

## Financial Policies and Procedures

### Policy:

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.

### I. Purchases

#### A. Authorization of Expenditures

- a. All purchases of goods and services shall be consistent with the Board-approved budget. These purchases shall not require Board-approved/executed contracts, with the exception of expenditures in total annual amounts greater than \$10,000. All other proposed expenditures must be approved by the Executive Director or Principal, 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).

#### B. Contracts

- a. All professional consulting services shall be provided for under a contract.
- b. Contracts for other goods and services exceeding \$10,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$10,000 shall be let after a bidding process of sufficient duration to ensure competition. However, the Executive Director or Principal may make a finding to the Board for sole sourcing a contract exceeding \$10,000; 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).
- c. 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.

**C. Commitments and Purchase Orders**

- a. Purchase orders under \$10,000 must be approved by one of the following authorized positions: Executive Director, Principal, Operations Manager
- b. Purchase orders of \$10,000 or more must be approved by the Executive Director or Principal and one of the following authorized positions: Board Chair, Board Treasurer.

**D. Invoices**

- a. Invoices under \$10,000 must be approved by one of the following authorized positions: Executive Director, Principal, Operations Manager
- b. Invoices for \$10,000 or more must be approved by the Executive Director or Principal and one of the following authorized positions: Board Chair, Board Treasurer.

**E. Accounts Payable**

- a. The school shall abide by PSED accounts payable policies and procedures set forth separately.

**F. Credit and Debit Usage**

- a. Unless otherwise specified by the Board of Directors and/or school management, the use of School credit card shall only be allowed for Principal- or Executive Director-approved expenses consistent with the Board approved budget. Credit card maintenance, including receipt reconciliation, is the responsibility of the card holder.
- b. There shall be no use of debit cards at SOAR Academy.
- c. Other credit accounts held by SOAR Academy include Staples and Office Depot. The procedures for these purchases are as follows:
  - i. Teachers make requests on the order spreadsheet maintained by the Principal's Executive Assistant
  - ii. Executive Assistant creates order form and prints
  - iii. Executive Director or Principal approve order form (up to \$1,000/month)
  - iv. Executive Assistant places order
  - v. When order arrives, Executive Assistant **checks all items with the packing slip** and unpacks and stores order slip
  - vi. Executive Assistant marks items that have arrived (label sticker, etc.) as SOAR property when appropriate and distributes to staff

### **G. Other Electronic Payments**

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

### **H. Employee Reimbursements**

- a. Staff whose roles require business access to cell phones will either receive phones from SOAR Academy or be paid a \$50/month stipend. Executive Director- or Board-approved business meals shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed. The Executive Director must obtain a Board member's authorization on reimbursement requests payable to the Executive Director's name.

### **I. Petty Cash Purpose and Usage**

- a. The purpose of the Petty Cash Checking Account is for payment of incidental expenses when there is insufficient time for processing through the General Checking Account. Examples of proper expenses include, but are not limited to, food/meals for teachers doing curriculum work or emergency plumbing repairs. Petty cash shall not be used for teacher reimbursements, employee expense reimbursements or independent contractor payments.
- b. The Executive Director, Principal and Assistant Principal shall have access to petty cash not to exceed \$1,000. Such funds shall be used at the discretion of the Executive Director, Principal and Assistant Principal subject to Board oversight and consistent with the approved budget and School rules and regulations. The Executive Director, Principal and Assistant Principal must obtain one other authorized signature on petty cash checks made payable to their names. Use of petty cash shall require original receipts for all purchases.
- c. The following are the procedures for Petty Cash use:
  - i. Verbal request made by staff
  - ii. Verbal approval made by Principal, Assistant Principal or Executive Director
  - iii. Staff fill out Petty Cash Sign-in form held by Principal's Executive Assistant with name, date, pre-balance amount, purchased item/purpose, and post-balance amount after purchase.
  - iv. Executive Assistant, Principal or Assistant Principal access the money in locked bag and give estimated needed amount to staff
  - v. Staff return all receipts and change to Kaja or Andrea, which are kept in locked bag with post-balance cash.

- vi. Principal and Assistant Principal are the only key holders of this petty cash bag.

#### **J. Personal Use of School Funds**

- a. 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.

