



# The School of Arts + Enterprise

## 2021-2022 Fiscal Policies

Board Approved: 6/24/2021

## **The School of Arts + Enterprise 2021-2022 Fiscal Policies**

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

### **Purchases**

The Executive Director may authorize expenditures and may sign related contracts within the approved budget. The Governing Board must review all expenditures. This will be done via approval of a check register which lists all checks written during a set period of time and includes check #, payee, date, and amount. The Governing Board must also approve contracts over \$25,000. All other proposed expenditures must be approved by the Executive Director/Chief Business Officer who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request and purchase order forms (if applicable).

### **Contracts \$25,000 and Over**

All professional consulting services shall be provided for under a contract. Contracts for other goods and services exceeding \$25,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$25,000 shall be let after a bidding process of sufficient duration to ensure competition. However, the Executive Director may make a finding to the Board for sole sourcing a contract exceeding \$25,000; in this case, the Board may approve the contract in arrears at the time of contract execution. (The basis for such a finding may include: time/urgency issues; the absence of competitors; high service/quality from a particular contractor).

Bid tabulations shall be presented to the Board along with a recommendation for action. The Board reserves the right to select whichever vendor it deems most prepared to provide the required goods/ services without regard to the low bidder being the automatic selection.

### **Contracts between \$5000 - \$24,999**

Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school. Bid tabulations shall be presented to the Chief Business Officer/Executive Director along with a recommendation for action. The Executive Director or Chief Business Officer reserves the right to select whichever vendor it deems most prepared to provide the required goods/ services without regard to the low bidder being the automatic selection. Consideration will be made of in-house capabilities to accomplish services before contracting them out. Consideration will also

be given to local community businesses, minority owned businesses, women owned business and/or DBE Certified.

The Business 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 \$5,000.

- Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).
- Contractors must be paid hourly for individual projects.
- 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 Accounts Payable Assistant will obtain a W-9 from the contract service provider prior to submitting any requests for payments to CSMC.
- The Executive Director, Chief Business Officer, and the School Principal have the authority to approve proposed contracts.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- The School employee requesting the contractor 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 Chief Business Officer.

#### **Annual/Monthly/Daily Contracts under \$5000**

- Generated by the Business Office and approved by one of the following: Executive Director, Chief Business Officer, or Principal. Consideration will be made of in-house capabilities to accomplish services before contracting them out. Consideration will also be given to local community businesses, minority owned businesses, women owned and DBE Certified.

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

- Purchase orders under \$15,000 must be approved by one of the following authorized positions: Executive Director, Chief Business Officer
- Purchase orders of \$15,001-\$24,999 must be approved by both the Executive Director and the Chief Business Officer.

## **Invoices**

- Invoices under \$15,000 must be approved by one of the following authorized positions: Executive Director, Chief Business Officer or Principal.
- Invoices for \$15,000-\$24,999 must be approved by two of the following executive staff: Executive Director, Chief Business Officer or Principal.

Accounts Payable: The school shall abide by **CSMC accounts payable policies and procedures** set forth separately.

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

Unless otherwise specified by the Board of Directors and/or school management, the use of School debit cards shall not be allowed for any School purchase. The School does hold credit cards with California Credit Union that are utilized for emergency operational transitions. The credit card is only used for emergency purposes when money is not readily available. The credit cards are held by the Executive Assistant and must be signed in/out. Receipts for purchase must be submitted when returning the credit card.

The Executive Director or Chief Business Officer approves all purchases on School credit cards in accordance with the authorization limits set forth above. At the end of each month, a designated School staff member completes a credit card log and attaches all invoices/receipts as supporting documentation. The Executive Director or Chief Business Officer reviews and approves the Statement and credit card log prior to submitting for payment to CSMC.

