Effective Financial Oversight of a Higher Education Institution

Jan M. Haas, Senior Partner
www.cfocolleague.com
jan@cfocolleague.com
267-278-4650
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While the breadth of scope of a CFO may vary between institutions, there are common responsibilities that every CFO bears in giving oversight to the financial operations of an institution.

Think through these points of responsibility with an expert veteran CFO and gain a better grasp of what it means to be the financial leader of your institution.
Agenda

• Understanding the financial fiduciary responsibilities of a CFO
• Giving financial oversight – the art and science
• Learning from the higher education market – normal points of risk and failure
• Being proactive in financial leadership – serving the team
Understanding the financial fiduciary responsibilities of a CFO
Fiduciary Responsibility

- Duty of Loyalty
- Duty of Care
- Duty of Prudence
- Duty of Disclosure
- Duty of Confidentiality
Fiduciary Responsibility

Biblical Principles of Stewardship in Financial Leadership

- Ownership Belongs to God: Psalm 24:1
- Faithfulness and Integrity: Luke 16:10
- Planning and Wise Management: Proverbs 21:5
- Accountability and Reporting: Luke 16:2
- Eternal Perspective: Matthew 6:20
- Seeking God's Guidance: Proverbs 3:5-6
Fiduciary Responsibility

Legal and Regulatory Compliance

• Accreditation and Quality Assurance
• Financial Aid and Student Funding
• Privacy and Data Protection
• Student Rights and Welfare
• Health and Safety
• Employment and Labor Laws
Fiduciary Responsibility

Legal and Regulatory Compliance

• Financial Management and Reporting
• Accessibility and Accommodations
• Consumer Protection
• Governance and Board Oversight
• International and Immigration Regulations
• Campus Security and Clery Act
Giving financial oversight

The Art and Science
Financial Oversight – Art and Science

Science

Financial Statements  Budget  Key Metrics
Question
Who drew the Vitruvian Man, a cultural icon reproduced on the euro coin, textbooks, and T-shirts?
In Leonardo da Vinci’s “Treatise on Painting,” he argued passionately that painting could be improved through a deeper awareness of scientific principles. Lifelike representations of the human form require a grasp of mathematics and optical principles such as geometry, proportion, shape, motion, distance and light. The value of this knowledge is obvious to anyone who compares a lifeless two-dimensional 15th century painting to any one of da Vinci’s 16th century masterpieces.
Financial Oversight – Art and Science

Science vs. Art

“AI is a danger to the financial system; regulators warn for the first time”

- CNN Business, December 14, 2023

“AI has the potential to spur innovation and drive efficiency, but its use in financial services requires thoughtful implementation and supervision to manage potential risks.”

- Financial Stability Oversight Council (FSOC)*

*created in the aftermath of the 2008 financial crisis and led by US Treasury Secretary Janet Yellen
Learning from the higher education market

*Normal Points of Risk and Failure*
Learning from the higher education market

Normal Points of Risk and Failure

- Continuing do what we have always done
- Not stopping things
- Innovation
- Evaluation
- Milestones
Learning from the higher education market

Normal Points of Risk and Failure

Budget  Personnel  Replacements
Question

What benchmark does CFO Colleague recommend for an institution’s salaries and benefits as a percentage of total net tuition revenue?
Compensation versus NTR

70%

Total Salaries/Benefits
Net Tuition
Being proactive in financial leadership

Serving the Team
MAY MEETING
• Faculty Salaries
• Staff Salaries

MARCH MEETING
• Student Placement Data
• Satisfaction Survey Results

OCTOBER MEETING
• Student Enrollment
• Student Quality
• Student Diversity
• Faculty/Staff Diversity
• Retention

DECEMBER MEETING
• Strategic Indicators
• Financial Ratios
Being proactive in financial leadership

- Budget planning
- Five-year forecast
- Key Metrics

- Benchmarks
- Effective Communication
- Transparency
Question

What is the booth number for CFO Colleague in the exhibitor hall?
Budgeting & Forecasting (COMP4cast®)
Marginal Revenue Analysis
Administrative/Financial Services Assessment
Interim CFO
Accounting, Analysis, and Audit Support
CFO Coaching/Mentorship
Best Practices
Turnarounds
Accreditation
Dining Program Optimization
Free!

- COMP4cast® and instructions
- Program Development Analysis
- Thirty (30) Benchmarks

www.cfocolleague.com/downloads

- CFO Colleague Newsletter
- Email “subscribe” to jan@cfocolleague.com
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Thank you!

Jan M. Haas, Senior Partner
Call (267) 278-4650
Email jan@cfocolleague.com
www.cfocolleague.com
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Two Column Layout

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Comparison Layout

Comparison Headline

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Comparison Headline

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Three Column Layout

Column Headline

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Comparison Headline

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Title and Content Layout

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