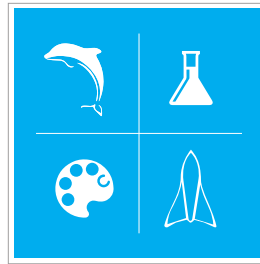


N E W
Academy
of Science
and Arts



N E W
Academy
Canoga
Park

N.E.W. Academy Schools

Fiscal Policies & Procedures

Updated 9/2023

Approved by the Board of Directors, September 27, 2023

N.E.W. Academy Schools Fiscal Policies & Procedures

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Introduction

The Board of Directors of N.E.W Academy schools (“organization”) has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of N.E.W Academy schools to support its mission and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

N.E.W Academy schools has contracted with charter school specialist (“Edtec”) for our back office providers. Edtec will provide various business services including budgeting, financial reporting, and forecasting; accounting and bookkeeping; cash management and payroll processing.

Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy: The organization uses the accrual-basis of accounting at year-end, meaning that revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of when the receipt or payment of cash takes place.

Procedures:

Throughout the fiscal year, revenue is recorded in the month in which it is received, and expenses are recorded in the month in which they occur.

At the close of the fiscal year, all revenue earned in the fiscal year, but not received is accrued. All expenses that incurred but not paid are also accrued. This ensures that the year-end financial statements reflect all revenue earned and all expenses incurred during the fiscal year.

Year-end books, inclusive of adjusting journal entries, are closed by December 15, the date by which the audit report must be submitted to the state controller and respective reporting agencies.

Bank Reconciliations

Policy: Bank reconciliation and approval will occur on a monthly basis.

Procedures:

The Edtec team member assigned to the organization will print the bank statements directly from the online banking system. If online banking is unavailable, the organization will make copies of the original statement available to Edtec.

The Edtec team member will prepare the bank reconciliation.

Another EdTec team member assigned to the organization will review and approve the bank reconciliation by initialing and dating the report.

Record Keeping

Policy: Financial records will be retained for a minimum of seven years or as outlined in the Exempt Organization tax requirement policy.

Procedures:

Edtec will retain financial records, including transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll record, and any other necessary fiscal documentation at its site until the prior year audit has been completed.

Edtec will deliver financial records to the organization for storage for the remaining years of the seven year retention period.

At the discretion of the Board of Directors, certain documentation may be maintained for a longer period of time.

Financial records will be shredded at the end of their retention period with the exception of records documenting the acquisition, purchase, improvement, additions, or amendments, of long-term assets, such as leasehold improvements, constructed assets, real estate purchases, investments, retirement/pension account activity, and other holdings. Records for these long-term assets will be shredded seven years after they are disposed (sale, transfer, distributed, abandonment, or other disposition).

Backup copies of electronic and/or paper documentation should be stored in a secure location. The School Site Administrator and School Business Manager shall have access to these records in case of an emergency. This includes a key, lock combination, or password to access software where records are kept, or whatever system is used to secure school records.

School records are to be kept at school and cannot be disclosed or shared with unauthorized persons, or used for any personal use.

Misappropriation, unauthorized possession or use, removal from school premises without authorization of school documents and records is a violation of NEW Academy Standards of conduct and could result in disciplinary action, up to and including termination of employment.

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

All documentation related to financial matters will be completed by computer, typewriter, or ink. Completion by pencil is not permitted. The organization employs various electronic systems and processes to complete the work associated with its fiscal operations for invoice and payroll processing. The electronic systems the organization chooses to use may change over time and new electronic systems may be introduced. The organization will configure the electronic systems to ensure they align to the organization's internal controls.

Lines of Authority

Board of Directors

Approves the fiscal policies and procedures and delegates administration of the policies and procedures to the School Site Administrators.

Ensures that the fiscal policies and procedures are current, meaning that they have been reviewed and updated annually.

Approves the opening and closing of bank accounts and the list of authorized signers and the organization address on record.

Approves all third-party loans.

Approves the opening of business credit cards.

Reviews and approves the annual budget.

Approves opening and closing of investment account(s) and disposition of interest and dividends.

Reviews annual and monthly financial statements, including the monthly check register and the Edtec-prepared financial presentation and budget-to-actual variance analysis.

