

**Metrolina Regional Scholars Academy Fiscal Policies**  
Rev. June 27, 2022

**1. PURPOSE**

Metrolina Regional Scholars Academy (“**Scholars Academy**”) and its Board of Directors (“**Board**”) recognize its obligation to exercise sound financial governance. The Board acknowledges its responsibility for the financial oversight of the Scholars Academy and adopts the following fiscal management policies (these “**Fiscal Policies**”) to promote the most effective use of the Scholars Academy’s resources to support the Scholars Academy’s mission and to ensure the Scholars Academy’s financial integrity. The Scholars Academy will follow all relevant local and state laws, rules and regulations that govern Charter Schools within the State of North Carolina, and all U.S. federal laws, rules and regulations that relate to grant funding received by the Scholars Academy (collectively, “**Law**”). Where these Fiscal Policies conflict with applicable Law said Law shall control.

**2. OVERVIEW**

- 2.1. **Board Responsibilities.** The Board is responsible for ensuring sound fiscal operations of the Scholars Academy and shall regularly review the financial operations and activities of the Scholars Academy on a regular basis.
- 2.2. **Scope and Compliance.** These Fiscal Policies apply to all internal fiscal matters at Scholars Academy. The Board and all employees of Scholars Academy will adhere to the provisions of the policies and procedures set forth herein.
- 2.3. **Establishing Fiscal Policies.** The Board shall establish and maintain financial accounting and reporting policies designed to:
  - i. ensure that funds are budgeted, accounted for, expended, and maintained appropriately;
  - ii. clearly evidence the Scholars Academy’s assets, liabilities, equities, revenues, and expenditures;
  - iii. clearly evidence appropriations and estimated revenues as established in the budget resolution as originally adopted and subsequently amended;
  - iv. safeguard Scholars Academy’s assets;
  - v. maintain accurate accounting records to support the Scholars Academy’s financial condition; and
  - vi. demonstrate compliance with all applicable Law.
- 2.4. **Executive Director Responsibilities.** The Board delegates administration of these Fiscal Policies to the Executive Director. The Executive Director has responsibility for all day-to-day operations and activities related to the financial management of the Scholars Academy.
- 2.5. **Fiscal Management.** The Scholars Academy shall comply with all Law and policies applicable to the fiscal management of the Scholars Academy, including without limitation, the Uniform Education Reporting System Policies and Procedures. The Scholars Academy shall ensure that its business activities not directly related to the management and operation of the Scholars Academy are kept in a separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of the Scholars Academy.
- 2.6. **Financial Services Provider.** Financial management and services, including without limitation, an independent audit, will be provided by a third-party provider approved by the Board (“**FSP**”).

### 3. INTERESTED TRANSACTIONS & CONFLICTS OF INTEREST

Each member of the Board shall comply with all conflict-of-interest Law, and the policies and rules applicable to affected Board members as set forth in the Board policies. The Executive Director shall comply with all applicable conflicts-of-interest Law, and the policies and rules applicable to the Executive Director as set forth in the Board policies, and shall ensure that employees of the Scholars Academy comply with all conflict of interest Law, and the policies and rules applicable to affected employees as set forth in the Board's policies.

### 4. EXECUTIVE DIRECTOR AS FINANCE OFFICER

- 4.1. **Appointment.** The Board appoints the Executive Director as the Scholars Academy's Finance Officer in accordance with the applicable provisions of state Law.
- 4.2. **Duties.** In addition to the duties set forth elsewhere in these Fiscal Policies, the duties of the Executive Director as Finance Officer shall be as prescribed by Law, assigned by the Board and include, without limitation, the following:
  - vii. Keeping the accounts of the Scholars Academy in accordance with generally accepted principles of governmental accounting, the rules and regulations of the State Board of Education, and any other applicable governmental oversight agencies;
  - viii. Giving the pre-audit certificate required by Law;
  - ix. Signing and issuing all checks, drafts, and state warrants by the Scholars Academy and receiving and depositing all moneys accruing to the Scholars Academy, in each instance, in accordance with all applicable Law and these Fiscal Policies;
  - x. Preparing budgets for Board approval, managing budgets, monitoring compliance with internal procedures, approving invoices, and backing up daily operations when necessary;
  - xi. Preparing and filing a statement of the financial condition of the Scholars Academy as often as requested by the Board;
  - xii. Performing such other duties as may be assigned by the Board and by Law, including without limitation, the rules and regulations of the State Board of Education or any other applicable government oversight agencies;
  - xiii. Creating, documenting and reviewing (at least on an annual basis) internal fiscal procedures consistent with these Fiscal Policies and all applicable Law ("**Financial Procedures**").
  - xiv. Maintaining and modifying the Financial Procedures as deemed necessary by the Executive Director to maintain and implement best practices and consistency with these Fiscal Policies and applicable Law.
  - xv. Maintaining documentation that records internal controls on business practices and operations consistent with these Fiscal Policies, the Financial Procedures and applicable Law.
  - xvi. The Executive Director shall provide a copy of the Financial Procedures to the Board each time the Financial Procedures are substantively and materially changed. The Board has the discretion to reject or modify any Financial Procedure the Board deems inconsistent with these Fiscal Policies.
- 4.3. **Delegation.** The Executive Director may delegate the duties set forth in Section 4.2 of these Fiscal Policies to the Scholars Academy's Finance Manager but the Executive Director retains ultimate responsibility.

