



Yosemite Valley Charter School

Fiscal Policies and Procedures

INTRODUCTION

The Board of Directors of Yosemite Valley Charter School (“School”) has reviewed and adopted the following Fiscal Policies and Procedures Guide (“Guide”) to ensure the most effective use of the School’s funds to support the School’s mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

This Guide details the School’s policies and procedures in a number of areas including Internal Controls, Legal Compliance, Conflict of Interest policies, as well as other financial and accounting procedures and protocols. This Guide is intended to align with the School’s charter petition and any Memoranda of Understanding (MOU) with its authorizing entity. The various Chapters herein include, but are not limited to, the School’s policies on authorized signers, use of credit cards, employee reimbursements, purchasing, and payroll processing.

In developing this Guide, the School reviewed the Charter School Accounting and Best Practices Manual published by the California Fiscal Crisis and Management Assistance Team (“FCMAT”), as well as other relevant information and resources.

DEFINITIONS

For purposes of this Guide, the following definitions apply:

“Executive Director”, “Assistant Executive Director”, and “School staff” or “School administration” shall mean those positions at the School.

“Board of Directors” shall mean the School’s governing body.

“Fiscal Committee” shall mean the fiscal committee, if any, of the School’s governing body.

“Back-office” shall mean the financial professionals hired as third party preparers, reviewers and custodians of the financial statements and other financial documents.

KEY ROLES AND RESPONSIBILITIES

Board of Directors / Fiscal Committee

The Board of Directors will be provided a presentation of the financial reports noted below that are listed in order from the beginning of the fiscal year. These reports will be prepared by the back-office group and the School staff, approved by the Board of Directors at an open and public meeting, and submitted to the appropriate governmental agencies on or before the dates listed below, unless altered by the accepting agency.

1. Adopted Budget (submitted by July 1st)
2. Unaudited Actuals Report (submitted by September 15th)
3. Audited Financial Statements (submitted by December 15th)
4. First Interim Financial Report (submitted by December 15th)
5. Second Interim Financial Report (submitted by March 15th)
6. Form 990 tax return (submitted by May 15th with extension)

The Board of Directors, and/or a Fiscal Committee if created, is responsible for the following:

1. Overseeing the preparation of the annual budget and financial statements.
2. Overseeing the administration, collection, and disbursement of the School's financial resources, in addition to approving the related policies and procedures
3. Overseeing significant financial decisions, such as correcting or restructuring the School's financials and accounting procedures should fiscal problems arise
4. Overseeing the annual independent audit process, including engaging the independent auditor and reviewing all reports and management letters from the auditor
5. Overseeing the preparation and implementation of the governance policies referenced in the Form 990, including conflict of interest, document retention, whistle-blower, review of executive compensation, etc.

CHAPTER 1

Internal Controls

Definition and Importance

Internal controls are the foundation of sound financial management. They include the policies and procedures that help provide reasonable assurance that the School is achieving its objectives and goals by doing the following:

- Ensuring that operations are effective and efficient.
- Safeguarding and preserving the organization's assets.
- Promoting successful events and fundraising ventures.
- Protecting against improper disbursements.
- Ensuring that unauthorized obligations are not incurred.
- Providing reliable financial information.
- Reducing the risk of, and promoting the detection of, fraud and abuse.
- Protecting employees and volunteers.
- Ensuring compliance with applicable laws and regulations.
- Ensuring accurate documenting of all transactions.

Internal controls include the segregation of duties according to functions so that one person is not handling a transaction from beginning to end. This is a critical part of a system of checks and balances. Functions that need to be segregated include the following:

- Initiating, authorizing or approving transactions.
- Executing transactions.
- Recording transactions.
- Reconciling transactions.
- Responsibility for the item acquired from the transaction.

To ensure proper internal controls, the duties of custody, recording, and reconciliation are kept separate. For example, if a School staff member were to collect cash, record activity (including receipts) in the financial system, prepare the deposit slip, and reconcile the bank account, with no one else involved in verifying these transactions, there would be a definite lack of internal control because there is no separation of duties. This is especially true if no one other than that School staff member reviews the bank statement and compares it to the original cash receipt documentation. This Guide sets out policies and procedures to ensure segregation of duties and avoid exposing the School to a higher risk of potential cash skimming, delayed deposits, or other errors or irregularities.

Role of Key Financial Staff (Segregation of Duties)

As set forth in more detail in the financial management policies herein, in general, School staff are responsible for initiating, authorizing, approving, and executing transactions, while the Back Office and School Administration are responsible for recording, reconciling, reporting, and reviewing transactions.

Internal controls are affected by the practices and attitudes of administrators. The goal of this Guide is to accomplish the following:

- School administration and the Back Office set a good example by following established policies and procedures
- School administration ensures that all staff, volunteers and others associated with the School are informed about, and follow established, policies and procedures
- School, through the Back Office, provides continual assistance and training for all staff members involved in all aspects of cash management and fundraising
- School administration takes action when an infraction occurs

The basic components of internal controls, set forth in more detail in the financial management policies herein, include the following:

- Segregation of duties
- System of checks and balances
- Staff cross training
- Controlled use of pre-numbered documents, i.e. checks
- Asset security and restricted access
- Timely reconciliations
- Up-to-date inventory records
- Appropriate review and approval of transactions
- Comprehensive, up-to-date annual budget
- Expectation that all staff and the Back Office, including administrators, will follow all internal controls

To help ensure adequate internal controls, the School has established, implemented and maintained these policies and procedures based on laws, regulations and sound business principles, and communicates them to those involved (e.g., School staff). It is essential that all employees, volunteers and students (when necessary) be aware of expectations regarding internal accounting controls. The Back Office provides training for all individuals who are expected to follow policies and carry out procedures; School staff will ensure that, wherever possible, more than one person is trained for each function (cross training).

The School's annual independent audit also serves to monitor whether School's policies and procedures are being followed in order to determine compliance with applicable state and federal regulations.

If problems with the School's internal controls are identified through any means, the Back Office and the School will work together to address such problems as soon as possible.

1. The Board approves financial policies and procedures, delegate's administration of the policies and procedures to the Executive Director and reviews operations and activities on a regular basis.
2. The Executive Director has responsibility for all operations and activities related to financial management. However, the Board and Executive Director can appoint or delegate someone else to perform the responsibilities.
3. Financial duties and responsibilities must be separated so that no one employee has sole control authorizing transactions, recording financial transactions and custody of assets.
4. The School will maintain in effect the following principles in its ongoing fiscal management practices to ensure that:
 - a. expenditures are authorized by and in accord with amounts specified in the board-adopted budget,
 - b. the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and
 - c. all transactions are recorded and documented in an appropriate manner.

CHAPTER 2

Budget Development

Budget Development, Oversight Calendar and Responsibilities

May – June

The Back Office and the Executive Director review revenue projections subsequent to the Governor's annual "May Revise" budget figures, fine-tunes the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The Board reviews and formally adopts a budget for upcoming fiscal year before June 15. A copy of the final budget is provided to the charter-granting agency.

July – August

Books for prior fiscal year are closed by the Back Office, all transactions are posted, and records assembled for audit.

The budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made. A copy of the revised final budget is provided to the charter-granting agency, if applicable.

September – December

The independent auditor performs the audit of the closed fiscal year and prepares the audit report for submission to the Board of Directors or the Audit Committee, if any.

At the end of the first full week of school, the Executive Director reviews the Charter School's actual attendance figures and notifies the Board if actual attendance is below budget projections. If needed, the school's budget is revised to match likely revenues.

The Audit Committee of the Board reviews a copy of the audit. The Executive Director addresses any audit exceptions or adverse findings. Once the Board approves the audit report, it is submitted to the charter-granting agency.

On a monthly basis, the Executive Director and Board reviews current year actual versus budgeted revenues and expenditures and other financial reports as presented by the Back Office. The Board approves any needed changes to the annual budget.

Budget Transfers

The Executive Director may transfer up to \$100,000 from one unrestricted budget item to another without board approval, but shall notify the Board of the transfer at the next regularly scheduled meeting.

CHAPTER 3

Legal Compliance

The School will follow all the relevant laws and regulations that apply to California charter schools. Additionally, any applicable Federal laws and regulations that relate to grant funding received by the School will be followed. The following are specific policies of the School:

Political Contributions and Involvement

The School does not take any position regarding any political candidate. School officials do not make political endorsements in their official capacity, and the School does not make political contributions and/or endorse candidates. However, School officials are not prohibited from making endorsements privately.

Examples of prohibited political contributions, lobbying, and expenditures that support or oppose candidates for public office include, but are not limited to, the following:

- Contributions to political parties or political action committees
- Contributions to the campaigns of individual candidates for public office
- Expenditures to print or assist in printing any political materials
- Expenditures for political advertisements

School complies with all federal and state laws and regulations regarding political contributions, lobbying and expenditures. No federal funds, or assets obtained from federal funds, may be used for any political purposes.

Record Keeping

To provide an accurate and auditable record of all financial transactions, the School's financial documents, records, and accounts will be maintained in conformity with generally accepted accounting principles as applicable to charter schools, and in conformity with the School's record retention policy as applicable. The School's accounting data will be backed up regularly by the Back Office to ensure the recoverability of financial information. Further, the School specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of the School.
2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

School staff and the Back Office will work together to provide access to the School's financial records to School's charter authorizer upon reasonable request, including supporting records as requested.

