest to achieve these goals.

February

- Strategic Direction Set
- Assumptions (Enrollment, State Aid)

March

- Staffing Plan Finalized
- Federal Grant Assumptions

April-June

- Vendor-level Detail
- Review by Finance Committee (May)
- Board Approval & Submission to MDE (June)

A school's budget should be built from the "bottom up" with staff and vendor-level detail that aggregates to form a total budget AND SHOULD ALWAYS "FUND" YOUR MISSION ...

SETTING EXPECTATIONS

What is the Board Responsible For?	What Do/Should Expectations “Look” Like?
Adopting clear financial priorities	<ul style="list-style-type: none">• Budget reflects board-approved priorities• Resources support student achievement and staffing stability• Spending aligns to mission-critical goals
Establishing funding guardrails	<ul style="list-style-type: none">• Required reserves are maintained• Staffing and debt stay within board-approved limits• Financial risk is managed proactively
Defining expectations	<ul style="list-style-type: none">• Financial reports are timely and accurate• Variances and risk are clearly explained• Tradeoffs are presented transparently
Ensuring financial alignment with desired outcomes	<ul style="list-style-type: none">• Investments link to student and school outcomes• Spending supports improvement goals• Impact is periodically reviewed
Communicating expectations clearly	<ul style="list-style-type: none">• Priorities and limits are formally adopted• Expectations are shared with leadership and partners• Board decisions reinforce financial direction

APPROVING DECISIONS

Where Board Authority Is Required – 5 Key Areas:

APPROVAL IS NOT RUBBER-STAMPING – IT IS INFORMED STRATEGIC DECISION-MAKING

1. Adoption of the budget and any amended budgets
2. Approval of major contracts, leases and long-term financial commitments
3. Authorization of debt, loans and/or use of reserves
4. Approval of material changes that impact financial sustainability
5. Acceptance of annual audits and corrective action plans

MONITORING PERFORMANCE

What Effective Oversight Looks Like

Monitoring is about patterns, trends, and trajectory – not line-item management

- Receiving regular, standardized financial reports tied to the approved budget
- Monitoring cash flow, fund balance, and budget variances
- Using Key Performance Indicators (KPIs) to focus discussion
- Looking ahead — not just year-to-date — to identify emerging risks
- Asking questions that connect finances to student outcomes

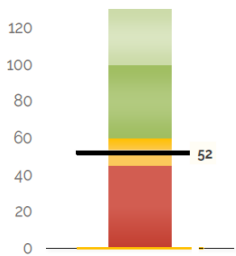
MONITORING PERFORMANCE (Continued)

Key Performance Indicators



Days of Cash

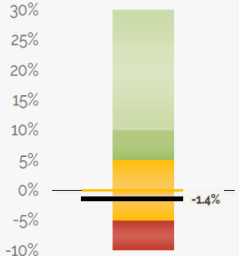
Cash balance at year-end divided by average daily expenses



52 DAYS OF CASH AT YEAR'S END
The school is projected to end the year with 52 days of cash. This is below the recommended 60 days, and 7 more day(s) than last month

Gross Margin

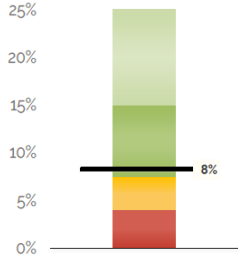
Revenue less expenses, divided by revenue



-1.4% GROSS MARGIN
The forecasted net income is -\$41k, which is \$44k below the budget. It yields a -1.4% gross margin.

Fund Balance %

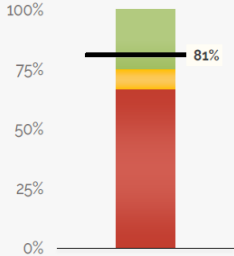
Forecasted Ending Fund Balance / Total Expenses



8.27% AT YEAR'S END
The school is projected to end the year with a fund balance of \$246,563. Last year's fund balance was \$287,953.

Grants Invoiced

Federal grants requested divided by federal grants awarded.



81% GRANTS INVOICED
Final drawdowns will occur after June is closed and all expenses for the year have been incurred.

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- ✓ Key Performance Indicators that form a foundation for discussion
- ✓ Be Forward-Looking
- ✓ Distill 2-3 key takeaways most relevant for financial oversight (*if everything is highlighted, nothing is prioritized*)

Cash Forecast

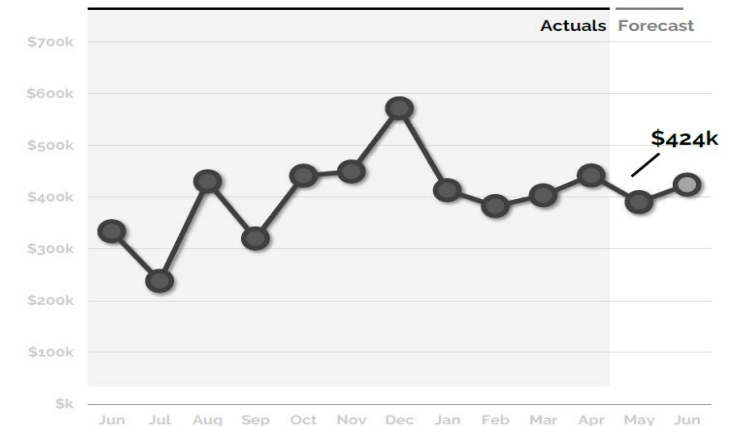


52 Days of Cash at year's end

We forecast the school's year ending cash balance as **\$424k**.