Reviews the School Site Administrators performance annually and establishes the salary.

Reviews and approves all contracts over \$15,000 at any one time and vendor who has cumulative contracts over \$15,000.

Commissions the annual financial audit by an independent third party auditor approved by the State of California.

Approves the annual financial audit by December 15.

Appoints a qualified individual to perform the duties of the School Site Administrators in the case of absence.

School Site Administrators

Responsible for all operations and activities related to financial management.

Develops the annual budget with Edtec.

Reviews and approves all contracts under \$15,000.

Oversees the adherence to all internal controls.

Appoints someone else to perform his/her duties in case of absence

Informs the Board of his/her appointment in case of an absence.

If the absence will be longer than 30 days, the Board will approve the appointment.

Segregation of Duties

Policy: The organization's financial duties shall be distributed among multiple qualified persons to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

- Procedures for each section of this document will identify the position responsible for

carrying out each function so that no single person or entity has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.

- All administrative employees are required to take annual vacations of at least five (5) consecutive days. During the mandatory vacation, responsibilities shall shift to another employee who has been cross-trained in those responsibilities.

Financial Planning & Reporting

Budgeting Process

Policy: In consultation with the School Site Administrator and Finance Committee, Edtec will prepare the annual budget for approval by the Board of Directors. The budget is to be approved by the Board of Directors prior to the start of each fiscal year.

Procedures:

The Board of Directors will appoint a Finance Committee of one or more persons by January 1 of each year.

The School Site Administrator will work together with the School Business Manager and all program managers to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.

Edtec will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.

Edtec, in consultation with the Board of Directors, will set a target net income goal to meet strategic goals and/or comply with existing loan covenants.

Edtec will present a draft budget to the Finance Committee prior to the end of the fiscal year.

The Finance Committee shall review and approve a recommended fiscal year budget and submit it for approval to the Board of Directors.

The Board of Directors will review and approve the budget no later than its last meeting prior to the start of the fiscal year.

Edtec will prepare financial statements displaying budget vs. actual results for presentation to the Board of Directors at each board meeting.

Internal Financial Reports

Policy: The organization reviews regular financial reports on a monthly basis.

Procedures:

Edtec is responsible for producing the following year-to-date reports within 45 days of the end of each month (in August through June): Income Statement including budget to actual variances, Balance Sheet, Financial Analysis, and Cash Flow Projection.

Edtec will also present a check register at each board meeting.

The School Site Administrator, School Business Manager, and Board Finance Committee will review financial reports each month.

Edtec will present the financial reports to the Finance Committee and to the Board of Directors at each meeting.

Audit

Policy: The Board of Directors will contract annually with a qualified independent certified public accounting firm to conduct an audit of the organization's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and, if applicable, the *U.S Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards, related State of California and Charter School regulations, and the *Standards and Procedures for Audits of California K-12 Local Education Agencies Audit Guide* (which can be found at <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>), in order to properly conduct the audit engagement.

After six consecutive fiscal years, the organization will contract with a new audit firm or require a change/rotation in audit partners in the seventh year, unless a waiver is obtained from the Educational A Appeals Panel. (Education Code 41020).

Procedures:

The Board of Directors will appoint an Audit Committee of one or more persons by January 1 of each year.

The Audit Committee may include persons who are not members of the board, but may not include any members of the staff of the organization, including the other senior staff responsible for fiscal operations or the treasurer or CFO. In addition, any person with expenditure authorization or recording responsibilities within the organization may not serve on the committee.

The Audit Committee will be responsible for contracting with an audit firm by March 1 of each year, unless the existing contract is a multi-year contract.

The Audit Committee will be responsible for reviewing the results of the annual audit and developing a corrective action plan to address all relevant weaknesses noted by the auditor.

The Board of Directors will review and approve the audit no later than December 15 or such date established by the cognizant government authorities.

The audit firm will be responsible for submitting the audit to all reporting agencies no later than December 15 or such date established by the cognizant government authorities.

Tax Compliance

Exempt Organization Returns

Policy: The audit firm contracted by the Board of Directors to conduct the annual financial audit will prepare the annual Federal Form 990 and the California Form 199. The tax forms are to be filed no later than May 15 of each year unless the Board approves a request to the cognizant government authorities for an extension.