### **II. Banking**

#### **A. General Checking Account**

- a. 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.
- b. The General Checking Account shall be the primary account for School needs. Authorized signatories to this account shall be the Executive Director, Principal, Board Treasurer, and Board Chair. Checks above \$10,000 and checks payable to an authorized signer, must be signed by two authorized people. Authorized signers for checks above \$10,000 from this account shall be the Executive Director, Principal, Board Treasurer, and Board Chair.
- c. The General Checking Account shall be reconciled monthly by a school staff member or outsourced accountant that does not have the ability to approve expenses. The monthly Bank Reconciliations shall be reviewed and approved by the Board or a representative of the Board that has either view-only access or no access at all to the account.

#### **B. Petty Cash Checking Account Setup and Maintenance**

- a. The Petty Cash Checking Account shall have a maximum balance of \$1,000. The Account shall be funded from the School's business General Checking Account as necessary. A simple ledger shall be maintained by the Operations Manager and reconciled monthly by a staff member or accountant that does not have transactional access to the account. The petty cash bank reconciliations shall be reviewed by a representative of the Board. Replenishment of the Petty Cash Checking Account shall occur through the normal accounts payable process (see PSESD accounts payable policies and procedures set forth separately).

- b. No deposits other than replenishments as stated above shall be made into the Petty Cash Checking Account. All cash and checks shall be deposited into the General Checking Account.
- c. Check writing requires signatures from one of the following people: Operations Manager, Principal, Executive Director, Board Treasurer, or Board Chair.

### **C. Deposits of Receipts**

- a. The School will deposit all funds received as soon as practical upon receipt. The Administrative Assistant/Enrollment Manager will open all mail on a daily basis, immediately sort all checks and forward them to the Operations Manager. The Operations Manager 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.

## **III. Travel Policies**

### **A. Employee Transportation Reimbursement**

- a. SOAR Academy does not reimburse staff for mileage. Parking fees, tolls and flights related to Executive Director- or Board-approved travel are reimbursable if supported by receipts.
- b. All employees requesting such reimbursement are required to furnish an Expense Report containing the details of each expense within one month after the travel date, supported by receipts, if applicable.

## **IV. Other Practices**

### **A. Budget Adoption**

- a. 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.

### **B. Audit**

- a. An annual audit by an outside firm shall be performed each year on the close of the prior year's books. 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.

- b. If the School receives over \$500,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars.
- c. At the conclusion of the audit, PSESD will review the audit with the Board and propose any changes necessary in operating procedures to comply with audit findings.
- d. 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.

### **C. Board Meetings**

- a. The Board shall review financial statements at periodic Board meetings.

### **D. Conflict of Interest**

- a. 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.

### **E. Payroll**

- a. New Employees: Requests for new employees shall be initiated by the Executive Director or Principal and be consistent with the approved annual personnel budget. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested (if applicable) consistent with State law. Fingerprint clearance must be received by the School before any employee may start direct work with students.
- b. Employees shall accrue vacation and sick leave time based on the personnel policy of the School.
- c. Timekeeping (For Hourly Staff)
  - i. The Executive Director or Principal shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.

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

#### **F. Independent Contractors**

- a. The School shall only engage independent contractors if all of the following practices are followed:
  - i. The expense is within the approved budget or separately approved by the Board;
  - ii. The contractor provides proof of adequate insurance and IRS form W-9;
  - iii. IRS rules are followed regarding classification of staff as contractors versus employees; and the work is done under contract.

#### **G. Capitalization and Depreciation**

- a. The School will capitalize and depreciate all assets costing \$5,000 or more. All other assets are charged to expense in the year incurred.
- b. Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:
  - Leasehold Improvement – Lease term or 5 years, whichever is shorter
  - Equipment – 3 years
  - Furniture – 5 years
- c. 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.

#### **H. Disposal of Surplus Property and Donations**

- a. 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.

- b. 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.
- c. 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 recipient organizations shall include: (1) the recipient organization is fully independent of the School, with none of the School's Board members or key personnel involved in the recipient organization; and (2) the recipient organization shall be a non-profit or governmental entity related to education. In addition, the School shall secure a receipt from the recipient 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.