Reporting Questionable or Suspicious Activity

Employees are responsible for immediately reporting questionable or suspicious activity to their supervisor, the Executive Director, or the School's Board Chairperson. This includes reporting any concerns regarding improper activity. This could range from financial concerns such as theft or misstated financial statements to workplace concerns such as harassment, discrimination, safety issues, substance abuse, etc.

CHAPTER 4

Conflict Of Interest and Related Party Transactions

The School complies with all applicable laws regarding conflicts of interest and related party transactions, including, but not limited to, the California Corporations Code, the Political Reform Act, and Government Code section 1090.

The School recognizes that it is important for Board members and key employees to understand the conflict of interest laws and rules that apply to the School, in order to identify and avoid conflicts of interest. The School board and key staff shall receive annual mandatory training, to be conducted by a third party, on the applicable conflict of interest laws. Such training may be provided at the time the board receives the mandatory Ralph M. Brown Act training required by the School's Charter, and may also cover specific topics including an overview of significant, applicable laws regarding the use of public funds, procedures for hiring, contractual arrangements, purchasing, bidding, and expenditure approvals that help to prevent conflicts of interest.

It is the policy of this School that all School officials, including Board members, officers, and employees, shall not place themselves in any position where their private, personal interests may conflict with their official duties, or where they may directly or indirectly receive personal financial gain through direct or indirect personal influence. School decision makers shall be neither personally nor financially interested in any contract made by them in their official capacity.

The School will be guided by the principle of arms-length standards in entering into transactions with all affiliated or unaffiliated organizations or with a private or related individual(s).

Signature Authorities

The Board will approve, in advance, the list of authorized signers on the School's account(s). The Executive Director, and any other employee/Board member authorized by the Board, may execute contracts, purchases, and expenditures, endorse checks, drafts, and orders for the payment of money, or otherwise withdraw or transfer funds, in the name of and on behalf of the School, subject to the policies and procedures in this Guide. Individual checks greater than \$100,000 require two signatures prior to check issuance.

Use of School Assets

No employee may use any of the School's property, equipment, materials, or supplies for personal use without the prior approval of the Executive Director or the Executive Director's designee.

Related Party Transactions

Policy

It is the policy of the Board of Directors that all Related Party Transactions, as that term is defined in this policy, shall be subject to review in accordance with the procedures set forth below. The School has determined that the Board is best suited to review all Related Party Transactions.

Procedures

The Board shall review the material facts of all Related Party Transactions and may also approve or disapprove of the entry into the Related Party Transaction, subject to the exceptions described below. Where advance Board review of a Related Party Transaction is not feasible or has otherwise not been obtained, then the Related Party Transaction shall be reviewed subsequently by the Board (and such transaction may be ratified subsequently by the Board). The Board may also disapprove of a previously entered into Related Party Transaction and may require that management of the School take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction. In connection with its review of a Related Party Transaction, the Board will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction.

The Executive Director shall present, or cause to have presented, to the Board, the following information, to the extent relevant, with respect to actual or potential Related Party Transactions:

1. A general description of the transaction(s), including the material terms and conditions.
2. The name of the Related Party and the basis on which such person or entity is a Related Party.
3. The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
4. The approximate dollar value of the transaction(s), and the approximate dollar value of the Related Party's interest in the transaction(s) without regard to amount of profit or loss.
5. In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.
6. In the case of indebtedness, the aggregate amount of expected debt to be outstanding and the rate or amount of interest to be payable on such indebtedness.
7. Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

The Board shall be authorized to review in advance and provide standing pre-approval in advance for certain Related Party Transactions or categories of Related Party Transactions. The Board has reviewed the Related Party Transactions described below in “Standing Pre-Approval for Certain Related Party Transactions” and determined that each of the Related Party Transactions described therein shall be deemed to have been reviewed and approved in advance by the Board under the terms of this Policy.

Each director who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Board concerning such Related Party Transaction and his or her interest in such transaction. The Board may recommend the creation of a special committee to review any Related Party Transaction.

If a Related Party Transaction will be ongoing, the Board may establish guidelines for the School’s management to follow in its ongoing dealings with the Related Party. Thereafter, the Board shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

This Policy is intended to augment and work in conjunction with other School policies having any code of conduct, code of ethics and/or conflict of interest provisions.

The Board periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate. In addition to guidelines for ongoing Related Party Transactions, the Board may, as it deems appropriate and reasonable, establish from time to time guidelines regarding the review of other Related Party Transactions including those that (i) involve *de minimus* amounts, (ii) do not require public disclosure, or (iii) involve transactions that have primarily a charitable purpose.

Definitions

A “**Related Party Transaction**” is any financial transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- (1) the aggregate amount involved will or may be expected to exceed \$10,000 in any calendar or fiscal year,
- (2) the Board or any of its subsidiaries is a participant, and
- (3) any Related Party has or will have a direct or indirect interest.

A “**Related Party**” is any:

- (a) person who is or was, since the beginning of the last fiscal year, (even if they do not presently

serve in that role) an executive officer, director or nominee for election as a director,

- (b) Immediate Family Member of any of the foregoing. An “**Immediate Family Member**” includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person’s home (other than a tenant or employee).

Standing Pre-Approval for Certain Related Party Transactions

The Board has reviewed the types of Related Party Transactions described below and determined that each of the following Related Party Transactions shall be deemed to have been reviewed in advance and pre-approved by the Board, even if the aggregate amount involved will exceed \$10,000.

1. Employment of officers. Any employment by the School of, or compensation of, an officer of the School if (i) the officer is not an immediate family member of another officer or director of the School, (ii) the officer was not otherwise a Related Party of the School prior to becoming an employee of the School and (iii) the Board has approved the compensation of such officer.
2. Certain transactions with other companies. Any transactions, arrangements or relationships with another School or Company at which a Related Party’s relationship is as a director, owner, officer or executive.
3. Transactions involving competitive bids. Any transactions, arrangements or relationships involving a Related Party where the rates or charges involved are determined by competitive bids.
4. Regulated transactions. Any transactions, arrangements or relationships with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
5. Certain banking-related services. Any transactions, arrangements or relationships with a Related Party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to conform to the law, rule, regulation or standard.

Failure to disclose to the Board a known Financial Interest or a known potential Related Party Transaction may be grounds for removal from the Board or termination of employment by the School.

ANTI-NEPOTISM POLICY

POLICY STATEMENT

It is the policy of Yosemite Valley Charter School to avoid Nepotism, which means to avoid creating or maintaining circumstances in which the appearance or possibility of favoritism, conflicts of interest, or management disruptions exist due to a relationship between an Yosemite Valley Charter School decision-maker and his or her Family Member. This policy is to ensure effective supervision, internal discipline, security, safety, and positive morale in the workplace and to avoid the potential for problems of actual or perceived favoritism, conflicts in loyalty, discrimination, and appearances of impropriety or conflict of interest. This policy applies to all Yosemite Valley Charter School board members, employees, individual consultants hired or retained by Yosemite Valley Charter School, and School Services Providers hired or retained by Yosemite Valley Charter School.

Relationships between Yosemite Valley Charter School board members, employees, consultants, or School Services Providers are permissible under the following circumstances:

- (a) Family Members of Yosemite Valley Charter School board members, employees, individual consultants, or School Services Providers shall not be hired for or retained in an employment position if one Family Member would have the authority or be in a position to directly supervise, hire, or discharge the other.
- (b) Any time a board member, employee, individual consultant, or School Services Provider is a Family Member of another, the relationship shall not result in an adverse impact on work productivity or performance. The determination of whether there is an adverse impact shall be in the discretion of the supervisor(s) of the employee(s), consultant(s), or School Services Provider(s), or in the case of a board member, in the discretion of the Yosemite Valley Charter School board of directors.
- (c) Any time a board member, employee, individual consultant, or School Services Provider is a Family Member of another, the relationship shall not create an actual conflict of interest under the law, and shall not create a detrimental perceived conflict of interest. The determination of whether there is a detrimental perceived conflict of interest shall be in the discretion of the supervisor(s) of the employee(s), consultant(s) or School Services Provider(s), or in the case of a board member, in the discretion of the Yosemite Valley Charter School board of directors.

DEFINITIONS

“Family Members” include an employee's parent, child (natural, adopted, or legal guardianship), spouse, domestic partner, brother, sister, grandparent, grandchild, step-relationships within the preceding categories, brother-in-law, sister-in-law, son-in-law, daughter-in-law and father-in-law.

“Nepotism” describes a work-related situation in which there is the potential for favoritism toward a Family Member (such as giving a job, promotion, biased performance reviews, or more favorable working conditions) on the basis of the familial relationship.

“School Services Provider” shall mean any provider of school services to Yosemite Valley Charter School, and in the case of an organization shall mean be the responsible individual at such organization that provides school services to Yosemite Valley Charter School.

PROCEDURES

When a Family Member of a current Yosemite Valley Charter School board member, employee, individual consultant, or School Services Provider applies to become a board member or employee, or requests to be a consultant or School Services Provider, the Family Member’s application/request must be denied if a conflict under this policy exists (*e.g.*, if one Family Member would have the authority or be in a position to directly supervise, hire, or discharge the other). Special circumstances may be reviewed by the Board in the event that Yosemite Valley Charter School’s best interests would be served otherwise.

When a Family Member of a current Yosemite Valley Charter School board member, employee, individual consultant, or School Services Provider applies for a transfer to a new employment position within Yosemite Valley Charter School, the Family Member’s application must be evaluated to determine whether a conflict under this policy exists. If a conflict exists, the application for transfer must either be denied or one of the Family Members must seek a position transfer to avoid the conflict, if any such opportunity exists. In the event that no such opportunity exists, the application for transfer must be denied.