Procedures:

Edtec will work with the tax preparer to complete the organization's tax returns.

The Finance Committee will review the tax returns before submitting to the Board of Directors for final approval prior to the mandated date established by the cognizant government authorities.

The Form 990 will be available to the public via GuideStar, an information service specializing in reporting on U.S. nonprofit companies.

Quarterly/Annual Payroll Reports

Policy: Edtec will prepare the state and federal quarterly and annual payroll tax forms and will submit the forms to the respective agencies within established deadlines.

Procedures:

Edtec will prepare employee W2s and 1099s by January 31 each year.

Edtec will file quarterly payroll tax reports (940, 941 and DE9) by the filing deadline.

Revenue & Accounts Receivable

Cash Receipts

Policy: Cash receipts (including check or cash payments received via mail or in person and deposits received via Electronic Fund Transfer) shall be recorded completely and accurately to prevent the misappropriation of assets.

Procedures:

For each fundraising or other event in which cash or checks will be collected, the School Business Manager will designate a staff member to be responsible for managing the process to collect and hold all cash and checks related to the event.

The designated cash collector will record each transaction in a receipt book or document each item sold at the time the transaction is made in a log or similar.

The designated cash collector shall give the cash, checks, deposit summary, and any related supporting documentation to the School Business Manager immediately.

A qualified office support staff and the designated cash collector will recount and reconcile the amount received with the supplied supporting documentation and each will sign for approval. The qualified office support staff will immediately put the funds in a secure, locked location.

Cash/checks dropped off in the classroom will be held by the teacher. Each morning, the teacher will collect all forms, payments, etc. that have been brought in by students that day and place them in a large envelope. Before the end of the work day, the teacher will bring the envelope with supporting documentation from his/her classroom to the office where the cash/checks will be counted by the teacher and a qualified office support office.

Cash/checks not deposited will be kept in a locked safe that is accessible to the School Site Administrator but kept by and School Business Manager.

Mail (including anything official such as governmental notices, invoices and checks) received at the school must be opened by qualified office support staff and stamped with a "received" stamp. If possible, the person opening the mail should not also be responsible

for making bank deposits.

Once a week, a qualified office support staff will log cash or checks received into the Cash Receipts Book. Copies of Cash Receipt records should be sent to Edtec for posting into the general ledger.

When utilizing merchant or online web contribution services, appropriate segregation of duties shall be in place to ensure that no single person is able to perform incompatible functions (custody, recording, approving).

Deposits

Policy: The designee office support staff is responsible for making bank deposits. Deposits totaling less than \$2,000 will be made weekly. Deposits totaling more than \$2,000 will be deposited within 72 hours.

Procedures:

The designee office support staff will restrictively endorse each check received (e.g. For Deposit Only N.E.W. Academy Canoga Park/N.E.W. Academy of Science and Arts).

The School Business Manager will prepare a deposit packet itemizing the amount, source, and purpose of each check or cash payment received. The deposit packet will include a copy of each check and a bank deposit slip.

The School Site Administrator will review and approve the deposit packet.

The School Business Manager will make the deposit and attach the deposit receipt to the deposit packet.

The School Business Manager will forward the deposit packet to Edtec.

Edtec will reconcile the cash receipts to the deposit slip and the bank statement as part of the monthly close process.

Expense & Accounts Payable

Payroll

Policy: Employees are paid on a semi-monthly basis (15th and end of month). Under the supervision of the School Site Administrator, Edtec will be responsible for processing payroll prepared by the School Business Manager. through a third-party provider.

Time Sheet Preparation & Approval

Policy: All non-exempt employees must record their hours on a time clock in accordance with the procedures in the employee handbook.

Procedures:

See handbook

Payroll Additions, Deletions, and Changes

Policy: The School Site Administrator is authorized to approve all payroll changes within the scope of his/her budget authority.

Procedures:

The School Business Manager will submit, either physically or electronically via payroll system, new hire or employee change paperwork to Edtec prior to the payroll deadline for the first pay period in which the change or addition is to go into effect.

Payroll Preparation & Approval

Policy: Edtec will prepare payroll in accordance with the organization's payroll calendar.

