

Board Policy 10: Fiscal Policy
Adopted: April 23, 2008
Amended: December 8, 2010
Amended: March 4, 2013
Amended: April 3, 2014
Amended: September 5, 2019
Amended: June 17, 2021

FISCAL

A. Budget Development and Oversight Calendar and Responsibilities

The Making Waves Academy Charter School (“MWA”) will develop and monitor its budget in accordance with the annual budget development and monitoring calendar as specified below.

MWA’s Chief Financial Officer (“CFO”) and/or a Business Services designee, under the supervision, direction and control of MWA’s Chief Executive Officer (“CEO”), will do the following

July – August

- Close books for prior fiscal year; post all transactions; assemble records.
- Prepare for annual independent audit and be prepared to answer questions as part of the audit process.
- Prepare schedule under consultation with the Audit and Finance Advisory Committees for bank reconciliation review.

September – December

- At the end of the first 10 days of school (consistent with the timeline for reporting attendance/enrollment to its charter authorizer), the CEO reviews MWA’s Average Daily Attendance (“ADA”) figures and notifies the CFO if actual attendance is below budget projections. If needed, MWA’s budget is again revised at the 1st interim budget to reflect those changes as well as inform revised cash flow projections.
- Review current year actual versus budgeted revenues and expenditures and formally report to the Finance Advisory Committee in the 1st interim budget report. The MWA Board of Directors (“MWA Board”) approves any needed changes to annual budget.
- Submit the 1st interim budget report to the MWA charter authorizer, Contra Costa County Board of Education (“CCCOE”), by no later than December 15th of each year.
- Share elements of the Local Control Funding Formula (LCAP) with MWA community stakeholders. Highlight key initiatives of the LCAP, how progress will be monitored, and how progress will be reported to the community. Provide

LCAP updates to the MWA Board and School Site Council (SSC) at an agreed upon scheduled time in the fall/winter.

- Monitor current year budget monthly and share any material concerns at MWA Board Meetings and Finance Advisory Committee Meetings.
- Prepare formal budget development plan and schedule for upcoming fiscal year.
- Review/prepare set of proposed budget principles and key assumptions, approved by the CEO.
- Work with the CEO to develop a budget timeline for budget managers to follow for the budget development and approval process.
- Attend trainings or presentations that address new state adopted fiscal policies for reporting and implementation.

January – February

- Review Governor’s proposed state budget for the upcoming fiscal year, and identify likely range of revenues for MWA’s upcoming fiscal year (July 1-June 30).
- Develop an initial financial budget for the upcoming fiscal year, including projected enrollment and any proposed staffing changes.
- Submit the first draft of the budget to the Finance Advisory Committee for initial review.
- Continually monitor and, as needed, revise current year budget and submit revisions to the Finance Advisory Committee as part of the Second Interim Budget Report cycle.
- Begin inviting community stakeholder feedback on elements of the LCAP. Develop and announce School Site Council meeting dates when progress on the LCAP will be shared and discussed. Implement LCAP communication plan to share progress updates on implementation of the LCAP.

March – April

- Prepare the second draft of the budget.

- Review current year actual versus budgeted revenues and expenditures and formally report to the Finance Advisory Committee in the 2nd interim budget report. The MWA Board approves any needed changes to annual budget.
- Submit the 2nd interim budget report to the Contra Costa County Board of Education by no later than March 15th of each year after approval by the MWA Board.
- Continually monitor current year finances and alert the MWA Board and Finance and Audit Advisory Committees of any material concerns.
- Receive constituent feedback on any proposed revisions to the LCAP through the SSC. Continue to follow the LCAP communication and implementation plan with respect to the budget and programmatic priorities.

May – June

- Present Second Draft of the Budget to the Finance Advisory Committee for final review.
- Review revenue projections subsequent to Governor's annual "May Revise" budget figures, and modify, if necessary, upcoming fiscal year budget, including monthly cash flow projections, to accommodate any changes.
- Budget Approval Process: CEO will review and as needed, in coordination with CFO, revise the proposed budget for the upcoming fiscal year and then forward the same to the Finance Advisory Committee for review and subsequent submission to / recommended approval by the MWA Board. The MWA Board will then review and, before June 30th, formally adopt the budget for the upcoming fiscal year. The MWA Board approves the LCAP before submitting it to MWA's charter authorizer, CCCOE, for review.
- Provide copy of final budget to the charter authorizer, CCCOE no later than June 30th of each year after approval by the MWA Board.
- Develop three (3)-year budget projection in accord with MWA's established strategic and growth plans.
- Prepare for interim audit focused on attendance compliance and other procedures.
- Share final and approved LCAP with the SSC.