In implementing this policy, it is permissible to ask an applicant, potential consultant, or School Services Provider to state whether he or she has a Family Member who is presently employed by or on the board of Yosemite Valley Charter School, but such information may not be used as a basis for an employment decision except as stated herein.

When a relationship that creates a conflict with this policy occurs during employment, Yosemite Valley Charter School will attempt to arrange a transfer or change in position/duties to eliminate the conflict. If a suitable transfer/change in position/duties is not available, one of the employees may be separated from service. Every attempt will be made to effect transfer or separation on the basis of agreement between the employees involved and Yosemite Valley Charter School. If a mutual agreement is unattainable, the Board will determine, in Yosemite Valley Charter School’s best interest, which employee is to be transferred or separated.

RESPONSIBILITIES

The Senior Director or designee shall coordinate with the current employee's direct supervisor to develop appropriate plans to ensure that a Family Member's employment does not conflict with this policy. If the situation cannot be resolved by a transfer, then the Senior Director or designee will deny the application for employment. Special circumstances may be reviewed by the Board in the event that Yosemite Valley Charter School's best interests would be served by the employment of a Family Member.

The Senior Director or designee shall investigate reports of Nepotism and take appropriate action. Employees are required to disclose changes in their personal situations to the Senior Director or designee which may be covered by this policy. Supervisors may inquire about the family relationship between employees to determine the appropriateness of the working relationship under this policy. The Board shall make the final determination concerning potential conflicts with this policy involving the Senior Director.

CHAPTER 5

Purchasing and Bank Policy

Purchasing and Procurement

The School adheres to the following objectives in purchasing:

All proposed non-payroll expenditures/invoices are reviewed by the Back Office to determine whether they are consistent with the Board-adopted budget and approved contract, if applicable. In the absence of a vendor invoice, the School will develop and maintain a check request form or other form to document the approval of payment for goods or services. All transactions will be posted in an electronic general ledger maintained by the Back Office. To ensure segregation of recording and approvals, the Back Office may not sign purchase orders or check requests.

Some transactions do not require purchase orders:

1. Re-occurring expenditures, such as:
 - a. Professional fees to back office service providers, and legal services
 - b. Outsourced services (e.g. special education services, security, etc.)
 - c. Payment of health and welfare benefits
 - d. Risk management costs (e.g. insurance)
 - e. Utilities
 - f. Communications (e.g. Internet, wireless, etc.)
 - g. Payroll taxes
 - h. Facility costs pursuant to a Board-approved lease or other agreement
2. Budgeted costs, such as:
 - a. Existing and replacement positions (i.e. payroll)
 - b. Expenditures listed in awarded grants
 - c. Software subscriptions (e.g. productivity tools, licenses, etc.)
 - d. Student materials and supplies, unless for a vendor contract over \$50,000, except for the below listed vendors:
 - i.
 - ii.
 - iii.
 - iv.
 - v.

For these, the Executive Director has a limit of \$100,000

3. Mandatory costs, such as:

- a. Expenditures required in an IEP (i.e. individualized education program).
- b. Expenditures from duly approved legal settlements.

Use of School Credit Cards

PURPOSE:

The Board of Directors of the School recognizes the efficiency and convenience afforded the day-to-day operation of the School, for payments and recordkeeping for certain expenses, through the use of School credit cards. However, the Board recognizes the need to establish control measures for the use of these cards. The Board agrees that it has a responsibility to ensure that credit card expenses incurred by the School must clearly be linked to the business of the School. This policy addresses and establishes the proper use and assignment of School credit cards.

School credit and debit cards should be issued only to School personnel who travel on School business or who have a legitimate need to purchase goods and services, either in person or online, when a purchase cannot be approved in time or when a vendor will not accept a purchase order. Credit and debit cards should not be used to bypass established purchasing procedures, including advanced approval processes.

DEFINITIONS:

Cardholder/User: The person for which the School credit card has been issued.

School credit card: The physical or virtual card and number associated with the card issued to the cardholder.

Administrator: The person assigned to establish or terminate Cardholder rights, reassign card limits, or change budget access.

SCHOOL CREDIT CARD USERS:

A list of those individuals issued a School credit card will be maintained by the Executive Director and the Back Office and reported to the Board of Directors annually.

A Cardholder/User employee who is no longer employed by the School shall return his or her School credit card upon termination or resignation to the Executive Director's designee.

Credit cards will be disabled immediately upon the termination or resignation of a Cardholder/User by the card Administrator. Accounting for credit cards and settlement of credit card billings shall be part of the employee separation checklists.

USER RESPONSIBILITIES:

Credit Cardholders/Users must take proper care of their School credit card(s) and take all reasonable precautions against damage, loss or theft by adherence to the following provisions:

1. All Cardholders/Users must keep secure and confidential all School credit card numbers and information.
2. Cardholders/Users shall not store sensitive School credit card data, including full account number, type, expiration and track data, in any method on computers or networks; for example, many sites, like Amazon or Apple will allow you to store credit card information online as a convenience for future purchases. This is not allowed because it does make it easier for those who have access to your computer or mobile device to utilize your card fraudulently or for personal purchases to be made using the stored card information.
3. Cardholders/Users shall not transmit in an insecure manner, such as by email, unsecured fax or via mail, School credit card information.
4. Cardholders/Users shall restrict access to credit card data and processing to the Administrator or other authorized individuals.
5. Cardholders/Users shall maintain card information in a secure environment accessed only by the issued Cardholder/User.
6. Cardholders/Users shall not be allowed to authorize payment of their own travel expenses. Travel expenses for any Cardholder/ User other than the Executive Director must be pre-approved by the Executive Director, and the Executive Director's travel expenses shall be approved by a board member.
7. Cardholders/Users are responsible for retaining detailed receipts and/or supplier documentation for all purchases made with their School credit card, without which the Cardholder/User is responsible for the purchase.
8. Cardholders/Users shall submit detailed documentation, such as itemized detailed receipts and/or supplier documentation for services, supporting all purchases made on their School credit card, including travel and/or other actual and necessary expenses which have been incurred in connection with School-related business for which the School credit card has been used.
9. Failure to take proper care of School credit card(s) or failure to report damage, loss or theft may subject the Cardholder/User to financial liability and discipline.
10. If the Back Office identifies any inadvertent personal charges or unauthorized uses of the card, the card statement and all backup documentation will be forwarded to the Executive Director for review, or if such charges or uses are those of the Executive Director, to the Board Chairperson.
11. Purchases made using a credit or debit card are subject to the same approval thresholds and other procurement requirements as all other purchases.

PURCHASING GUIDELINES:

School credit cards may only be used for legitimate School business expenses and in accordance with Board policies, as defined below.

1. Credit cards shall only be used for transactions for which payment of check disbursement is not accepted or is not practicable, such as if the transaction would cause undue hardship to the School or the Cardholder/User.
2. School credit card usage is limited to the following types of expenses. Any deviations from this usage policy must have prior written approval from the Board of Directors.
 - a. School services, including catering or advertising.
 - b. School supplies, including office supplies, educational supplies, operation and maintenance supplies.
 - c. Travel, including transportation services, airfare, car rental expenses, or payments to a travel agency.
 - d. Payments to educational and charitable organizations, including Schools, colleges, vocational Schools and membership organizations.
 - e. Educational conferences and seminars.
 - f. Other expenses necessary for the education of students or for the continuous operations of the school.
3. The person requesting (Requestor) a purchase should contact the Executive Director or Executive Director's designee (Designee) for approval prior to making, or committing to make, a purchase above \$1,000
4. If the purchase is approved, the Executive Director, Designee or Requestor (Purchaser) will either make or approve the purchase of the requested item following the guidelines for Online or In-Person purchases.
5. After the item is received, the Purchaser (for Drop-shipped orders) will verify that the full order was received. If not, then the Purchaser will continue to follow up with the vendor until the full order is received or a credit is issued for the portion of the order that was not received.
6. Food purchases.

Generally, meal expenses must involve an overnight stay to qualify for reimbursement. In these instances, the traveler must adhere to the travel regulations for meal reimbursement. Individuals who are not in a travel status are eligible for meal reimbursement if they participate in a business meal.

Such meals must be for official school business and must:

- a. Include Executive Director approval.
- b. Involve substantive and bona fide charter school business that promotes student learning.
- c. List by name all persons involved in the meal and affiliations and the reason for the meal.
- d. Delivery costs and a reasonable tip (up to 20%) are allowable.
- e. There must be at least two attendees and at least two meals purchased.

Appropriate Business Meals

- a. Business meals involving external parties
- b. Internal training and related business functions
- c. Employee retirement and appreciation events
- d. Student events like award ceremonies, commencements, etc, where the students are the primary beneficiaries.

MAKING ONLINE PURCHASES:

School credit cards may only be used for legitimate School business expenses and in accordance with Board policies, as defined below.

1. Make your online purchase and then code your transaction for budgeting purposes.
2. After making your purchase the transaction will appear in the "Transactions" section of your Divvy profile.
3. Go to the navigation menu to the left of the home page and open the "Transactions" page in Divvy to see your purchases.
4. You can see all of your historical transactions, or you can use the "+ Add Filter" function in the middle of the screen to only see specific transactions.