Procedures:

Five business days prior to each check date, the School Business Manager will provide Edtec with a summary payroll report that includes:

- A listing of salaried staff to be included in the payroll and an accounting of any vacation, sick, or personal hours to be recorded for each salaried employee.
- The number of hours each hourly employee worked during the pay period as well as an account of any vacation, sick, or personal hours to be recorded for each hourly employee.

The Edtec Payroll Rep assigned to the organization will prepare payroll based upon the summary payroll and change reports submitted and send the payroll spreadsheet to the School Business Managers and School Site Administrators for approval.

Once the School Site Administrator School Site Administrator approval is received, Edtec will submit payroll to the 3rd party payroll provider for check and direct deposit processing.

The 3rd party payroll provider will deliver the payroll package to the organization address on file one day prior to the check date.

The School Site Administrator or designee will be responsible for opening the payroll package, reviewing reports for accuracy, and notifying Edtec of any missing checks.

The School Site Administrator or designee will distribute pay stubs to employees on the check date.

Pay Upon Termination

Policy: Employees who are discharged shall be paid all wages due at the time of termination. (Labor Code § 201) Employees who quit without giving prior notice shall be paid wages within 72 hours (inclusive of weekends and holidays). If the employee gives at least 72 hours' notice, the wages must be paid on the last day worked. (Labor Code § 202)

Procedures:

The School Business Manager or designee will inform Edtec of any voluntary or involuntary termination immediately and will provide an accounting of the hours/days worked since the last payroll and any accrued Paid Time Off (PTO) to be paid.

Edtec or the School Business Manager will prepare the final check based on the final check calculation. Edtec will provide Edtec-generated checks to the school in accordance with the timelines required by law. The organization is responsible for obtaining the employee's signature on the final check acknowledgement.

An employee who quits without 72 hours' notice may request that his or her final wage payment be mailed to a designated address. The date of mailing will be considered the date of payment. (Labor Code § 202)

The final check may not be provided via direct deposit unless agreed to by the employee and the organization.

The organization must provide Edtec with a list of non-returning staff two weeks prior to the last day of instruction to ensure that final checks are distributed in accordance with labor law.

Purchases & Procurement

Policy: All purchases must be authorized by the School Site Administrator. Any expenditure in excess of \$15,000 for the purchase of a single item should have bids from three (3) suppliers if possible. Any food contract that exceeds \$150,000 (the small purchase threshold set by the US Department of Agriculture) shall follow a competitive bid process.

Goods or services purchased with federal funds must follow federal procurement guidelines as outlined in Education Department General Administration Regulations (EDGAR), Part 80—Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Sub-part C (Post Award Requirements), Section 80.36 (Procurement) located at: <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

The Board of Directors must approve any contract over \$15,000.

Procedures:

All purchases over \$1,000 require a purchase requisition.

The School Site Administrator will approve the purchase requisition after determining:

- If the expenditure is budgeted.
- If funds are available for the expenditure.
- If the expenditure is allowable under the appropriate revenue source.
- If the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures and any related laws or applicable regulations.
- If the price is competitive and prudent and proper bidding procedures have been followed.

The Board of Directors may review expenditures during each board meeting through the review of a check register that will list all checks written since the Board of Directors' last meeting and will include the check #, check date, payee, and check amount.

Contracts

The School Site Administrator will consider in-house capabilities to accomplish services before contracting for them.

The School Business Manager will keep and maintain a contract file evidencing the competitive bids obtained (if any were required) for any contract over \$5,000.

The School Business Manager will confirm that the contractor is not listed in the US government's Suspended or Disbarred list via a search of the System for Award Management (www.sam.gov). The School Business Manager will keep a record of all searches.

The School Business Manager will ensure that a written contract clearly defining work to be performed is on file 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 workers' compensation insurance currently in effect. The School Business Manager may also require that contract service providers list the school as an additional insured.

The School Site Administrator will approve proposed contracts and modifications in writing and in advance of starting the work or receiving the goods or services. Copies of the proposed contracts and modifications shall be made available to the Board upon request. The School Site Administrator must submit any proposed contract exceeding \$15,000 for prior approval by the Board of Directors. Under emergency circumstances, where such contract exceeding \$15,000 cannot be submitted at a regularly scheduled meeting of the Board of Directors, then the School Site Administrator must inform the Chairperson of the Board of Directors to notice an emergency meeting of the Board or its designated committee to consider approval of such contract.