Actual ending cash balance will vary slightly, depending on timing of bill payments and federal grant receipts.

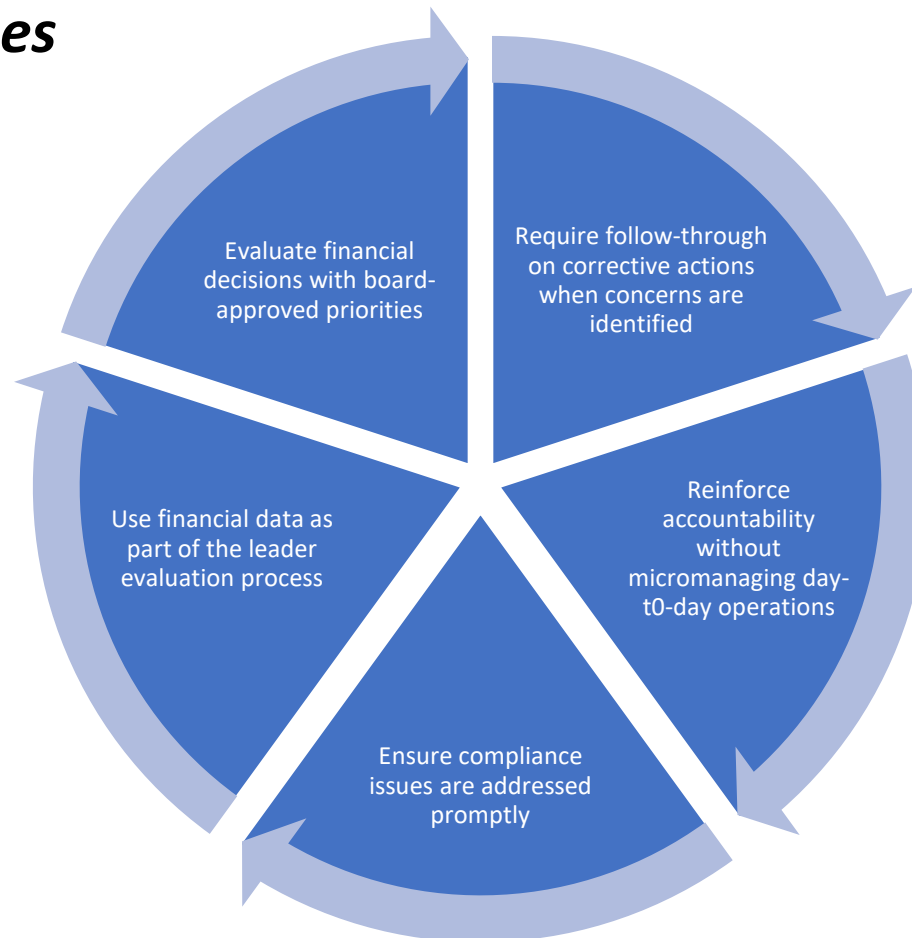
By carefully managing timing of payables and receipts, we will be able to avoid a state aid note in FY26.



HOLDING LEADERSHIP ACCOUNTABLE

Closing the Oversight Loop

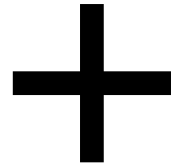
Accountability is about outcomes and stewardship – not control.



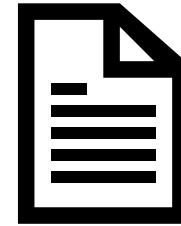
COMMON FINANCIAL MISSTEPS



Running Out of Cash



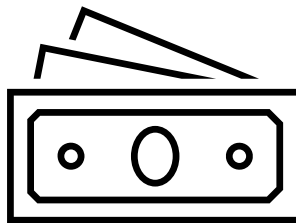
1% + Budget Variance



Budget Not Strategic



**Only Looking Year-to-
Date**



**Not Investing Excess
Cash**



**Not Asking Wise
Questions**

PUTTING IT INTO PRACTICE

Effective Financial Oversight Means the Board:

- Sets clear expectations
- Approves key decisions thoughtfully
- Monitors performance through meaningful reports
- Holds leadership accountable for results
- Keeps the focus on sustainability and mission impact

Strong financial oversight protects the school today – and positions it for the future.

THANK YOU!



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