After selecting "+ Add Filter" you can then choose any of the following:

COMPLETION STATUS:

Complete – displays all transactions that have support uploaded

Incomplete – displays all transactions that do not have support

All – displays all transactions

Date Range – allows the user to review transactions over a specified period of time

Amount – allows the user to review transactions within a specified dollar amount

You are also able to review transactions that are either "Pending", "Cleared", Reviewed" or "Un-reviewed".

Phone App: you will complete these steps on the "activity" page.

Website: you will complete these steps on the "transactions" page.

Please do this step as soon as possible. The back office frequently runs reports to assess spending for budget purposes. If the coding is not complete, their reporting will not be accurate.

5. Click on a transaction to review and code your purchase and use the dropdowns to make selections. For the RESOURCE, select the revenue source from which you were directed, and for the LCAP do the same. For the OBJECT, select the type of purchase you made.

6. Ordering specialists are tasked with reconciling their Divvy transactions against their student orders daily.
 - a. All transactions should contain a receipt, order ID, LCAP code, expense code, and resource code. The exception to this rule is Amazon transactions.
 - b. Amazon transactions are completed in bulk on the ordering director's card. Ordering specialists are not responsible for reconciling Amazon transactions. There is a different internal process for Amazon reconciliations.
 - c. Either the Ordering Coordinator or Ordering Director will run Divvy reports to verify transactions are complete in Divvy and notify specialists of any missing documents or codes.
7. Save your receipt as a PDF.
 - a. File names are saved with the following format:
Date - Dept - Vendor Name - \$\$\$
Example: 7.6.18 – Classroom Supplies - Learning A-Z - \$109.95
 - b. Please save / upload your receipts to your computer's hard-drive.
8. Upload your receipt.
 - a. After saving your receipts, invoices and other documentation to your computer's hard-drive
 - b. In Divvy, click "Transactions" (it looks like a receipt on the left side of the screen).
 - c. Click on a transaction line
 - d. The "Transactions details" menu will open
 - e. Click on the plus sign and you'll see the "Open" menu.
 - f. Locate the folder where you saved your documentation and upload it to Divvy.
9. Provide your notes.
 - a. Be sure to add notes for the auditor's review. Include in your notes:
 1. A brief description for how this benefits student learning or helps the school operate.
 2. Who is the original requestor.
 3. Was the entire order received? Yes or no or n/a.
 4. If the entire order was not received, is a credit being issued by the vendor?

Notes are required for any transaction that doesn't clearly match the receipt. This typically applies to Amazon transactions but there may be other vendors.

MAKING IN-PERSON PURCHASES:

1. Anyone who would like to use the card to make a purchase should have their purchase pre-approved by the Executive Director or Designee prior to incurring the charge.
2. Once your purchase is made, retain the original receipt and any other documentation to support the purchase.
3. Save your receipt as a PDF.

- a. File names are saved with the following format:
Date - Vendor Name - \$\$\$
Example: 7.6.18 - Learning A-Z - \$109.95
- b. Please save your receipts to your computer's hard-drive.

GO TO DIVVY

4. Upload your receipt.

- a. After saving your receipts, invoices and other documentation to your computer's hard-drive
- b. In Divvy, click "Transactions" (it looks like a receipt on the left side of the screen).
- c. Click anywhere on one of the transaction lines that you want to match with your receipt.
- d. The "Transactions details" menu will open
- e. Click on the plus sign and you'll see the "Open" menu.
- f. Locate the folder where you saved your documentation, click on it and then click "Open" to upload to Divvy. Repeat for any other documents you want to upload.

5. Provide your notes.

- a. Be sure to add notes for the auditor's review. Include in your notes:
 - 1. A brief description for how this benefits student learning or helps the school operate.
 - 2. Who is the original requestor.
 - 3. Was the entire order received? Yes or no or n/a.
 - 4. If the entire order was not received, is a credit being issued by the vendor?

Notes are required for any transaction that doesn't clearly match the receipt. This typically applies to Amazon transactions but there may be other vendors.

6. Select the "OBJECT/RESOURCE/LCAP" for that purchase.

This must be done for EVERY transaction, except Amazon orders made by the EOS team.

Use the drop down menu and choose the appropriate OBJECT/RESOURCE/LCAP.

If the transaction gets split and is displayed as multiple transactions on the site, you still must choose an OBJECT/RESOURCE/LCAP for each line item.

OBJECT/RESOURCE/LCAPS will also need to be chosen if there is a return/credit/refund/canceled order. If it has a transaction line then it must have an OBJECT/RESOURCE/LCAP assigned to it.

Phone App: you will complete these steps on the "activity" page.

Website: you will complete these steps on the "transactions" page.

Receipt Management

Original itemized receipts are required for all expenses. Receipts need to be uploaded into the DivvyPay database and matched to the transaction it supports. All receipts need to be uploaded by the 4th of each month for the previous month's activity (i.e., activity for April's transactions

should be uploaded by May 4th, etc.) If a cardholder loses or does not obtain a required receipt from the merchant, they must complete a **No Receipt Form (appendix A)**. This form requires details of the expense and an explanation of what happened to the receipt. The use of this form is not a substitute for original receipts. Repeated use of this form may lead the Executive Director to suspend credit card use and require monetary reimbursement by the cardholder to the School.

Executive Director Review

To safeguard school assets, the Executive Director, or designee, will be required to review card activity monthly. The review for the calendar month should be conducted no later than the 5th day after the end of that month.

1. Each month the Executive Director, or designee, will be provided with a list of transactions.
2. The Executive Director, or designee, will review each transaction, along with the support provided on the Divvy website.
3. If proper support is missing then the Executive Director, or designee, will request the support from the staff member responsible for the purchase.
4. The Executive Director, or designee, will also review each transaction to verify that each has been coded.
5. The Executive Director, or designee, will need to mark on the list provided whether each transaction is either approved or unapproved.
6. If a transaction is unapproved then the Executive Director, or designee, should inquire about the nature of why the transaction is unapproved from the purchaser.
7. After completing the monthly review, the Executive Director, or designee, will file the approved list of transactions.

Disputed or Fraudulent Charges

If there is an inaccuracy on a statement, the cardholder must address the issue immediately. If a cardholder believes the merchant has charged the account incorrectly or there is an outstanding quality of service issue, the cardholder must first contact the merchant and try to resolve the error or problem. If the cardholder is unable to resolve the matter directly with the merchant or if contacting the merchant is not possible, then it is the responsibility of the cardholder to submit their dispute to School Leadership within 30 days of the date of the charge. Prompt reporting of any such charges will help to prevent the School from being held responsible.

All requests will be forwarded to the Executive Director (and/or whomever they designate (designee) as their administrator/approver), so pre-planning your purchases is always recommended in case there are delays in obtaining approval.

Purchases Over \$5,000

Purchases over \$5,000 must use the Purchase Request JotForm.

1. Complete the form by listing the following information:

- a. Requestor's First and Last Name
 - b. Requestor's email address
 - c. Requestor's Supervisor's First and Last Name
 - d. Reason for request
 - e. Date of request
 - f. Vendor
 - g. Estimated amount of purchase
 - i. Description of item(s) to purchase
2. Submit the form
3. After the form is submitted, the Executive Director or designee will then review the purchase request and decide the next course of action, which will be:
 - a. Approved-the form will be forwarded to the requestor and the purchase may be made.
 - b. Rejected-the form will be forwarded to the Requestor and the reason for the decline can be discussed with the Executive Director or designee.
 - c. The Executive Director or designee can also add a Comment for additional instructions.

Important Information:

- The Executive Director is responsible for making sure all documentation is uploaded and sufficient to support the purchases for all of their school's credit cards.
- Any items purchased on the Disallowed Purchases list below may incur disciplinary action:
 - Alcohol
 - Fuel (unless used for a school van)
 - Meals that do not include an outside attendee or are not a part of a school activity
 - Non-school purchases
 - Penalties, fines or tickets
 - Gifts
 - Gift cards, gift certificates, money orders
 - Cash withdrawal, ATM usage
 - Jewelry
 - Clothing
 - Medical expenses
 - Flowers, cards, or other items for bereavement or congratulatory recognition
 - Any purchase that reflects unfavorably upon the School and its core values

REQUESTING A DIVVY CARD:

1. Any school employee can complete the Divvy Card Request/Limit Adjustment Jot Form to request the use of a school Divvy card.

2. The employee completes the form with the below information and then submits the form:
 - a. First and Last Name
 - b. Reason for request
 - c. Department location
 - d. Date of request
 - e. Supervisor's first and last name
 - f. Amount of limit request
3. The request for approval is then routed to the Executive Director, or designee, who will review the submitted information and then decides to:
 - a. Approve the request without alterations
 - b. Approve the request with alterations (i.e. a different limit amount)
 - c. Decline the request
 - d. Decline the request pending additional information
4. Any discussions about a request decline or alteration can be discussed prior to further actions on the request.

REQUESTING A DIVVY CARD LIMIT ADJUSTMENT:

1. Any school employee can complete the Divvy Card Request/Limit Adjustment Jot Form to request an increase or decrease to their school Divvy card.
2. The employee completes the form with the below information and then submit the form:
 - a. First and Last Name
 - b. Reason for request
 - c. Department location
 - d. Date of request
 - e. Supervisor's first and last name
 - f. Amount of limit adjustment
3. The request for approval is then routed to the Executive Director, or designee, who will review the submitted information and then decides to:
 - a. Approve the request without alterations
 - b. Approve the request with alterations (i.e. a different limit amount)
 - c. Decline the request
 - d. Decline the request pending additional information
4. Any discussions about a request decline or alteration can be discussed prior to further actions on the request.