## **Petty Cash:**

- The Office Manager will manage the petty cash fund.
- The petty cash fund will be capped at \$500
- All petty cash will be kept in a locked petty cash box in a locked drawer or file cabinet. Only the Office Manager and Chief Business Officer will have keys to the petty cash box and drawer or file cabinet.
- All disbursements will require a completed and signed petty cash slip. A register receipt for all purchases must be attached to the petty cash slip.
- CSMC will ensure that the petty cash slip is properly completed and that a proper receipt is attached.
- At all times the petty cash box will contain receipts and cash totaling \$500. A register receipt must support the petty cash slip. The individual using the petty cash to make a purchase is responsible for submitting the receipt for the petty cash slip to the Executive Assistant/Office Manager within 48 hours of withdrawing the petty cash.
- When cash balance is reduced to \$250 the Office Manager will total the disbursements, complete a petty cash reimbursement form, and obtain the approval of the Executive Director or Chief Business Officer. This should be

done on at least a quarterly basis. The petty cash slips and supporting receipts will be attached to the reimbursement request form and forwarded to CSMC.

- Petty cash fund reimbursement checks will be made payable to the Chief Business Officer.
- Any irregularities in the petty cash fund will be immediately reported in writing to the Executive Director.
- Loans will not be made from the petty cash fund.
- CSMC may conduct surprise counts of the petty cash fund.

### **Other Electronic Payments:**

Other electronic methods (wire, ACH, transfer between bank accounts, etc.) shall not be permitted for payment of any expenses or reimbursements without the express written consent of the Executive Director or Chief Business Officer.

### **Employee Reimbursements and Travel:**

Business use of telephones or cell phones shall be reimbursed or employee given a monthly cell phone stipend not to exceed \$90.00 per month. Business meals shall be reimbursed using standard applicable IRS guidelines, not to exceed \$70.00 per day per person. Detailed receipts are required for reimbursement. Charge slips will not be accepted as a receipt without the detail. If the employee is paying for multiple employees on the business trip, all employees' names must be listed on the reimbursement.

Lodging shall be reimbursed and limited to the Standard Room Rate not to exceed \$175.00 per night with the exception of at a hotel that is hosting the traveler's conference/training. Under no circumstances shall alcohol be reimbursed. The Executive Director must pre-approve all out of town travel. The Chief Business Officer will approve reimbursement requests payable to the Executive Director. The Executive Directors expenses will be recorded for report information on the board agenda.

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

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

Employee purchases must be pre-approved prior to making the purchase. Employee reimbursements for the purchase must be submitted to the business office within 10 days of the purchase on an employee expense request form along with applicable receipts. Purchase that are not pre-approved will be rejected. Purchases without detailed receipts will not be reimbursed.

Employees will be reimbursed for expenditures within five (5) days of presentation of appropriate documentation.

### **Governing Board Expenses**

The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report. The Executive Director will approve and sign the expense report, and submit it to the CSMC for payment.

### **Personal Use of School Funds:**

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

## **BANKING**

### **General Checking Account:**

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

The General Checking Account shall be the primary account for School needs. Authorized signatories to this account shall be the Executive Director, Chief Business Officer and School Principal. There is no dual signature requirement.

The General Checking Account shall be reconciled monthly by an outsourced accountant that does not have the ability to approve expenses or disperse funds from the account. The Bank Reconciliations shall periodically be reviewed and approved by the Board or a representative of the Board that does not have access to the account.

### **Loans**

- The Executive Director and the Governing Board will approve all loans from third parties. In the case of a long-term loan, approval may also be required from the charter granting agency in accordance with the terms of the charter petition and/or other lenders in accordance with the loan documents.
- Once approved, a promissory note will be prepared and signed by the Executive Director before funds are borrowed.
- Employee loans are not allowed.

### **Financial Institutions**

- All funds will be maintained at a high-quality financial institution.

- All funds will be maintained or invested in high quality, short maturity, and liquid funds.
- Physical evidence will be maintained on-site for all financial institution transactions.