## 5. PURCHASING

- 5.1. **Compliance.** The Board and the Executive Director shall comply with the procurement policies set forth herein. Any procurements or related contracts entered into in violation of these Fiscal Policies shall be null and void.
- 5.2. **Spending of Budgeted Monies Only.** No monies shall be spent or contracts entered into for the purchase of goods or services unless in the budget.
- 5.3. **Purchasing Objectives.** The following objectives will be followed for all purchases:
  - i. All purchases will be made in the best interest of the Scholars Academy.
  - ii. Purchases will be made from responsible and dependable suppliers.
  - iii. Purchases will be made to obtain the maximum value for all expenditures and to avoid the purchase of unnecessary or duplicate items.
  - iv. Scholars Academy will deal fairly and impartially with all suppliers.
  - v. All Scholars Academy personnel will act with the highest integrity, avoiding any conflicts of interest, related parties or even the appearance of a conflict of interest in determining supplier relationships.
- 5.4. **Executive Director Approval.** Except for the purchasing of auditing services, the Executive Director may approve procurements for goods and services and related contracts that meet each of the following requirements:
  - i. below \$20,000;
  - ii. do not exceed a one-year term; and
  - iii. do not contain auto renewal provisions unless said auto renewal provision has been previously approved by the Board.

For the avoidance of doubt, a procurement and related contract that has been previously approved by the Board that is renewed pursuant to an auto renewal provision in said contract does not require Board approval unless it exceeds \$20,000 or is for a term longer than one year.
- 5.5. **Board Required Notification.** Except for the purchasing of auditing services, for procurements of goods and services and related contracts over \$10,000 and under \$20,000, the Executive Director must inform the Board but Board's approval is not required unless the contract exceeds a one-year term or is a new contract with an auto renewal provision. For any procurement or contract requiring the Executive Director to inform the Board, the Board must be informed either prior to the procurement or execution of such contract or at the next board meeting following the procurement or execution of such contract.
- 5.6. **Board Required Approval.** The Board is responsible for approval of procurements of goods or services and related contracts that:
  - i. are \$20,000 and above;
  - ii. exceed a one-year term;
  - iii. contain an auto renewal provision not previously approved by the Board; or
  - iv. are for the purchase of auditing services.
- 5.7. **Purchasing Analysis.** For all procurements and related contracts over one year or \$20,000 or greater, the Executive Director shall ensure, and maintain records evidencing, the following:

- i. A price comparison analysis with at least three bids (the selection of any sole-source providers must be justified and documented) or the reason why three bids were not obtained.
  - ii. The rationale for contract type selected (*e.g.*, terms and conditions therein).
  - iii. The rationale for the contractor selection including factors considered in selecting or rejecting a contractor.
  - iv. If three bids are not received, the reason shall be documented.
- 5.8. **Open, Full and Free Competition.** All purchases and related contracts shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Each employee, officer and agent of Scholars Academy responsible for the procurement of goods and services shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Awards must be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to Scholars Academy, price, quality and other factors considered. Solicitations shall clearly establish all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by Scholars Academy.
- 5.9. **Invoices.** All invoices shall be reviewed, managed, documented and paid pursuant to the Financial Procedures and in accordance with the following:
- i. All invoices will be inventoried to ensure that all services or products purchased have been received.
  - ii. All invoices will be reviewed and approved by the Executive Director or the Finance Manager, if so designated by the Executive Director, prior to payment or forwarding to the FSP for payment. Such approval shall be in writing, with email or the approver's initials on the applicable invoice being acceptable.
  - iii. In addition to the approvals required under Section 5.9(ii), all invoices for amounts payable over \$10,000 will be reviewed and approved by the Treasurer prior to payment or forwarding to the FSP for payment. Such approval shall be in writing, with email or the Treasurer's initials on the applicable invoice being acceptable.
  - v. Personal use of credit cards is prohibited and may be grounds for consideration of disciplinary action. The Executive Director, or the Finance Manager, if so designated by the Executive Director, will review all credit card bills to ensure appropriate usage.
- 5.10. **Record Documentation.** The Executive Director or their designee will maintain oversight to ensure adequate and timely follow up of all purchases and will maintain records sufficient to detail the history of procurement.
- 5.11. **Office Personnel.** Office personnel are responsible, as directed by the Executive Director, for ordering supplies, monitoring receipt of orders, preparing checks and documentation for all expenses and having them signed by appropriate personnel, disbursing checks, and filing all documentation.

## 6. CONTRACTS

- 6.1. **Legal Review.** It is within the Board's discretion to direct that any contract requiring Board approval be reviewed by legal counsel prior to execution.
- 6.2. **Professional Services Agreements.** Written contracts clearly defining work to be performed will be maintained for all contract service providers (*e.g.*, consultants, independent contractors, subcontractors). All service providers performing services on Scholars Academy's premise shall be required to obtain and maintain all insurance required by applicable Law and the

appropriate levels of general liability insurance naming the Scholars Academy, its staff, directors, and employees as additional insureds.

- 6.3. **Lease Agreements.** All lease agreements must be approved by the Board and signed by the Board Chairperson or another Board member as designated by the Board Chairperson.
- 6.4. **Financial Services Agreements.** All agreements for the purchasing of auditing services must be approved by the Board and signed by the Board Chairperson or another Board member as designated by the Board Chairperson.
- 6.5. **Required Indebtedness Clause.** All contracts will include the following indebtedness clause: “No indebtedness of any kind incurred or created by Metrolina Regional Scholars Academy shall constitute an indebtedness of the State of North Carolina or its political subdivisions, and no indebtedness of Metrolina Regional Scholars Academy shall involve or be secured by the faith, credit, or taxing power of the State of North Carolina or its political subdivisions.”
- 6.6. **Required Contractual Provisions.** All contracts will include provisions that provide Scholars Academy with:
  - i. remedies in instances in which the contract terms are not met, and provide for remedial actions as may be appropriate;
  - ii. termination rights, including the manner by which termination shall be effected, must describe conditions under which the contract may be terminated for default, as well as conditions where the contract may be terminated because of circumstances beyond the control of the contractor; and
  - iii. access to records of the contractor that are directly pertinent to the specific contracted goods or services and contractor’s compliance with the contract.
- 6.7. **Executive Director Oversight.** The Executive Director or their designee will maintain oversight to ensure that contractors are performing in accordance with the terms, conditions and specifications of the contract. The Executive Director shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract.
- 6.8. **Auto Renewal Monitoring and Tracking.** The Executive Director shall ensure that all contracts with auto renewal provisions are calendared and tracked.

## 7. CHECK MANAGEMENT & CREDIT CARDS

- 7.1. **Bank and Credit Card Signatories.** The Board will designate bank and credit card signatories and limits.
- 7.2. **Use of Credit.** If the Scholars Academy decides to utilize credit cards, unless otherwise approved by the Board, only the following are authorized to use the Scholars Academy credit card: the Executive Director and their designees. All authorized users of the Scholars Academy credit card assume the responsibilities pertaining to the use and reconciliation of the credit card. The Scholars Academy credit card shall only be used for school business expenditures. The Scholars Academy credit card may not be used for personal purchases or cash transactions and shall be maintained with the highest level of security. Employees issued the Scholars Academy credit card must receive prior documented approval from the Board before the use of the credit card. Each credit card transaction by any user must be accompanied by appropriate documentation evidencing each transaction, such as original or digital receipts. The full balance on the credit card shall be paid on a timely basis to avoid any fees and interest.