PURCHASE AUTHORIZATION

The Executive Director needs to approve any purchases on the school credit cards for all staff members who have been issued cards, unless the staff member has received previous approval authority under the Delegation of Expense Authority policy or has been assigned approval authority under the same policy.

Any purchase above \$50,000 must have board approval.

PURCHASE LIMITATIONS

1. A Cardholder/User must obtain documented pre-approval from the Executive Director or Executive Director designee before using their card.
2. Any purchase by the Executive Director that exceeds \$50,000 must be approved by a board member.

APPROVAL PROCEDURES

1. A Cardholder/User will review the card statement to ensure it includes only their own approved charges.
2. The Back Office will verify that documents have been provided for all charges on the card statement.
3. Any charges not made by the Cardholder/User will be identified and discussed with the Executive Director.
4. The Executive Director or Executive Director's designee will review charges and supporting documentation for each Cardholder/User's monthly statement before approving any payment.
5. For the Executive Director, the Chairperson or Treasurer of the Board will review charges and supporting documentation for the Executive Director's monthly statement.
6. All cardholders should report the loss or theft of their School credit or debit card immediately to the credit card company and the Executive Director, even if the loss or theft occurs on a weekend or holiday.

EXCLUSIONS:

School credit cards shall not be used for alcohol, cash advances, ATM, gifts, gifts certificates, money orders, gift cards, jewelry or clothing, medical expenses, or payment of fines, auto tickets or penalties, bereavement or congratulatory related items like cards or flowers, unless prior written approval is received from the Executive Director, or in the case of the Executive Director, the Board Chairperson or Board of Directors, as appropriate. In no event shall a School credit card be used for a Cardholder/User's personal expenses.

Employees' Personal Credit Cards

An employee may use their personal credit or debit card for legitimate School business-related purchases and submit a request for reimbursement, but only in alignment with the School's procurement policies and policies for expenditures and employee reimbursements.

Expenditures and Employee Reimbursements

The Employee Handbook calls for the reimbursement of "certain reasonably necessary business expenses incurred in the furtherance of School business. In order to be eligible for reimbursement, employees must follow the protocol set forth in the School's policy regarding expenditures." This constitutes said School policy.

PROCEDURES FOR REIMBURSEMENT

The School will reimburse employees for certain reasonably necessary business expenses incurred in the furtherance of School business. In order to be eligible for reimbursement employees must follow the protocols noted below:

1. Utilize the official "School Reimbursement Form."
2. Fill out form, print, and sign. The Executive Director, or designee, should also sign the form signifying their approval.
3. Make a copy of both the form and backup documentation for your files.
4. Attach backup documentation (e.g. itemized receipts, map/s for mileage) to the form.
5. Email your signed and completed form and backup documentation to the Back Office.
6. Complete requests for reimbursement should be submitted within 60 days of the expenditure.
7. The request for reimbursement will be processed by the Back Office.

Guidelines for Specific Reimbursement Types:

1. Reimbursement for Purchases – Must receive immediate supervisor approval, or higher, prior to any purchase of food, supplies, and/or equipment
2. Hotel Stay – Room rates must be reasonable for the area visited for the reimbursement of Executive Director, Executive Director designee or Board Pre-Approved hotel stays.
3. Mileage Reimbursement – attach documented approval or have their Supervisor sign the reimbursement form. Reimbursement for personal car mileage is the prevailing rate allowed by the IRS while on School business.

Gratuities: Employees are allowed to tip up to 18% of the subtotal cost, rounded up to the nearest dollar, when gratuity is customary. Any incremental excess is the responsibility of the employee.

Governing Board Expenses

1. Board members are not compensated for their services as Board members. However, the Board or fiscal committee, if any, may approve the reimbursement of a Board member's actual and necessary expenses incurred when conducting the School's business.
2. The Board member incurring authorized expenses while carrying out the duties of the School will complete and sign a reimbursement report.
3. The full Board or fiscal committee will review the reimbursement report, and if they approve the report, it will be submitted to the Back Office for payment.

Contracts

1. The Governing Board must also approve the following contracts:
 - Contracts of \$50,000 or more for construction, equipment, materials, supplies, non-professional services and repairs.
2. Consideration will be made of in-house capabilities before contracting for outside services. Below are considerations:
 - a. Whether the services needed are for a limited amount of time.
 - b. Whether the contract service provider has expertise not otherwise available to the Charter School.
 - c. Whether the current staff has capacity to do the work.
 - d. Whether the contract service provider's core competency would lead to long-term savings.
 - e. Whether the utilization of the contract service provider would cost less than a comparable employee with benefits.

Consideration will be made of in-house capabilities to accomplish services before contracting for them. Except as otherwise provided in these policies, the Executive Director may enter into contracts and agreements not to exceed \$50,000 without Board approval, provided funds sufficient for the contract or agreement are authorized and available within the school's board-adopted budget. Contracts and agreements in excess of \$50,000 must be submitted for board approval and may be executed by the Executive Director or other person specifically designated by the Board after the Board has duly approved the contract or agreement.

Office staff will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$25,000. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.

Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors). Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's

compensation insurance currently in effect. The Executive Director may also require that contract service providers list the school as an additional insured.

If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the School will obtain a W-9 from the contract service provider prior to submitting any requests for payments to Charter Impact.

The Executive Director will approve proposed contracts and modifications in writing. Contract service providers will be paid in accordance with approved contracts as work is performed. The Executive Director will be responsible for ensuring the terms of the contracts are fulfilled. Potential conflicts of interest will be disclosed upfront, and the Executive Director and/or Member(s) of the Governing Board with the conflict will excuse themselves from discussions and from voting on the contract.

Bank Account Reconciliation

The opening and closing of bank accounts on behalf of the School must be approved by the Board.

Bank reconciliations are a major internal control mechanism and will be prepared and reviewed accurately each month by the Back Office. Reconciliations will be performed for all of the School's bank account transactions.

PREPARING BANK STATEMENT RECONCILIATIONS

The Back Office completes the bank reconciliation monthly after receiving the bank statement(s). The Executive Director or the Executive Director's designee reviews every completed bank reconciliation. To ensure proper segregation of duties, the individual who prepares the bank reconciliation is not involved with any purchase transactions. Any interest, bank charges or other fees or charges should be posted to the account before reconciling. The Executive Director of the School has final review responsibilities to ensure all procedures have been followed.

CHAPTER 6

Financial Management Policies

BASIS OF ACCOUNTING

The School will maintain their accounting records and related financial reports on the accrual basis of accounting.

ACCOUNTING POLICIES

The accounting policies and financial reporting adopted are consistent with the non-profit requirements of the Financial Accounting Standards Board (FASB). FASB is the recognized standard setting body for establishing non-profit accounting and financial reporting principles.

BASIS OF PRESENTATION

The accounts of the School are organized on a basis of the Charter School required elements of the Standardized Account Code Structure or SACS. The operations of all funds are accounted for by providing a separate set of self-balancing accounts, which comprise the assets, liabilities, net assets, revenues and expenditures.

REVENUES

The School records revenue on the modified accrual basis of accounting, consistent with generally accepted accounting principles applicable to special purpose governmental units.

EXPENDITURES

Expenditures are recorded on a full accrual basis, if material, because they are always measurable when they are incurred.

CASH MANAGEMENT

1. The School maintains cash accounts at Wells Fargo
2. A schedule of aged accounts and grants receivable is prepared monthly and reviewed by the Back Office for collection and reported to the Executive Director. Aged accounts payable and receivable are also reflected on regular financial materials provided to the Board of Directors. Appropriate collection procedures are initiated, if necessary.

GRANT RECEIVABLE AGING CRITERIA

Accounts receivables outstanding are aged on a thirty, sixty, ninety, and over-ninety day basis.

BUDGETS

1. The School prepares an annual operating budget of revenues and expenses, a cash flow projection, and a capital budget. These budgets and projections are reviewed and approved by the Board of Directors, prior to June 30th each year and modified, as necessary.
2. Financial statements displaying budget vs. actual results are prepared by the Back Office and reviewed by the Executive Director, and presented to the Board of Directors at each regularly scheduled board meeting.

INSURANCE AND BONDING

1. The School should maintain minimum levels of coverage, as required by any School charter and/or MOU and as deemed appropriate by School, for the following policies:
 - a. General liability
 - b. Business & personal property (including auto/bus, as applicable)
 - c. Computer equipment
 - d. Workers' compensation
 - e. Personal injury liability
2. The Schools require proof of adequate insurance coverage from all prospective contractors.

FINANCIAL REPORTING

The Back Office maintains supporting records in sufficient detail to prepare the School's financial reports throughout the year, including:

1. Annually:
 - a. Financial statements for audit
 - b. Annual budget
 - c. Unaudited Actuals
 - d. 990 Income Tax Returns
2. Monthly:
 - a. Trial balance
 - b. Internally generated budget vs. actual financial statements
 - c. Billing invoices to funding sources
 - d. Updating the cash flow projection
3. Periodically:
 - a. IRS Forms 941 and payroll tax returns and comparable state taxing authority returns
 - b. First and Second Interim Reports
 - c. Other reports as requested

ANNUAL AUDIT

The Board of Directors arranges annually for a qualified certified public accounting firm to conduct an audit of the School's financial statements in accordance with Government Auditing Standards and the Governmental Accounting Standards Board.