Contract service providers will be paid in accordance with approved contracts as work is performed. In no instance shall payment exceed the agreed upon written and approved contract(s) and modifications.

The School Business Manager will be responsible for ensuring the terms of the contracts are fulfilled.

Potential conflicts of interest will be disclosed upfront, and the School Site Administrator

and/or Member(s) of the Board of Directors with the conflict will excuse themselves from discussions and from voting on the contract. See also NEW Academy's conflict of interest policy.

Solely in emergency circumstances, where delivery of goods directly to the School's premises is impracticable, then the School Site Administrator must inform the Board of Directors that such goods will be delivered to a site other than the School's premises and the Board shall approve or deny such altered emergency delivery site. The Board shall determine when such impracticability is in effect necessitating such delivery to and such deliveries must be reported to the Board by the School Site Administrator until such time that the impracticability ceases and deliveries may resume directly to the School's regular business premises.

Credit Cards

Policy: Organization credit cards shall only be issued with the formal approval of the Board of Directors and may only be used for organization-related expenditures.

Procedures:

Purchase requisition and other documentation requirements apply to credit card purchases. The bank and/or consumer credit card (Amazon, Home Depot, Staples, etc.) will be kept under the supervision of the card holder.

An itemized receipt should be turned in for all purchases within 5 business days of the charge/purchase.

If receipts are not available, missing or contain an inappropriate expense, the individual making the charge will be held responsible for payment no later than 5 days of the purchase/charge. Consequences for non-payment shall be dismissal, and inclusion of the credit card charges as income to them to be reported in their W-2 or on a 1099.

In the case of a missing receipt, a missing receipt form shall be submitted and approved by the School Site Administrator. Should the School Site Administrator be required to complete a "missing receipt" form, authorization must be granted by a member of the Board of Directors.

Credit cards will bear the names of both the organization and the cardholder as authorized by the Board of Directors.

No personal charges are strictly prohibited. Personal use of credit cards is a violation of NEW Academy Standards of Conduct and will result in disciplinary action, up to and including termination of employment.

All reward points or discounts are property of the school. Use of such points or discounts is at the discretion of the School Site Administrator and School Business Manager and should be used for the benefit of the organization.

Upon termination, the employee shall immediately return the credit card and all receipts to the School Business Manager and shall provide an immediate accounting and reconciliation of all outstanding charges that have not been reported.

Credit card charges are to be paid on time to avoid late fees, and in full or as much as available funds allow, to avoid or limit interest expense charges.

Debit Cards

Policy: Organization debit cards are not permitted.

Procedures:

If a debit card is automatically issued by the bank, the School Site Administrator will:

- Contact the bank to deactivate debit card service from the account.
- Destroy the physical debit card.

Independent Contractors

Policy: The organization will comply with all applicable federal and state laws relative to the use of independent contractors. Any Independent Contractor to be paid more than \$15,000 must also receive approval from a member of the Board. The organization is not permitted to use their position or any of our clients, for private gain; to advance personal interests; or to obtain any favors or benefits for themselves or any other person or business.

Procedures:

The School Site Administrator has the authority to establish a contract with an independent contractor and is responsible for verifying that the person is appropriately classified as an independent contractor and not as an employee and for obtaining a Form W-9.

School employees may not serve as independent contractors.

Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and workers' compensation insurance currently in effect. The School Site Administrator and/or School Business Manager may also require that contract service providers list the school as an additional insured.

All services performed by independent contractors will be processed as accounts payable.

At the close of the calendar year, Edtec will issue a Form 1099 to all independent contractors in accordance with IRS regulations.

Invoice Approval & Processing

Policy: The School Site Administrator or the School Business Manager must approve all invoices. Any invoice over \$15,000 must also receive approval from the Board of Directors. The following procedures will be performed either manually or electronically.

Procedures:

The designee Office Staff will open and review invoices and bills and will notify the School Site Administrator or School Business Manager of any unexpected or unauthorized expense. The Office Staff will also notify the School Site Administrator of any invoice over \$15,000 to confirm approval from the Board. Upon notification by the Office Staff of any such invoice exceeding \$15,000, the School Site Administrator must confirm that such invoice was approved by the Board.

