



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	V F
Date:	June 6, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
RE:	Finance Department End of Year Report

Proposed Board Recommendation

Informational item. No action required

Background

The Finance Department Mission is to be an innovative leader in the management of charter schools and provide unparalleled service in all areas of operation.

As part of our annual informational update, the Finance Department is providing an update of the 18 month plan, and the items that have been addressed by the Finance Department. Over the course of the last twelve (12) months, Magnolia has achieved important milestones that include the following:

- 1) Developing and implementing policies including: enhanced internal controls, vendor selection, bidding process, conflict of interest, among others.
- 2) Contracted FCMAT to review MPS' monthly financials in accordance to the LAUSD settlement agreement.
- 3) In the process of implementing all of the California State Auditor's recommendations.
- 4) Worked with the California State Finance Authority and the Standard and Poor's rating agency which resulted in positive financial outcomes.
- 5) Rightsizing the Finance Department.

We look forward to further improving our financial transparency and accountability while improving our service oriented focus.

Budget Implications:

There are no budget implications.

Attachment:

2015-16 Finance Department Annual Progress Report

Name of Staff Originator:

Oswaldo Diaz, Chief Financial Officer

Finance Department Mission: The MPS Finance Department is an innovative leader in the management of charter schools and provides unparalleled service in all areas of operation.

The Finance Committee is commissioned by and responsible to the Board and is responsible for working with the CFO to review the upcoming fiscal year budget; presenting budget recommendations; monitor implementation of the approved budget on a regular basis and recommending proposed budget revisions; recommending appropriate policies for the management of Magnolia's assets.

Goal 1: Strengthen Financial Stewardship and Performance

- 1. Provide clear, timely, accurate, consistent financial information**
 - Develop 2015-16 Finance Committee Calendar
 - Review and recommend approval of financial statements
- 2. Ensure the highest standards of compliance and accountability**
 - Review and recommend approval of reports to authorizers
 - Review and recommend approval of annual audits
- 3. Safeguard public resources through sound policies and practices**
 - Work with staff to develop best in class policies
 - Review and recommend for approval of Board
- 4. Build reserves to support sustainable growth**
 - Work with staff to develop reserve policy
 - Review and recommend for approval of Board

Goal 2: Improve Operational Excellence

- 1. Upgrade systems to drive efficiency**
 - Review and recommend approval of financial systems
- 2. Continuously innovate for operational excellence**
 - Review and approve committee plans

Goal 3: Cultivate a High Performance Culture

- 1. Encourage teamwork and collaboration**
 - Work staff for greater understanding of MPS financials
 - Work Board members to explain MPS financial information
- 2. Recruit, recognize and reward high performance**
 - Grow and diversify finance committee
- 3. Align roles and responsibilities with organizational strategy**
 - Allocate committee time to reviewing growth strategies

Goal 4: Position MPS as a Respected and Valued Partner

- 1. Nurture relationships built on reliability, trust and transparency**
 - Build relationships with charter school partners
 - Committee members participate in finance communications plan
- 2. Proactively engage stakeholders to communicate our successes**
 - Build relationships with stakeholders
 - Generate Annual Report
- 1. Be a leader in charter school thought leadership and practices**
 - Train committee members to speak at community hearings

Goal 5: Increase availability and access to STEAM education to more students

- 1. Work across departments to create sustainable growth plan**
 - Review and provide feedback on sustainable growth plan

Goal 1: Strengthen Financial Stewardship and Performance		
Objective	Accomplishments:	Status
1. Provide clear, timely, accurate, consistent financial information	<ul style="list-style-type: none"> ▪ Worked with EdTec to provide monthly financial statements. ▪ Worked to establish Finance Committee to provide additional oversight reports. ▪ Reassigned finance department staff responsibilities to strengthen financial reporting to Finance Committee and Board. 	<p>Completed/ Ongoing</p> <p>Completed/ Ongoing</p> <p>In Progress</p>
2. Ensure the highest standards of compliance and accountability	<ul style="list-style-type: none"> ▪ External auditors had no findings on 2014-15 audit. ▪ Successfully addressed finance-related issues to completed MSA-3 federal audit with no findings. ▪ Developed new policies, procedures and processes to address twelve State Audit Findings. 	<p>Completed</p> <p>Completed</p> <p>In Progress</p>
3. Safeguard public resources through sound policies and practices	<ul style="list-style-type: none"> ▪ Worked with accounting consultants and to revise policies and procedures ▪ Developed new policies, procedures and processes to address twelve State Audit Findings. 	<p>Completed/ Ongoing</p> <p>In Progress</p>
4. Build reserves to support sustainable growth	<ul style="list-style-type: none"> ▪ Worked with Finance Committee to develop new reserve guidelines for FY 2016-17. ▪ Monitored and maintained school reserves to meet authorizers' requirements. 	<p>Completed/ Ongoing</p> <p>Completed/ Ongoing</p>