The audit reports will be submitted to the Charter granting agency, California Department of Education, County Superintendent of Schools, and State Controller's Office by December 15th of each year. (Education Code 47605(m))

BOARD AUDIT OVERSIGHT

The Board of Directors shall fulfill its responsibility to provide oversight of management regarding:

1. the School's system of internal controls, policies and risk management;
2. the integrity of the School's financial statements;
3. the School's compliance with legal and regulatory requirements and ethical standards; and
4. the engagement, independence and performance of the School's independent auditors.

Staff will review and present an analysis of independent auditor proposals and make a recommendation to the audit committee, if applicable, and to the Board for selection of an independent auditor. The Board will select the independent auditor. The committee and/or Board will review the scope and results of the audit and will receive notice of any consequential irregularities and management letter comments that the auditor noted during the engagement. Additionally, the committee and/or the Board will develop a corrective action plan to address all relevant weaknesses noted by the auditor. The committee and/or the Board will also review all financial information of the School.

ATTENDANCE ACCOUNTING

The Executive Director will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at the School and engaged in the activities required of them by the School. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act and the applicable California Administrative Code sections defining Charter School Average Daily Attendance. Therefore:

1. ADA will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction by the School.
2. The School's instructional calendar will include at least 175 days of instruction to avoid the fiscal penalty for providing fewer than 175 days of instruction as provided by the Administrative Code regulation. The calendar must also document that the school offers an appropriate amount of annual minutes of instruction as required pursuant to applicable law.
3. Independent study must be pre-arranged by the student's adult guardian and the School and that the adult guardian will be required to complete and submit documentation of engagement in instructional activity to the school on forms prepared by the school. As applicable, such study shall be in full compliance with law governing independent study.

POLICIES RELATED TO ASSETS, LIABILITIES AND FUND EQUITY

ASSETS

Bank Accounts

- A. Bank accounts for the indicated purpose and limitation(s) have been authorized by the Board of Directors of the School at the indicated Federal Deposit Insurance Corporation (FDIC)-insured bank(s): Wells Fargo

Petty Cash

- A. No account has been approved.

LIABILITIES AND FUND EQUITY

Accounts Payable

Only valid accounts payable transactions based on documented vendor invoices, check requests or other approved documentation are recorded as accounts payable.

Accounts Payable Payment Policy

Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

Accrued Liabilities

These are liabilities that reflect expenses that have not yet been paid or logged under accounts payable during an accounting period.

Liability for Compensated Absences

1. Compensated absences arise from employees' absences from employment due to personal time off leave. When the School expects to pay an employee for such compensated absences, a liability for the estimated probable future payments are accrued if all of the following conditions are met:
 - a. The employee's right to receive compensation for the future absences is attributable to services already performed by the employee.
 - b. The employee's right to receive the compensation for the future absences is vested or accumulates.
 - c. It is probable that the compensation will be paid.
 - d. The amount of compensation is reasonably estimable.
2. Compensated absences that are not required to be paid upon employee termination (e.g., paid sick leave) are only recorded when paid.

Debt

1. When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year.
2. Loan agreements must be approved by the Board of Directors, unless otherwise authorized under the School's Board of Directors, must be in writing, and must specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.
3. Loans, lines of credit, and other debt incurred on behalf of the School must be approved by the Board of Directors, except as otherwise permitted by the Board of Directors. The School shall not make any loans to third parties, except as otherwise permitted by the Board of Directors.

FACILITIES

Disposal of Property and Equipment

1. No item of property or equipment shall be removed from the premises without prior approval from the Executive Director.
2. The School has adopted standard disposition procedures for staff to follow, which include an Asset Disposal Form (see Appendix A), which identifies the asset, the reason for disposition, and signature of the requester. The form also allows for an identification of the asset's book value, condition of the asset, and supervisory approval or denial.
3. When property is retired, the appropriate asset in the fixed asset subsidiary will be adjusted and properly reflected in the accounting system by the Back Office

GENERAL ACCOUNTING PROCEDURES

In this section, procedures are described for the overall accounting system design, General Ledger activity and General Ledger closeout for the School.

GENERAL LEDGER ACTIVITY

Control Objective

To ensure that all General Ledger entries are current, accurate and complete.

Major Controls

1. Timeliness of Entries
All entries are made soon after the underlying accounting event to ensure the financial records and reporting is current.
2. Support Documentation

All entries are supported by adequate documentation that clearly shows the justification and authorization for the transaction.

3. Audit Trail

A complete audit trail is maintained by the use of reference codes from source documentation through the books of original entry and General Ledger, to periodic reporting statements.

Procedures

1. Financial data on source documentation is verified against original documents (e.g., invoice, purchase order, etc.) before entering into the accounting system.
2. Each entry in the accounting system is reviewed and approved.
3. Provision is made for using recurring General Journal entries for certain transactions, such as recording the monthly portion of prepaid insurance.
4. Non-recurring entries, such as for correcting entries, recording accruals and recording noncash transactions, are prepared as circumstances warrant and on a monthly basis.
5. All entries in the books of original entry (e.g., cash receipts journal and checkbook) are made soon after the accounting event from authorized forms, and are prepared and reviewed by qualified accounting personnel.
6. All General Journal entries are supported by General Journal Vouchers that have supporting documentation attached.

GENERAL LEDGER CLOSE-OUT

Control Objective

To ensure the accuracy of financial records and reports.

Major Controls

1. Trial Balance
Monthly, a trial balance is prepared to ensure the accuracy of the General Ledger account balances.
2. Reconciliation of General Ledger Control Accounts with Subsidiary Ledgers
are prepared on a monthly basis.

Procedures

1. At the end of each month, a trial balance of all General Ledger accounts is prepared by the Back Office.
2. Reconciliation between the General Ledger control accounts and the subsidiary ledgers are completed by the Back Office.

3. At the end of the fiscal year and after the annual audit, all income and expense accounts are closed out; and the general ledger balances must be aligned to the audited financial statements.

Fixed Assets and Leases

Acquisitions and disposals of assets are carefully documented. There are two types of assets: depreciable assets, also known as capital assets (this includes land even though it is not depreciated); and assets the School will track for inventory purposes but not depreciate. All assets purchased, when applicable, such as with automobiles and buses, shall be registered in the name of the School and not the name of an individual.

Cost basis is not the market value or list price of an asset; rather, it is the total amount invested in the purchase or the total amount paid, whether paid in cash or received in kind. The cost basis should include all charges related to the purchase, including the purchase price, sales tax, freight charges, and installation charges if applicable.

Asset purchases that cost \$5,000 or more and have a useful life of more than one year will be capitalized and depreciated. Remodeling of facilities and replacement of structural components are capitalized only when their cost exceeds \$50,000.

Assets that are depreciated include furniture, fixtures, automobiles and buses, buildings, building improvements, and equipment. The straight-line depreciation and amortization method is used. Alternative or accelerated depreciation methods may be used when considered necessary and if approved by the Executive Director or Executive Director's designee.

Any assets purchased that cost \$5,000 or more are recorded in a depreciable fixed asset schedule.

Any asset that is not capitalized will be expensed. For example, small tools and equipment, or repairs and maintenance, are usually expensed.

The depreciable fixed asset schedule prepared by the Back Office includes the following information, as applicable:

- Name of the asset
- Asset class (e.g., equipment)
- Description
- Serial number
- Asset tag number, if any
- Date purchased and placed in service
- Vendor purchased from
- Original cost
- Depreciation method
- Estimated useful life
- Accumulated depreciation
- Net book value
- Estimated salvage value, if any

Leasehold Improvements

Leasehold improvements, including painting, will be capitalized if they relate to the occupancy of a new facility or to a major renovation of an existing facility, and meet the capitalization threshold of \$50,000.

Inventory

All non-consumable school property lent to students shall be returned to the school no later than June 30 (the deadline). If the assigned property is not returned by the student to the school at, or before, the deadline then the school is required to initiate its restitution process (See Appendix C). Any excess or surplus property to the school owned by the school may be sold or auctioned by the Executive Director provided the Executive Director engages in due diligence to maximize the value of the sale or auction to the school. The sale or auction of property owned by the school with a fair market value in excess of \$1,000 shall be approved in advance by the Board. The Executive Director will immediately notify the Back Office of all cases of theft, loss, damage or destruction of assets.

Repairs

Expenditures for maintaining vehicles, equipment or an existing building are not capitalized; they are expensed as a repair.

Cost of Buildings

The capitalized cost of a building includes all expenditures related directly to its acquisition, construction or rehabilitation. This includes all associated costs such as materials, labor and overhead incurred during construction, and any fees such as attorney's fees, architect's fees, and building permit fees.

The Back Office will account for the cost of buildings by capturing and recording the details of all costs in a construction in progress account. Costs recorded will include acquisition costs and expenditures made to prepare the building for occupancy.

Asset Purchase Approval

All purchases of assets should be approved by the Executive Director or designee unless the purchaser has received prior approval to purchase according to the Delegation of Expenditure Authority policy.

Authorization

Proper authorization should be obtained using the Charter School's purchasing process. Approval should be documented on all approvals submitted to the Back Office. School staff may identify the vendor for purchase of the capital assets, or may submit the request to purchasing staff in the Back Office for procurement.

Constructed or Donated Equipment

Any equipment constructed by School employees or donated to the School will be reported to the Back Office if the item has a value of \$5,000 or more. The report will include a complete description of the

property, the date it was manufactured or received, the number of items, the cost or estimated value, and a statement indicating whether it was constructed by employees or donated.