B. Controls, Budget, and Fiscal Management

MWA will maintain in effect the following principles in its ongoing fiscal management practices to ensure that, (1) expenditures are authorized by and in accordance with amounts specified in the MWA Board-adopted budget, (2) MWA's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and (3) all transactions are recorded and documented in an appropriate manner.

Separation of Duties:

The Business Services unit will establish a written schedule and protocol to allow for adequate separation of duties and controls for receiving mail, bills, and checks concerning compliance and financial activities; receiving and acknowledging accounts payable, accounts receivable, and checks, and arranging for approval and payment of bills as well as reconciliation of received checks and deposited checks and their corresponding chart of accounts revenue code. No one person should have sole control over the lifespan of a transaction, such as:

- Initiate the transaction
- Approve the transaction
- Record the transaction
- Reconcile the transaction
- Handle the related asset
- Review reports

All Business Services personnel are cross-trained. Where possible, assignment rotations are implemented and employees are expected to take at least one two-week holiday a year.

Expenditure Approval Requirements:

All proposed expenditures must be approved by the CEO or designee. The CFO or designee will review each proposed expenditure to determine whether it is consistent with the MWA Board-adopted budget and, if so, sign the check request or purchase order form. MWA will develop and maintain check request and purchase order forms to document the authorization of all non-payroll expenditures. Any purchase or transaction involving an expenditure of funds that either (i) causes a line item to exceed the approved budget or (ii) is of \$25,000 or more, shall additionally require approval by the MWA Board, unless the associated contract for the expenditure has already been approved by the Board. Any purchase or transaction involving an expenditure of funds less than \$25,000 shall be approved by the CEO, CFO or Business Services designee, except that expenditures of \$10,000 or less may be, in the alternative, approved by budget managers. The Finance Advisory Committee will monitor income and expenditures against projections and make inquiries into and understand the causes of any meaningful variance from the school's projected budget. The MWA Board, in its regular board meetings, shall ratify all bill payments since the previous board meeting. Business Services will conduct an internal audit annually to ensure all purchases have obtained appropriate approvals.

The approval authorities of different positions are subject to the limitation as set forth in the following table:

Positions	Approval Authorities
Budget Managers as Designated by the CEO	Expenses up to \$10,000 that do not cause a line item to exceed the approved budget
CEO, CFO or Business Services Designee	Expenses of less than \$25,000 that do not cause a line item to exceed the approved budget
MWA Board	Expenses of \$25,000 or more or that cause a line item to exceed the approved budget

Separation of Duties and Approvals

Duty & Responsibility		Initial Action	Next Action	Approval	Exception
Accounts Payable		Received and processed by Payable & Payroll Specialist	Reviewed and submitted for approval by Controller	Reviewed and approved by budget managers. Approved for payment by the CEO or designee	Expenses exceeding \$10,000 have to be approved by positions that have appropriate approval authorities outlined in the table above
Payroll		Employees submit their time for approval	Supervisors review time submitted and approve all time sheets	Payable & Payroll Specialist reviews all submitted timesheets and submits for disbursement	CEO approves final checks for employees leaving MWA (including accrued vacation and personal time)
Employee Reimbursements		Employee submits expenses for reimbursement to supervisor for review and approval	Payable & Payroll Specialist reviews reimbursement submissions	CEO reviews and approves submissions for reimbursement	Approvals for expenses involving reimbursement to the CEO reviewed and approved by the CFO

Disbursement Authority:

All disbursements require approved invoices or expense vouchers. The MWA Board shall appoint and approve all individuals authorized to sign checks in accordance with this fiscal policy. No authorized check signer shall sign any check made payable to his or her self nor authorize any other non-approved disbursement to his or her self. Checks for amounts in excess of \$5,000 require two signatures, one of which shall be that of the CEO unless the CEO is the payee.

Budget Transfers:

The CEO or designee may transfer from one unrestricted budget item to another.

Banking Arrangements:

MWA will maintain its accounts at a bank in good standing with federal and state regulatory agencies. The CFO will review at least annually the status of the current bank. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments. The MWA Board must appoint and approve all individuals authorized to sign checks in accordance with these policies (see Appendix A for details).