In furtherance of School Site Administrator's authority, prior to contracting for any invoice exceeding \$15,000, the School Site Administrator must submit such contract and/or proposed invoice for approval by the Board of Directors.

When receiving tangible goods from a vendor, the designee Office Staff will trace the merchandise to the packing list and note any items that were not in the shipment.

The School Business Manager will code invoices to the correct budget line.

Invoices are then routed to the School Site Administrator for payment approval.

If the vendor is a sole proprietor or a partnership (including LP, and LLP) providing a service, the School Business Manager will obtain a W-9 from the vendor prior to submitting any requests for payments to Edtec.

Edtec will review the invoice for sufficient supporting documentation, verify the coding, and process payment.

Cash Disbursements

Policy: Bank checks will be issued upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.).

Procedures:

Once an invoice is approved by the School Site Administrator for payment, Edtec will prepare an in-sequence check with the School Site Administrators' electronic signature. .
A copy of EdTec's full AP guide can be found here:

<https://edtecinc.box.com/v/FullAPUserGuide>

Edtec will distribute the check as follows:

- Original – mailed or delivered to payee
- Duplicate or voucher – attached to the invoice and filed by vendor name by an Edtec accountant.

Should a check need to be voided, "VOID" will be written in ink on the signature line of the check and submitted to EdTec.

Wire Transfers

Policy: Wire transfers initiated by the organization will be executed upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.). Any wire transfer must also receive approval from a member of the Board.

Procedures for initiated and executed wire transfers:

A qualified office support staff other than the School Site Administrator or School Business Manager (wire approver) shall prepare all supporting documentation for the wire transfer

School Site Administrator or School Business Manager will review all supporting documentation and approve in writing

School will send all documentation to Edtec.

Petty Cash

Policy: No petty cash will be kept at the school site and is not permitted.

Employee and Volunteer Expense Reimbursements

Policy: The organization will reimburse pre-authorized school-related expenses that are accompanied by an original receipt or other appropriate documentation. Only the School Site Administrator may incur school-related expenses without pre-approval. However, any expenditures by the School Site Administrator must be accompanied by an original receipts.

Procedures:

An employee or school volunteer seeking to make a school-related purchase must obtain pre-approval from the School Site Administrator.

Employees will submit signed expense reports monthly, as necessary, to the School Site Administrator for approval. Original receipts or other appropriate documentation (e.g. e-mail receipt) must be attached to the expense report.

The expense report form must include a summary description of the reimbursement procedures, including that (i) reimbursements can only be obtained for school related purchases that were pre-approved by the School Site administrator and (2) such reimbursement requests must be submitted monthly and within the fiscal year incurred. School Site Administrator expense reports must be approved by a person specifically designated by the Board.

The School Business Manager will submit the approved expense report and supporting documentation to Edtec.

Edtec will issue a reimbursement check within five business days of receipt of appropriate and complete documentation.

Employees will submit expense reports within the fiscal year in which the expenses were incurred.

The organization reserves the right to refuse reimbursement for any inappropriate expenses made and/or untimely reimbursement requests not submitted within the fiscal year as set forth herein.

Travel Expenses

Policy: The School Site Administrator must pre-approve all school related travel. Mileage will be reimbursed at the organization-approved mileage rate, not to exceed the current IRS reimbursement rate.

Procedures:

For the purposes of mileage reimbursement, where a trip is commenced or terminated at the employee's home, the distance traveled shall be reduced by the employee's home-to-office commute distance.

Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates will be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available.

Employees will be reimbursed up to the established per diem rate found at (<http://www.gsa.gov/portal/category/100120> - US Government Rates) for any breakfast, lunch, dinner, or incidental expense that is not included as part of the related event.

Employees will be responsible for any excess expenses beyond the established per diem rate.

Transportation expenses such as airfare will be purchased at the lowest rate available.

Employees should utilize bus/shuttle service whenever possible. When traveling in groups, taxis may be more economical. Employees should choose between long-term parking or a taxi based on whichever is the more economical for the organization.