Donated equipment becomes the property of the School. Also, the School's Board or its designee should approve the donation. If the equipment has no reasonable use or purpose for the School, the donation should not be accepted.

Asset Sales and Dispositions

Capital assets may be sold or traded for new equipment; when this occurs, an asset sale and disposition form will be completed.

For all assets the Executive Director's approval will be required for a sale or disposition. Any asset over \$5,000 requires board approval prior to sale or disposition.

Upon approval, the School may advertise the property for sale or submit a list to the Back Office for sale and disposition.

After completion of the sale, a completed original bill of sale form with wet signature in blue ink, preferably, should be submitted to the Back Office. The Back Office will delete the item from the asset records and record any gain or loss on the disposition.

Obsolete Assets

Obsolete assets with no cash value should be reported to the Back Office on the asset disposition form, which includes a description, serial number and condition of the asset. The Back Office should inspect all worn out or obsolete property before it is discarded. The asset can then be removed from the asset records.

Missing or Stolen Assets

Any missing or stolen asset should be reported in writing to the Back Office as soon as its absence is discovered. The report should include the description, serial number, and other information about the lost item.

The Back Office should determine the proper course of action and should notify the School's insurance carrier and any outside authorities if deemed appropriate. If the asset is not recovered, it can be removed from the asset records.

Movement of Assets within the Organization

Movement of assets within the organization (e.g., from one School facility to another, in cases where there are multiple facilities) should be reported to the Back Office in writing for tracking and inventory purposes; the report should include a description, serial number and the name of the School location that is to receive the property.

Employees Using Their Personal Assets

Employees may bring their personal tools, equipment or furniture for use at the School, subject to the approval of the Executive Director. To maintain proper segregation and control upon termination of any employees, any employee-owned tools, equipment or furniture to be used at the School should be reported to the Executive Director and the Back Office. The report should include the employee's name, a description of the item or items, identification numbers (if any), and the reason for using the item.

Asset Tagging

When an asset is purchased, the Back Office or the School is responsible for assigning and attaching an asset number tag to the property in a readily visible location. If an asset tag cannot be attached and the asset has no serial number, other means should be used to permanently identify the asset, such as engraving or heat stamping it with the School's name and a sequential number.

Once a year the Back Office reviews a report that includes a list of assets assigned to each School location and any acquisitions, disposals and transfers during the past year and validates the report, noting any discrepancies.

Leases

A lease can be classified as either a capital lease or an operating lease. The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840-30, Capital Leases, describes the criteria for determining which of these two classifications applies. Under those criteria, a lease should be treated as a capital lease if any of the following are true when the lease is entered into:

- The lease transfers ownership to the School at the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is equal to 75% or more of the estimated economic life of the leased property.
- The present value of the minimum lease payments is 90% or more of the fair value of the leased property (using as the interest rate the lesser of the School's incremental borrowing rate or, if known, the lessor's implicit rate).

Any lease for which none of the four preceding statements is true, or that is immaterial in nature, will be recognized and accounted for as an operating lease. An operating lease is similar to a rental agreement in that the monthly lease costs are expensed.

The School, through the Back Office, will maintain a list or inventory of capital leases and operating leases; the list should include all relevant lease terms.

Cash Receipts Policy and Procedures

Objective

To establish proper controls and cash handling procedures throughout all School departments. Controls are required to safeguard against loss and to define responsibilities in the handling of cash. All departments receiving cash are designated as cash collection points. "Cash" may consist of currency, checks, money orders, credit card transactions, fed wires and electronic fund transfers.

Cash Handling Procedures

1. All departments responsible for cash collection must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: receipt, deposit or reconciliation. All cash collections (See Cash Tally sheet in Appendix C) require two signatures – the individual collecting and handling the money, and the individual recording the money.
2. All checks, cash and credit card receipts must be protected by using a safe or lockbox until they are deposited. A secure area for processing and safeguarding funds received must be maintained and access restricted to authorized personnel.
3. All checks should be made payable to Yosemite Valley Charter School. Checks will be restrictively endorsed immediately upon receipt with "For Deposit Only". Post-dated checks should not be accepted and will be returned to the check writer.
4. The Depositor is responsible for making the deposit to the appropriate bank account.
5. Generally, the timely deposit of cash receipts requires a School to deposit receipts daily. However, it may not be practical or cost effective for the School that receives small amounts of cash on an irregular basis. In cases where the amounts of cash deposits are small and an adequate safekeeping facility is available, an aggregate un-deposited total may not exceed \$100 and may be retained in the School's safekeeping facility for a period not to exceed 5 business days. Although this option is available, the School must be aware that these monies must be deposited with the bank within 5 business days of receipt, even if the amount does not exceed \$100.
6. Under no circumstances will employees or students make disbursements from the un-deposited receipts. All cash or other receipts must be deposited with the bank, in total.
7. Any person delivering a deposit to the bank should take adequate precautions for their personal security and safety. If it is practical, more than one person should make the deposit.
8. Never mail cash or checks to the bank.
9. All funds received must be counted daily by totaling the cash, checks and credit card collections and recording the result on a Cash Tally Form.
10. Cash boxes with up to \$100 startup cash are available for events/fundraisers by completing a Fund Raiser Request form. Cash boxes with up to \$500 will be made available for ticket sales. All requests require a 48 hour notice in order for the School to be able to manage the cash needs. The startup funds must be included on the Cash Tally Form.

11. Always issue some type of receipt in return for cash received from students, parents, or others. Be sure to include at a minimum: date cash received, amount received, purpose and initials/signature verification. A receipt can be a pre-numbered slip, a pre-numbered ticket stub, etc.

Fundraising

Each fundraising activity must be approved by the Executive Director or Executive Director's designee. In order to be approved, the individual planning the fundraiser must submit a proposal in advance of the event so that all fundraising efforts may be coordinated. (See Appendix C for all Fundraising forms)

For sales of small items – for example fundraisers, cookouts, concessions, or supplies sales – use the Fundraising Inventory Form to create an inventory control sheet for items purchased, less items leftover to report items sold.

Services performed – for example car washes. Use the Fundraiser Service Form to keep a roster of which services were performed or how many cars were washed, then multiply by fee charged to report total collected.

Donations – Submit a completed Donation Information Sheet with the deposit for all cash donations and all gifts of property (tangible goods).

*No staff member is to accept any special gifts or bonuses of more than nominal value offered by an outside supplier or vendor for any reason or purpose.

Returned Checks and Improper Checks

The School should attempt to deposit returned checks a second time; if the check does not clear on the second attempt, the payment should be returned to the vendor and the general ledger account to which it was applied adjusted. No check should be withheld from the deposit unless it is legally imperfect (e.g., no maker signature), in which case the Back Office or the School should immediately contact the payer and discuss the best method to remedy the imperfect check.

The School should never provide cash to any individual or organization in exchange for their personal checks.

Wire Transfers

Wire transfers are a way to pay customers and vendors quickly.

Incoming wire transfers require the same documentation procedures as cash receipts and deposits. When the School's bank receives a wire transfer, it may notify the School by email, fax, or via its online banking site. This notification documents that the money has been received.

Only the Executive Director or the Executive Director's designee should be permitted to initiate an outgoing wire transfer. All outgoing wire transfers should be performed using the bank's secure website,

and should include the Executive Director or Executive Director's designee as the secondary approver. Outgoing wire transfers should not be issued unless the secondary approver logs on to the bank's secure website and approves the transfer electronically.

Meals for Professional Development or other School Activities

1. School-related meals at meetings, professional development, and other school activities occur on a regular basis. If the meal is not pre-approved by Executive Director, the employee runs the risk of bearing the full cost of the meal if it is ultimately denied. For meals to be charged to the School or reimbursable to an employee, the employee must provide the following information:
 - a. Purpose of the meeting or agenda;
 - b. Items ordered as reflected on a detailed receipt;
 - c. Number of individuals in the party;
 - d. Names of the attendees or a sign-in sheet;
 - e. Pre-approval by the Executive Director
2. For meals during professional development:
 - a. Non-School days, staff may purchase meals for staff for meetings lasting three or more hours.
 - b. On School days, staff may purchase meals or snacks for staff meetings. Any meals that fall outside of these parameters must be Executive Director approved.
3. Each department has a budget of \$20/employee/event for meals for team building, professional development and morale. Any meals that fall outside of these parameters must be Executive Director approved.

CHAPTER 7

Preparation of Payroll

CONTROL OBJECTIVE

To ensure that payment of salaries and wages are accurately calculated.

Major Controls

A. Internal Accounting Controls

Time records are periodically reconciled with payroll records by the Back-Office.

Procedures

1. Employee time sheets are approved by the Executive Director or Executive Director's designee. All deviations from normal work schedules as determined by a staff member and their supervisor are approved by the appropriate supervisor.
2. The total time recorded on time and attendance system and the number of employees is calculated by the payroll system and reviewed by the Back Office.
3. Recorded hours from the time clock punches are communicated to the Back-Office electronically.
4. The payroll ledger is sent to the school who reviews the base pay, stipends, and hourly rates related to classified staff.
5. The executive director, or their designee, examines the proposed payroll roster and, within two days, the ledger is examined and any change recommendations are submitted to payroll for processing.
5. The payroll documents received from payroll software (e.g., calculations, payrolls and payroll summaries) are compared with employee punches, pay rates, payroll deductions, compensated absences etc. by the operations vendor and the Back-Office.
6. The Back-Office verifies gross pay and payroll deductions.
7. The total hours and number of employees are compared with the totals in the Payroll Register by the Back-Office.
8. The Payroll Register is reviewed and approved by the Back Office.