All funds received shall be deposited into MWA's accounts at the earliest possible convenience and in no event later than the following business day after receipt.

Purchasing Procedures:

Notwithstanding any provision of MWA's fiscal policies, where required, MWA will follow all applicable bidding processes under state and federal law in procuring products and services.

Where there is no legal requirement for a formal bid process to seek multiple bids before a purchase can be made and there is no legal requirement that a formal bid process be followed, the following internal MWA policy shall apply. For all purchases over \$25,000, MWA staff shall make a good faith effort to secure the lowest possible cost for comparable goods or services by soliciting two, and preferably three, competitive bids from qualified providers, and shall include documentation of such effort in the purchase record. When obtaining competitive bids is not possible due to lack of competitors offering comparable products/services or other factors, the requesting MWA employee shall include with the purchase order or check request a statement indicating why obtaining at least two bids was not possible. The CEO or designee shall only approve purchase orders or check requests that include 1) a statement explaining why at least two bids was not possible or 2) documentation showing that at least two, and preferably three, vendors were contacted and such documentation shall be maintained for three years.

Record Keeping:

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents must be maintained in a secure physical or online location for at least three years, or as long as required by applicable law, whichever is longer.

Property Inventory:

The CFO and/or Business Services designee shall develop a process for establishing, reviewing, updating, and maintaining an inventory of all non-consumable goods and equipment with an original cost over \$5,000. This inventory shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting the school's assets. This process shall be reviewed annually by the CFO and, if possible, a committee of the MWA Board. The CFO and/or Business Services designee shall provide annual training and support to the Director of Operations and Director of Technology, specifically, to ensure compliance with these property inventory procedures. This property will be inventoried on an annual basis and lists of any missing property must be provided to the CEO.

Food equipment with an original cost over \$2,000 with a useful life of more than one year shall also be inventoried.

In addition, in order to maintain property control, the following shall be recorded and tracked by the Business Services department even though the original cost may be less than \$5,000 or have a useful life of less than a year: (1) equipment purchased with grant funds or required by the terms of the grant to be tracked as capital; (2) furnishings for new spaces; (3) cameras; (4) musical instruments; and (5) television sets and DVD units. AV projectors and computer systems (PC, keyboard, monitor, printer and hard drives) will be maintained by the Information Technology Department.

All non-consumable school property lent to students shall be returned to MWA no later than five working days after the end of the school year.

All non-consumable school property lent to faculty, staff, or administrators for use while employed at MWA shall be returned to MWA upon separation from service. Any excess or surplus property owned by MWA may be sold or auctioned by the CFO and/or Business Services designee provided the CFO and/or Business Services designee first completes due diligence to maximize the value of the sale or auction to MWA. The MWA Board shall approve in advance the sale or auction of property owned by MWA with a fair market value in excess of \$5,000.

Payroll Services:

MWA will contract with a service provider to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The CFO or designee will establish and oversee a system to prepare time and attendance reports and submit payroll check requests. The CFO or designee will review payroll statements at least quarterly to ensure that (1) the salaries are consistent with approved personnel action forms and that (2) the proper tax, retirement, disability, and other withholdings have been deducted and

forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll- related documentation including a federal I-9 form, and tax withholding forms.

Attendance Accounting:

The CEO will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at MWA and engaged in the activities required of them by MWA. As part of the annual audit, the independent auditor will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices shall be in conformance with the Charter Schools Act and the applicable California Administrative Code sections defining Charter School Average Daily Attendance (ADA).

Specifically:

- ADA will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction by MWA.
- MWA'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 will also document that MWA offers the number of annual minutes of instruction as required pursuant to applicable law.
- Independent study, if needed, must be pre-arranged by the student's adult guardian and MWA. The adult guardian will be required to complete and submit documentation to MWA on school-provided forms of engagement in instructional activity. As applicable, such study shall be in full compliance with law governing independent study.

Annual Financial Audit:

The MWA Board will annually appoint an Audit Advisory Committee. Any persons with expenditure authorization or recording responsibilities within MWA may not serve on the Committee.

An annual financial audit shall be performed by an independent certified public accountant and shall include, but not be limited to (1) an audit of the accuracy of school's financial statements, (2) an audit of MWA's attendance accounting and revenue claims practices, and (3) an audit of MWA's internal control practices. If MWA receives federal income over the threshold for a single audit as determined by the Office of Management and Budget, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars.

