



City of Chicago
Richard M. Daley, Mayor

Chicago Department of
Children and Youth Services

Mary Ellen Caron, Ph.D.
Commissioner

Executive Office
2nd Floor
1615 West Chicago Avenue
Chicago, Illinois 60622
(312) 743-0300
(312) 743-0400 (FAX)
(312) 746-5445 (TTY)
<http://www.cityofchicago.org>

TO: Head Start/Early Head Start Executive/ Program Directors
Program Governance Staff

FROM: Loukisha Smart-Pennix, Director *LP*
Department of Family & Support Services
Office of Children & Youth Services
Children Services Division - Systems Unit

DATE: February 2, 2009

SUBJECT: Guidance Memo: Fiscal Training for Policy Committee
and Boards of Directors

The Head Start Performance Standard 1304.52(k)(2) requires that policy groups and governing bodies receive ongoing training and orientation to help them carryout their respective roles and responsibilities. Part of their respective responsibilities is to review financial reports, ensure that financial policies and procedures are in place to ensure the safe guarding of funds received to operate the program.

Executive Directors, Program Directors, Head Start/Early Head Start Directors, and Chief Financial Officers have the responsibility to empower both boards and policy groups to make informed and prudent decisions about the program by providing them with financial reports, education and understanding when questions are asked about the fiscal reports and processes used.

To aid delegate agencies in providing quality training to both the governing body and the policy committee, it is suggested that the following areas¹ be covered during the fiscal training for both groups and staff, as appropriate:

A. Understanding Nonprofit Financial Statements

The goal here is to help members understand the basic manner in which fiscal information will be shared with them.

Provide sample of questions they should ask and encourage them to feel comfortable in asking questions.

Obtain resource information on nonprofit financial statements or on how to read nonprofit financial statements/reports.

Provide and discuss financial terminology.

¹ Fiscal Training resource used: Nonprofit Risk Management Center, e-news December 11, 2008, Fiscal Responsibility and Oversight: Empower Your Board to Lead, Melanie Lockwood Herman



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Boards of Directors Continued*

B. Overview of Agency's Finances and Budget Structure

The goal here is to help members understand the agency's fiscal process and organizational make-up.

As part of the orientation process, provide members with copies of the Statement of Financial Position, Statement of Activities, and Statement of Cash Flows.

C. Additional Finance Resources

The goal is to provide the members with a financial history of the organization.

These resources should include but are not limited to:

- The Financial Policies and Procedures which shows how the organization safe guards its funds and internal controls are in place;
- Approved budgets and budget revisions for the current year;
- Summarize highlights of the past fiscal year;
- Annual audits
- Annual reports
- Investment polices and procedures

If you have any questions or require assistance on the content of the fiscal training, please direct your questions to PhoungY Nguyen, Manager of Finance at 312-743-1503.

Attachments: *Financials Made Easy*
Fiduciary Responsibilities of the Board

CC: CYS Central Office Files
COPA Program Governance Policy /Procedures
Citywide Parent Policy Council

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