PAYROLL PAYMENT

Control Objective

To ensure payment for salaries and wages by check, direct deposit, cash or other means is made only to employees entitled to receive payment.

PAYROLL WITHHOLDINGS

Control Objective

To ensure that payment withholdings are correctly reflected and paid to the appropriate third parties.

Major Controls

1. Reconciliation of Payment and Payroll Withholdings

Payroll withholdings are recorded in the appropriate General Ledger control accounts and reconciled with payments made to third parties.

2. Internal Accounting Controls

The in-house payroll software calculates payroll withholdings, which are reviewed and verified by the Back-Office.

Procedures

1. The web based payroll software calculates payroll withholdings for each employee. These are summarized by pay period and recorded in General Ledger.
2. Payments for payroll withholdings are reconciled with the amounts recorded in the General Ledger control accounts by the Back-Office.
3. The Back-Office reviews the accuracy and timeliness of payments made to third parties for payroll withholdings.
4. Original withholding and benefit election forms, maintained in the employee file, are prepared by employee and reviewed and approved on a periodic basis by the Back-Office.
5. Payroll records are to be stored for at least 7 (seven) years, in line with the Records Retention Policy.

PERSONNEL REQUIREMENTS

Control Objective

To ensure that the School hires only those employees, full or part-time, it absolutely needs and exerts tight control over hiring new employees.

Major Controls

New Employees

1. Requests for new employees are initiated by the Executive Director or other appropriate staff member and compared with the approved annual personnel budget.
2. New employees complete an Application for Employment.
3. New employees complete all necessary paperwork for payroll.
4. Employee is fingerprinted. Fingerprint clearance must be received by School before any employee may start work.

Paid Time Off (PTO)

1. Paid time off (PTO) provides some ~~A-Basis (12 Months)~~ school-based employees with an entitlement of days away from work with pay.
2. Temporary employees, part time employees, workers being paid short or long-term disability insurance, and workers being paid workers' compensation are not eligible to receive or accumulate PTO.
3. On July 1st all A-Basis (12 Months) school based employees are credited 10 days of PTO which are accumulated throughout the contracted year.
4. PTO will not accumulate during any unpaid leave of absence.
5. Upon separation of employment, employees will be paid their earned PTO based on their date of separation and their hourly rate of pay.
6. The School monitors vacation and sick time using a web-based HR system.

APPENDIX A

Asset Disposal Form

FIXED ASSETS DISPOSAL PROCEDURE:

Fixed Assets property that are not being used, are obsolete, and/or beyond repair, are to be disposed of through submission of the Asset Disposal Form (ADF) to the Back Office provider. Complete and deliver the ADF to the Executive Director (ED) or the designee. The ED or designee will review the ADF and approve the disposition. All Fixed Assets will remain on the school's inventory until this process is complete.

The actual physical disposal or transfer of Fixed Assets between departments should not occur without an ADF form. Departments should keep a copy of the form for their inventory records.

The administrative head of each department has the responsibility of:

1. Verifying that any asset that is being disposed of is properly cataloged before it is removed.
2. Safeguarding the possession of all property within the department
3. In the event an item is *"lost or stolen,"* an incident report must accompany the ADF
4. The removal-disposal of any property must be recorded on the ADF and submitted to the Back Office; the administrator making the original request for removal/disposal must sign such form.
5. Remove asset tags and other company-specific information from the asset before its disposal.
6. A picture must be taken as a visual record of the item.

DETERMINE THE SALES PRICE:

For any item that is sold, instead of being retired, the sales price will be determined by the higher of the book value or market value.

If the book value cannot be determined, then the market value may be used alone.

DETERMINE THE MARKET VALUE:

1. Examine the asset for wear and tear or any damage to determine if it is usable.
2. Locate at least three items that are similar in nature using eBay, Amazon, or any other website that may list the item.
3. Use the average price, or the most reasonable price of items selected, adjusting the price based on damage, normal wear-and-tear, the need to avoid having to pay storage if retained, and other factors in an attempt to benefit the organization.

PROCESSING PAYMENT:

1. All payments will be made by check or money order and made payable to Yosemite Valley Charter School.
2. The payment must be given to office designee who will then provide a receipt.
3. The payment and the ADF will be recorded in the general ledger.

Asset Disposal Form

Complete the form below if school-owned assets are disposed of in any way. This form does not grant approval to dispose of assets until it has been approved by the Executive Director or designee and should be used to update the asset inventory. Upon completion of this form, please forward it to the Back Office.

Name: _ Title: _ Today's Date: _

Department: _

E-mail: _ Phone Number: _

Type of Disposition:

☐ Sold ☐ Obsolete ☐ Returned ☐ Traded-in ☐ Donated
☐ Lost/Missing ☐ Stolen ☐ Destroyed

Recipient of Property: _ Disposal Date: _

Is this a related party (circle one): Yes or No Price Received: _

Explanation if Missing or Stolen (attach copy of Police report, if stolen):

Asset Description:

Description	Serial #	Location	Original Purchase Date	Original Purchase Price	Sale Price (if applicable)
Quantity:					
Quantity:					

Provenance Executive Approval_____ Date: _____

Approved copy to be sent to Back Office: _____

APPENDIX B

Delegation of Expenditure Approval Authority

Delegation of Expenditure Approval Authority

Purpose

This policy defines Expenditure approval authority, and outlines to whom and when it may be delegated. This policy also documents limits related to delegation of expenditure approval Authority.

Definitions

Account Holder against	The individual employee who is responsible for expenditures a specific budget or account.
Approval	includes: <ul style="list-style-type: none">i) original hand written signature on a paper copyii) “electronic signature” means a graphical image of a handwritten signature attached to or logically associated with an electronic Record and executed or adopted by a person with the intent to sign the record.iii) “electronic approval” means the electronic approval provided to execute or adopt a request.iv) “email approval” means the email authorization provided to execute or adopt a request.
Designee	School employee chosen to authorize expenditures on behalf of the School.
Executive Officer	includes the Principal or Vice Principal.
Expenditure Approval expenditures on Authority	is the authority of a delegated employee to initiate behalf of the School, and certify receipt of goods or services and contract performance and price.

Policy Statements

This policy describes how Expenditure Approval Authority is granted and used to initiate and approve expenditures against a budget code and to certify contract performance, or receipt of goods and price.

All expenditures or commitments to expend, other than payroll transactions, must be authorized by an employee with delegated Expenditure Approval Authority.

Expenditure Approval Authority does not include the authority to make commitments to a vendor or contractor, or the ability to approve a payment from a School bank account. These authorities are governed by the School's Purchasing and Bank Policy.

Delegation of Expenditure Approval Authority:

The School Board delegates expenditure authority to the Principal who then may sub-delegate to various budget account holders within the scope and limits of the approved budget and/or available funding.

Expenditure approval authority is delegated to a dollar value limit which is the greater of the individual commitment value or transaction value. Commitments may not be split in such a way as to avoid dollar value limits within this policy. The maximum possible delegation of expenditure approval for each staff level is according to the following limits:

Principal - \$100,000

This authority is limited to expenditures and projects contemplated in the Annual Budget of the School and approved by The Board. Regardless of the net effect on the budget of the School, the initiation of any new projects or expenditures exceeding \$100,000 must be approved by The Board.

The Principal has the authority to assign Account Holders and sub-delegate Expenditure Approval Authority to individual employees to a maximum of \$100,000 per transaction or commitment.

Delegation may be limited to specific types of invoices, and to specific time periods. All new delegations of Expenditure Approval Authority are only effective once the employee to whom the Expenditure Approval Authority is delegated has read the financial signing authority regulations provided by Business Services.

An employee with delegated Expenditure Approval Authority can only approve expenditures or reimbursements originated by positions at a lower level in the organizational structure.

Expenditure Approval Authority's Responsibilities:

Employees with Expenditure Approval Authorities shall ensure that all School Policy

requirements are followed in the procurement of goods and services. All new employees with Expenditure Approval Authority are required to read the signing authority regulations offered by Business Services prior to initiating or approving any expenditures.

When approving an expenditure, an Employee with Expenditure Approval Authority certifies that:

The approver has delegated authority over the account to which the charge is being made.

The expenditure is within the dollar value limits of delegation.

The approver is knowledgeable about the purpose, and occurrence, of the expenditure or reimbursement.

The purpose of the expenditure or reimbursement aligns with the account being charged, and with any restrictions related to those funds.

The expenditure does not personally benefit themselves, their relatives, or their supervisor(s).

The employees approval does not create a perceived conflict of interest (refer to the Conflicts of Interest policy). Whenever there is a perceived or potential conflict of interest, the expenditure approval must be made by an Expenditure Approval Authority that is acting in a supervisory and not a subordinate relationship, within the departmental hierarchy.

Prior to payment of contracts for goods or services or reimbursement of expenses to employees an employee with Expenditure Approval Authority must certify that the goods or services were provided and the amount charged agrees to the related contract terms, or the relevant travel and expense claim policy.

<u>Accountholders</u>	<u>Invoice Type</u>	<u>Amount</u>
All teachers	Enrichment	
Insert specific name	Special Education	
Principal will determine	Curriculum	
All teachers	Tech/Hardware	
Principal will determine	All Other Expenses	

APPENDIX C

Restitution Policy