

Board Policy #3100

## **Financial Policies and Procedures**

### **For Board Review & Sign Off October 20 2016**

It is the intent of these Financial Policies and Procedures to implement both the letter and spirit of all applicable State and Federal regulations regarding the expenditure of and accounting for public funds. These Policies and Procedures may need to be modified as the School develops and regulations change. The Board of Executive Directors ("Board") should approve these financial policies, and revisit them periodically.

#### **PURCHASES**

##### **Authorization of Expenditures**

All purchases of goods and services shall be consistent with the Board-approved budget. These purchases shall not require Board-approved/executed contracts, with the exception of expenditures in total fiscal year annual amounts greater than \$10,000. All other proposed expenditures must be approved by the Principal or Executive Director, who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request and purchase order forms (if applicable).

##### **Contracts**

All professional consulting services shall be provided for under a contract.

Contracts for other goods and services exceeding \$10,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$10,000 shall be let after a bidding process of sufficient duration to ensure competition

##### **Commitments and Purchase Orders**

Purchase orders under \$3,000 must be approved by one of the following authorized positions: Executive Director or Principal. Purchase orders of \$3,000 or more must be approved by the Executive Director or Principal and one of the following authorized positions: Vice-Chair or Chair.

##### **Invoices**

Invoices under \$3,000 must be approved by one of the following authorized positions: Executive Director or Principal.

Invoices for \$3,000 or more must be approved by the Executive Director or Principal and one of the following authorized positions: Vice-Chair or Chair.

##### **Accounts Payable**

The school shall abide by CSMC accounts payable policies and procedures set forth separately.

##### **Credit and Debit Card Usage**

The School shall have only one credit card which is under the Office Manager. The use of the Credit Card shall only be permitted with written consent of the Principal or Executive Director. It should be used for emergency purposes only. CSCE's preferred method of vendor payment is via check through CSMC.

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### Other Electronic Payments

Other electronic methods (wire, ACH, transfer between bank accounts, etc.) shall not be permitted for payment of any expenses or reimbursements without the express written consent of the Executive Director or Principal and one of the following authorized positions: Vice-Chair or Chair.

### Employee Reimbursements

Business use of telephones or cell phones shall be reimbursed. Business use of personal telephones for reimbursement should be approved in advance. Business meals shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed. The Executive Director or Principal must obtain a Board member's authorization on reimbursement requests payable to the Executive Director's / Principal's name. Executive Director and Principal have a limit to which they have personal discretion without Board member's authorization.

### Petty Cash – Purpose and Usage

The School does not have a Petty Cash Account.

### Personal Use of School Funds

Use of School funds for personal use is prohibited. Violation of this policy shall result in discipline up to and including dismissal or removal, including from the Board.

## BANKING

### General Checking Account

The Board shall authorize the establishment of commercial bank accounts for the purposes of School operations. Funds will be deposited in non-speculative accounts including federally-insured savings and/or checking accounts and/or invested in non-speculative federally-backed instruments and/or standard money market accounts.

The General Checking Account, or "Operating Account," shall be the primary account for School needs. Authorized signatories to this account shall be the Executive Director or Principal. Checks above \$3,000, and checks payable to an authorized signer, must be signed by two authorized people. Authorized signers for checks above \$3,000 from this account shall be the Vice-Chair, Chair and Executive Director or Principal.

The General Checking Account shall be reconciled monthly by an outsourced accountant, CSMC. The outsourced accountant, CSMC, shall cut and send checks but is not the signor. It that does not have the ability to approve expenses but will or disperse funds from the account. The monthly Bank Reconciliations shall be reviewed and approved by the Board or a representative of the Board that does not have access to the account.

### Deposits of Receipts

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The School will deposit all funds received as soon as practical upon receipt. The Office Manager will open all mail on a daily basis, immediately sort all checks, code checks to be submitted to the appropriate school account and prepare appropriate deposits as soon as practical, ideally the same day and in no case later than three (3) working days. The Office Manager then gives the checks to the Executive Director for review, endorsement and deposit. The Check registers are reviewed and approved monthly by the Board.

### TRAVEL POLICIES

#### Employee Mileage Reimbursement

All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for business related travel pre-approved by their supervisor. In addition, parking fees and tolls paid are reimbursable if supported by receipts.

All employees requesting such mileage reimbursement are required to furnish an Expense Report containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date, supported by receipts, if applicable.