### **Revolving Checking Account – Account Setup and Maintenance**

The Revolving Checking Account will typically maintain a balance of not exceeding \$10,000. The Account shall be funded from the School's business General Checking Account as necessary. Replenishment of the Revolving Cash Checking Account shall occur through the normal accounts payable process (see CSMC accounts payable policies and procedures set forth separately).

Other deposits that may be made into the revolving account may include minor donations, ASB deposits, or refunds. All transactions of the Revolving Checking Account are coded in accordance with the School's SACS compliance chart of accounts and are submitted to CSMC for entry into the general ledger on a weekly basis.

Check writing requires signatures from one of the following people: Executive Director, Chief Business Officer or School Principal.

### **Deposits of Receipts**

The School will deposit all funds received as soon as practical upon receipt. A designated School staff member will open all mail on a daily basis, immediately sort all checks and forward them to a separate designated Accounts Payable Clerk. The Accounts Payable Clerk will immediately endorse the checks to the appropriate school account and prepare appropriate deposits as soon as practical, ideally the same day and in no case later than three working days.

### **OTHER PRACTICES**

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

### **Audit**

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

If the School receives over \$750,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars.

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

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

### **Form 990 Federal Tax Return:**

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

### **Board Meetings:**

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

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

### **Payroll**

#### **New Employees:**

Requests for new employees shall be initiated by the Executive Director or Chief Business and Human Resources Officer and be consistent with the approved annual personnel budget. New employees shall complete an Electronic Application for Employment ([edjoin.org](http://edjoin.org)) and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. The School must receive fingerprint clearance before any employee may start work.

Employees shall accrue vacation and sick leave time based on the personnel policy of the School.



### **Timekeeping (for hourly staff)**

The Chief Business and Human Resources Officer shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.

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

### **Capitalization and Depreciation:**

The School will capitalize and depreciate all assets costing \$1,000 or more. All other assets are charged to expense in the year incurred.

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

Leasehold Improvement – 39 years or Lease term, whichever is shorter  
Equipment – 3 years  
Furniture – 5 years

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

### **Disposal of Surplus Property and Donations:**

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

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

If the School wishes to donate equipment or other surplus property, the Board shall declare the property surplus and authorize the donation. Requirements for potential donee organizations shall include: (1) the donee organization is fully independent of the School, with none of the School's Board members or key personnel involved in the donee organization; and (2) the donee organization shall be a non-profit or governmental entity

related to education. In addition, the School shall secure a receipt from the donee organization for the donated property, and shall remove the asset from the School's books and record the donation as required by state and federal audit guidelines.

### **Property Acquired with Federal Grant Funds**

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

#### Retention of Records:

Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of Seven (7) years. At the discretion of the Governing Board or Executive Director, certain documentation may be maintained for a longer period of time.

CSMC will retain records received electronically for a minimum of two (2) years; after which, the remaining five years will be the responsibility of the School.

Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location.

### **Loans:**

The Executive Director and the Governing Board will approve all loans from third parties. In the case of a Long-term loan, approval may also be required from the charter granting agency in accordance with the terms of the charter petition and/or other lenders in accordance with the loan documents.

Once approved, a promissory note will be prepared and signed by the Executive Director before funds are borrowed. Employee loans are not allowed.

### **Insurance:**

The Executive Director and Chief Business Officer will ensure that appropriate insurance is maintained at all times with a high quality insurance agency.

The Executive Director and CSMC will maintain the files of insurance policies, including an up-to-date copy of all certificates of insurance, insurance policies and procedures, and related claims forms.

The Executive Director and Chief Business Officer will carefully review insurance policies on an annual basis, prior to renewal.

Insurance will include general liability, worker's compensation, student accident, professional liability, and directors' and officers' coverage. Supplementary coverage will cover the after-hours and weekend activities. Coverage will be in line with the limits listed in the school's approved charter petition.

### **Retention of Records**

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- CSMC will retain records at their site for a minimum of two (2) years; after which, the remaining five years may be the responsibility of the School.
- Financial records will be shredded at the end of their retention period.
- Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the school.