After the trip, the employee must enter all of the appropriate information on an expense report, attach original receipts, and submit it to the School Site Administrator and/or School Business Manager for approval and then on to Edtec for processing and submit within 5 business days after travel was incurred.

The employee must submit all reimbursement forms and supporting documents within 60 days or they will not receive reimbursements for their travel.

Board of Directors Expenses

- The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report and attach original receipts within 5 business days after travel was incurred.

The School Site Administrator, and/or another board member will approve and sign the expense report, and submit it to Edtec for payment.

Gifts Prohibited

- Expenditures of charter school funds for gifts are prohibited without prior authorization from the Board.

Asset Management

Cash Management and Investments

Policy: All funds will be maintained in high quality financial institution or invested with the following objectives in order of priority; preservation and safety of School Site Administrator, liquidity, and yield.

Procedures:

The School Site Administrator will obtain Board of Directors approval before opening or closing a bank account.

Board of Directors will adopt an investment policy before funds are to be invested.

The Finance Committee will report at least bi-annually on the status of any investments and make recommendations about investment policy and opportunities as appropriate.

Capital Equipment & Leasehold Improvements

Policy: The organization capitalizes any item, purchased, constructed, or donated, with a value of \$1,000 or more and with a useful life of more than one year.

Procedures:

Edtec will maintain a ledger of all capitalized items. The ledger will include the original

purchase or contract price, or fair value of item received, with date and a brief description of the asset.

The organization will take a physical inventory of all assets within 90 days of the end of each fiscal year, indicating the condition and location of the asset.

The Board of Directors will be notified of all cases of theft, loss, damage or destruction of assets.

The School Business Manager will submit to Edtec written notification of plans for disposing of assets with a clear and complete description of the asset and the date of the disposal.

Loans

Policy: The Board of Directors will approve all loans from third parties. A thorough loan market review shall be made to ensure the best loan terms (rates, length, and all terms) are obtained within the current market. This should include at least three lender considerations/bids/proposals.

Employee loans, including salary advances, are not allowed.

Procedures:

The School Site Administrator and/or Board of Directors designee shall review the terms of the lenders being considered and help select the one with the best terms. They will then sign the promissory note before funds are borrowed.

Loan agreements should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

Loan covenants and reporting requirements are to be acknowledged by the board at the time of adoption.

Insurance

Policy: The organization will maintain insurance with a high quality insurance agency at all times for:

- General Liability
- Property
- Workers' Compensation
- Professional Liability
- Directors' and Officers' Coverage
- Umbrella and student accident policies are considered prudent add-ons.
- Wages & cyber theft?

Procedures:

The School Business Manager will carefully review insurance policies with the Broker on an annual basis prior to renewal to determine compliance with Charter authorizer and any applicable loan covenant requirements.

The School Business Manager will forward to Edtec all insurance policies and related

documents (e.g. certificates of insurance, claim forms, etc.).

Parking Lot Liability

Policy: Parking lot related incidences are not covered under any school insurance policy. The organization assumes no liability for damage to cars unless a student is observed by an adult accidentally causing damage to a vehicle or loss of contents while engaged in a school activity.

Procedures:

- If a student willfully causes damage the student's parent or guardian is responsible.
- If a parent or other visitor causes damage, that individual is responsible.
- If an employee causes damage, the employee is responsible.
- If an unknown person causes damage and there is no witness, the affected individual would determine if he/she has applicable coverage through his/her individual insurance policies.

Operating Reserves

Policy: The organization will ensure adequate cash balances to meet annual cash flow needs. The target minimum operating reserve fund is recommended to be equal to 3 months of average operating costs. The amount of Operating Reserves will be calculated each year after approval of the annual budget and included in monthly financial reports.

Procedures:

- Edtec will monitor the organization's reserve level and will report the reserve level to the School Site Administrator and the Board of Directors on a monthly basis.
- It is the responsibility of the School Site Administrator and the Board of Directors to understand the organization's cash situation and it is the responsibility of the School Site Administrator to prioritize payments as necessary to manage cash flow.
- The Board of Directors may restrict a portion of the operating reserve fund for strategic goals.
- The Board of Directors may develop an additional Operating Reserve Policy to specify use of the Operating Reserves.