- 7.3. **Check Signing Authority.** Authorized signatories on all bank accounts will include Internal Signers and External Signers. “**Internal Signers**” means the Executive Director and/or a member of the Scholars Academy’s administration as designated by the Executive Director. “**External Signers**” means the Chairperson of the Board and/or the Treasurer of the Board.
- 7.3.1. **Checks more than \$20,000.** All checks of more than \$20,000 require one Internal Signer and one External Signer. However, where the Board has approved a procurement for a sum certain and payment is being made pursuant to the terms of the associated contract approved by the Board, checks may be signed by one Internal Signer or one External Signer.
- 7.3.2. **Checks less than \$20,000.** All checks of less than \$20,000 require two signatures by either (i) two Internal Signers, or (ii) one Internal Signer and one External Signer. However, where the Board has approved a procurement for a sum certain and payment is being made pursuant to the terms of the associated contract approved by the Board, checks may be signed by one Internal Signer or one External Signer.
- 7.3.3. **No Interested Persons.** No checks regardless of amount may be signed by the individual who is also the payee or a relative of the payee.
- 7.4. **ACH Transfers.** No ACH transfers are permitted unless the associated procurement and related contract have been approved as set forth in these Fiscal Policies. All such ACH transfers shall be appropriately accounted for and documented.

## 8. BUDGETING

- 8.1. **Annual Budget.** Budget planning shall be a year-round process involving Board and Executive Director participation. It is the responsibility of the Board to adopt the annual budget of the Scholars Academy, to ensure compliance with the Board’s short and long-term strategic goals and objectives, and to approve and initiate all measures necessary to react to variances in the actual budget performance. The Board and the Executive Director will be responsible for the administration of the adopted budget.
- 8.2. **Budget Development.** The Executive Director shall be responsible for presenting the requested budget and expense line items to the Finance Committee for consideration and inclusion into the budget. The proposed budget shall be developed by the Finance Committee, in coordination with the Executive Director based on a fiscal year beginning July 1st and ending June 30th of the following calendar year. The budget shall comply in all respects with the requirements imposed by Law.
- 8.3. **Budget Presentation.** The Executive Director shall present the proposed budget to the Board for approval along with the Executive Director’s budget message no later than May 31st of each year. The Executive Director’s budget message shall contain a concise explanation of the educational goals fixed by the budget for the associated year, set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, and shall explain any major changes in educational or fiscal policy.
- 8.4. **Approval and Adoption of the Budget.** Upon receiving the proposed budget from the Executive Director, the Board shall approve and adopt a budget, making appropriations for the associated year in such sums as the Board deems sufficient and proper. The Board may hold a public hearing on the proposed budget prior to final action. The budget shall be adopted in accordance with the provisions of state Law no later than June 30th of each year. The budget shall conform to the uniform budget format established by the State Board of Education. The budget shall be entered in the Board minutes.

- 8.5. **Actual Expenditures.** Following budget adoption, the Treasurer will present budgeted amounts versus actual spend on at least a quarterly basis for the Board’s review. At the end of each fiscal year, the Executive Director shall submit to the Board the budget containing actual expenditures.
- 8.6. **Budget Transfers, Reallocations and Amendments.** The Board shall have the right to make budget transfers, reallocations and amendments to the adopted budget for the reasons prescribed by state Law and in accordance with the adopted budget resolution. . Unless otherwise directed by the Board, the Executive Director has the authority to reallocate budgeted amounts to existing categories without reductions to net income. The Executive Director shall inform the Finance committee of all such reallocations prior to making such reallocations or at the Finance committee meeting immediately following the reallocation. Any reallocations determined by the Finance Committee as being material shall be reported to the Board by the Executive Director and Finance Committee at the next Board meeting. Any changes to the budget that result in a reduction to net income must be approved by the Board prior to the FSP adjusting the budget and disbursing funds.
- 8.7. **Interim Budget.** In case the approval of the budget is delayed until after June 30th, the Board shall make interim appropriations for the purpose of paying salaries and the usual expenses of the Scholars Academy for the interval between the beginning of the fiscal year and the approval of the budget. Interim appropriations so made and expended shall be charged to the proper appropriations in the approved budget.
- 8.8. **Budget Reports.** The Executive Director and Treasurer will obtain budget reports from the FSP on a monthly basis. The Executive Director and Treasurer will obtain an interim budget update on an “as requested” basis.
- 8.9. **Annual Financial Report.** The Executive Director is responsible for preparing a comprehensive annual financial report that encompasses all the funds and account groups of the Scholars Academy. The comprehensive annual financial report shall contain the general-purpose financial statements as well as combining statements by fund type and individual fund statements.