MWA's CFO will follow the timeline below to conduct the audit process:

March – April

- Begin coordination with MWA's independent auditor in preparation for annual audit.

July – September

- Independent auditor performs audit of the closed fiscal year and prepares audit report for submission to the Audit Advisory Committee.

October-December

- Independent auditor submits to the Audit Advisory Committee the annual audit, Federal Form 990-Return of Organization Exempt from Income Tax and Form 199- California Exempt Organization Annual Information Tax Return for review.
- The Audit Advisory Committee reviews copy of audit and tax forms. The auditor, in conjunction with the CEO and CFO, address any audit exceptions or adverse findings.
- The audit and tax forms shall be completed, reviewed initially by the Audit Advisory Committee, reviewed by the Finance Advisory Committee and then by the MWA Board, which votes to accept the materials based upon the recommendation of the Audit Advisory Committee. Copies of each annual audit shall be submitted prior to December 15th each year to the CCCBOE (charter-granting agency), the Contra Costa County Office of Education, the Office of the State Controller, and the California Department of Education.

Not less than 120 days after expiration of an existing independent auditor engagement agreement, and in coordination with the Audit Advisory Committee, the CFO shall solicit proposals for an annual audit and develop a recommendation to the MWA Board for selection of an independent auditor, which must approve the engagement of the independent auditor.

C. Required Budget and Other Fiscal Reports

The CFO or designee will produce and submit to the CCCBOE any and all required fiscal reports as may be required by State or federal law, or mandated by the terms of MWA's charter. These include, but may not be limited to, attendance reports, enrollment and other data reports required by the California Basic Education Data System, and other related data.

D. Insurance

The CFO shall ensure that at all times MWA maintains the following insurance coverage:

o Appropriate property (equipment only) insurance, with such insurance to include business interruption and casualty coverage and fire and other hazards, with replacement cost coverage for all equipment listed in MWA's Equipment Inventory and consumables.¹

o Liability insurance, with such insurance to include premises and MWA Board errors and omissions liability on a "claims made" form with a self-insured retention of no more than \$50,000 per occurrence and a limit of no less than \$25,000,000 per occurrence except that a limit of no less than \$1 million annual aggregate coverage shall be obtained for MWA Board miscellaneous liability insurance.

o Crimes insurance, with such insurance to cover all Academy staff members for money and securities (\$500,000 per occurrence), forgery or alteration (\$500,000 per occurrence) and employee dishonestly (\$1,000,000 per occurrence).

¹ Making Waves Foundation, Inc. is the owner of 4123/4133 Lakeside Drive, Richmond, CA buildings and maintains property insurance on the buildings at this location.

E. MWA Board Compensation

MWA Board members shall serve without compensation but may be reimbursed for actual and necessary expenses. Expenses for travel necessary to attend Board meetings and meetings of Board committees need not be approved in advance by the Board of Directors. All other expenses shall be approved in advance. Travel expenses reimbursed shall not exceed levels that would be subject to federal or State income tax. All expenses reimbursed shall be documented by receipts and in no event may reimbursements exceed actual expenses.

F. Fundraising, Grant Solicitation, and Donation Recognition

The CEO will be advised by the Chief Advancement Officer of Making Waves Foundation ("MWF") of fundraising or grant solicitation activities on behalf of MWA. The CEO or designee shall be informed of any conditions, restrictions, or compliance requirements associated with the receipt of such funds, including grants or categorical programs sponsored by the State or federal government.

G. Notification Responsibilities

The CEO or CFO shall notify both the Finance Advisory Committee and the Audit Advisory Committee of any material liabilities that are discovered or significant changes in the proposed treatment of any assets or liabilities from those reflected in prior year financial statements.

Appendix A: Board-Approved Bank Signers

Bank Name	Account No.	Purpose of the Account	Signer Name	Signer Title
Chase Bank	229513798	Fund Raising	Alicia M. Klein Alton B. Nelson, Jr. Wallace Wei Hung T. Mai	Board Chair CEO CFO Dir. of Finance
Chase Bank	229513822	Cash Deposit	Alicia M. Klein Alton B. Nelson, Jr. Wallace Wei Hung T. Mai	Board Chair CEO CFO Dir. of Finance
Bridge Bank	8760522535 8971495882	Operation and Payroll	Alicia M. Klein Alton B. Nelson, Jr. Wallace Wei Hung T. Mai	Board Chair CEO CFO Dir. of Finance