Goal 2: Improve Operational Excellence		
Objective	Accomplishments:	Status
1. Upgrade systems to drive efficiency	<ul style="list-style-type: none"> ▪ Working with CoolSIS to upgrade system's handling of purchase order and accounts payable processes. 	In Progress
	<ul style="list-style-type: none"> ▪ Transitioned from twelve separate QuickBooks accounts to EdTec's NetSuite system. 	Completed/ Ongoing
	<ul style="list-style-type: none"> ▪ Working with EdTec to upgrade accounts payables system. 	In Progress
	<ul style="list-style-type: none"> ▪ Working on updating document storage and retrieval system 	In Progress
2. Embrace new technologies to automate processes	<ul style="list-style-type: none"> ▪ Working with EdTec to develop Box system to further automate transfer of purchase orders. 	In Progress
	<ul style="list-style-type: none"> ▪ Research automated best practices 	In Progress
3. Continuously innovate for operational excellence	<ul style="list-style-type: none"> ▪ Assessed department strengths and weaknesses and developed transition plan. 	Completed
	<ul style="list-style-type: none"> ▪ Create planning model with evaluation process 	Completed
	<ul style="list-style-type: none"> ▪ Develop departmental key performance indicators 	In Progress
	<ul style="list-style-type: none"> ▪ Update monitoring and reporting system 	In Progress

Goal 3: Cultivate a High Performance Culture		
Objective	Accomplishments:	Status
1. Encourage teamwork and collaboration	<ul style="list-style-type: none"> ▪ Work across all MPS departments-establish department lead for each department ▪ Develop standardized reporting across all school sites ▪ Implement weekly finance staff meeting to promote team-based problem-solving 	<p>In Progress</p> <p>In Progress</p> <p>Completed/ Ongoing</p>
2. Recruit, recognize and reward high performance	<ul style="list-style-type: none"> ▪ Hired AP/Vendor Relations Specialist to right-size finance department staff. ▪ Invested in professional development of finance department team members. 	<p>Completed</p> <p>Completed/ Ongoing</p>
3. Align staff with organizational strategy	<ul style="list-style-type: none"> ▪ Transitioned to back office partner (EdTec's) processes. ▪ Transitioned Human Resources to stand alone department to better address organizational needs. ▪ Allocated staff time to growth strategy. ▪ Restructured departmental roles and responsibilities to focus on organizational strategies. 	<p>Completed/ Ongoing</p> <p>Completed</p> <p>In Progress</p> <p>Completed/ Ongoing</p>

Goal 4: Position MPS as a Respected and Valued Partner		
Objective	Accomplishments:	Status
1. Nurture relationships built on reliability, trust and transparency	<ul style="list-style-type: none"> ▪ All Finance department team members attended California Charter School Association annual conference. 	Completed
	<ul style="list-style-type: none"> ▪ All Financial Analysts attended CASBO annual conference. 	Completed
	<ul style="list-style-type: none"> ▪ All Financial Analysts attended FCMAT annual training. 	Completed
2. Proactively engage stakeholders to communicate our successes	<ul style="list-style-type: none"> ▪ Developed regular meetings/phone calls with FCMAT. 	In Progress
	<ul style="list-style-type: none"> ▪ Worked with Communications consultant to develop financial improvements narrative. 	In Progress
	<ul style="list-style-type: none"> ▪ Continuously update financial page on website to provide financial transparency. 	In Progress
3. Be a leader in charter school thought leadership and practices	<ul style="list-style-type: none"> ▪ Develop and present best practice trainings to charter partners 	Planning Stage

Goal 5: Increase availability and access to STEAM education to more students		
Objective	Accomplishments:	Status
1. Work across departments to create sustainable growth plan	<ul style="list-style-type: none"> ▪ Assisted Facilities Department with planning and budgeting 	Completed/ Ongoing
	<ul style="list-style-type: none"> ▪ Develop forecasts and budgets for new sites and facilities. 	Completed/ Ongoing
	<ul style="list-style-type: none"> ▪ Provide insight and feedback to leadership team on planning and budgeting 	In Progress
2. Respond to immediate needs for schools as opportunities arise	<ul style="list-style-type: none"> ▪ Assisted with planning and budgets for ten new charter petitions. 	Completed
	<ul style="list-style-type: none"> ▪ Assist with planning and budgets for ten grant applications for new charter petitions. 	Completed
	<ul style="list-style-type: none"> ▪ Assist with planning and budgets for facilities grant applications for existing sites. 	In Progress