### OTHER PRACTICES

#### Budget Adoption

A budget shall be adopted by the Board no later than June 30 prior to the start of each new fiscal year, or earlier if required by the authorizing entity. During the course of the year, the Board may adopt an amended budget as expenses and revenue projections change.

#### Audit

An annual audit by an outside firm shall be performed each year on the close of the prior year's books. The audit shall be performed in advance of the December 15 statutory audit deadline. The audit shall include, but not be limited to, (1) an audit of the accuracy of the School's financial statements, (2) an audit of the School's attendance accounting and revenue claims practices, and (3) an audit of the School's internal controls practices.

If the School receives over \$500,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars.

The audit firm shall be on the State approved list of School auditors.

At the conclusion of the audit, CSMC will review the audit with the Board and propose any changes necessary in operating procedures to comply with audit findings.

Form 990 Federal Tax Return: The selected audit firm will prepare the Form 990 tax return and send a copy to the school staff responsible for the audit. The school staff will review and send a copy to the Board of Executive Directors for its review and approval before filing. Once approved by the Board, the school will notify the audit firm who will then prepare the final return for filing.

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### Board Meetings

The Board shall review financial statements at periodic Board meetings. The Board shall also review and approve the monthly check registers and bank reconciliations from the General Checking Account and the Petty Cash Account.

### Conflict of Interest

Any Board member with a financial interest in a matter presented to the Board shall fully disclose such interest prior to Board discussion on the issue and shall recuse themselves from the discussion and voting on the matter. The Board shall develop a separate more comprehensive policy on conflict of interest, hiring of relatives, and compliance with Government Code 1090 and the Fair Political Practices Act.

### Payroll

New Employees: Requests for new employees shall be initiated by the Executive Director or Principal and be consistent with the approved annual personnel budget. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. Fingerprint and TB clearance must be received by the School before any employee may start work.

Employees shall accrue vacation and sick leave time based on the personnel policy of the School.  
Timekeeping (for hourly staff)???

The Executive Director or Principal shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.

Authorized timesheets shall be forwarded to CSMC according to CSMC policies and procedures set forth separately. Payroll processing and payment shall take place according to CSMC policies and procedures set forth separately.

### Independent Contractors

The School shall only engage independent contractors if all of the following practices are followed:

The expense is within the approved budget or separately approved by the Board;  
The contractor provides proof of adequate insurance and IRS form W-9;  
IRS rules are followed regarding classification of staff as contractors versus employees; and  
The work is done under contract.

### Capitalization and Depreciation

The School will capitalize and depreciate all assets costing \$5,000 or more. All other assets are charged to expense in the year incurred.

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Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:

- Leasehold Improvement – Lease term or 5 years, whichever is shorter
- Equipment – 3 years
- Furniture – 5 years

Repair and maintenance costs, which do not extend the useful lives of the assets, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the asset accounts, and any resulting gain or loss is included in the earnings in the year.

### Disposal of Surplus Property and Donations

Surplus property shall mean property that is no longer in use, is damaged beyond repair, or that the School feels will have no future value to the School's program, and that is declared to be surplus property by the Board. If the School wishes to dispose of equipment or other surplus property, the Board shall declare the property surplus and shall direct the staff on the actual means of disposal of the property, such as sale, donation, or destruction and disposal.

If the School wishes to sell equipment or other surplus property, the Board shall direct the staff by giving specific guidance regarding the manner in which such property is to be sold.

If the School wishes to donate equipment or other surplus property, the Board shall declare the property surplus and authorize the donation. Requirements for potential donee organizations shall include: (1) the donee organization is fully independent of the School, with none of the School's Board members or key personnel involved in the donee organization; and (2) the donee organization shall be a non-profit or governmental entity related to education. In addition, the School shall secure a receipt from the donee organization for the donated property, and shall remove the asset from the School's books and record the donation as required by state and federal audit guidelines.

### *Property Acquired with Federal Grant Funds*

If the property in question cost \$5,000 or more at the time of acquisition and was acquired with federal grant funds, the School shall notify the federal contract administrator prior to donating or disposing of such property as provided above.

### *Board Member Expense Reimbursement*

Board members may be reimbursed for expenses incurred in the course of their corporate duties, including but not limited to local mileage and tolls at the IRS rate for participation in Board meetings, other meetings and visits to the school on official business, and attendance at conferences authorized by the Board. Board members shall submit itemized expense reports with the stated corporate purpose of each expense and receipts, whenever available, to the school administration for approval not more frequently than monthly or less than quarterly.