## 9. BANKING AND FISCAL MANAGEMENT

- 9.1. **Banking Objectives.** In the ordinary course of business, Scholars Academy will receive and use funds. All funds intended for Scholars Academy will be properly received, deposited, recorded, reconciled, and kept under adequate security. Any cash received must be promptly and fully deposited into a banking institution. In order to minimize risk and maximize benefit, Scholars Academy utilizes only federally insured banking institutions.
- 9.2. **Bank Statements.** All bank statements shall be handled pursuant to the Financial Procedures provided such procedures are consistent with these Fiscal Policies. Such procedures for bank statements must include monthly reconciliation of all bank accounts.
- 9.3. **Official Depositories.** The Board shall designate as official depositories of the Scholars Academy one or more banks, savings and loan associations, or trust companies in North Carolina (each, an “**Official Depository**”). All Official Depositories must be federally insured. The amount on deposit with any one Official Depository may not in the usual course of business exceed the FDIC insured limit of \$250,000 unless part of an FDIC Sweep Program. The Finance Committee will review the Official Depositories and banking relationships of Scholars Academy at least on annual basis.
- 9.4. **Operating Account.** Scholars Academy maintains an operating account (the “**Operating Account**”) to conduct its primary business. The Operating Account may fluctuate as needed,

but the amounts in the Operating Account should not exceed \$2,000,000. Cash that is not held in the Operating Account should be deposited or directed in accordance with the Scholars Academy Investment Policy.

- 9.5. **Cash Reserves.** The combination of the Operating Account and any deposits are considered cash reserves. The Board has requested that Scholars Academy maintain at least \$1,000,000 in cash reserves at all times.
- 9.6. **Deposits.** No money belonging to the Scholars Academy, collected or received by an officer, employee, or agent of the Scholars Academy shall be deposited in any other place, bank, savings and loan association, or trust company other than an Official Depository.
- 9.7. **Cash and Check Controls.** The Executive Director, or the Finance Manager, if so designated by the Executive Director, shall implement procedures to ensure the proper control over cash and check receipts (including electronic receipt of funds) and deposits, including without limitation:
  - i. Except as set forth in Section 13.5 of these Fiscal Policies or otherwise provided by Law, all monies belonging to the Scholars Academy collected or received by an officer, employee, or agent of the Scholars Academy shall be deposited with an Official Depository as soon as possible when received but in no event later than five business days after its receipt.
  - ii. Deposits shall be reported immediately to the Executive Director, or the Finance Manager, if so designated by the Executive Director, by means of a duplicate deposit ticket.
  - iii. Access to cash shall be limited and controlled as soon as possible when received.
  - iv. The receipt of any funds shall be documented immediately upon their receipt, including without limitation, the date of receipt, the name of the person or organization submitting the funds, and a description of what the funds are for.
  - v. The Executive Director may at any time audit the accounts of any officer, employee, or agent collecting or receiving any taxes or other monies, and may prescribe the form and detail of these accounts. The accounts of such an officer, employee, or agent shall be audited at least annually.

## 10. INVESTMENT POLICY

- 10.1. **Investment Policy.** The Board retains the direct oversight for all cash not held in the Operating Account of Scholars Academy or deposited in an Official Depository (“**Institutional Funds**”) and establishes the following investment objectives, policies and guidelines (collectively, “**Investment Policy**”).
- 10.2. **Supervisory Responsibility.** The Board delegates supervisory responsibility for the management of the Institutional Funds to the Finance Committee, chaired by the Board Treasurer in accordance with these Fiscal Policies and requires the Board Treasurer to present Investment Reporting (as set out below) to the Board.
- 10.3. **Duty of Good Faith.** All individuals responsible for managing and investing Scholars Academy’s Institutional Funds must do so in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.
- 10.4. **Investment Objectives.** Scholars Academy commits to a low-risk objective in investment of its Institutional Funds and has considered the North Carolina Uniform Prudent Management of Institutional Funds Act (N.C.G.S §36E) in establishing the Investment Policy herein.
- 10.5. **Investment Guidelines.** The Board directs the Finance Committee to invest the Institutional Funds and any donations of stocks or shares within these guidelines:



- i. Limited to one year or lesser duration.
  - ii. Principal protection or \$1 NAV for the life of the investment.
  - iii. Each investment should be FDIC Insured.
  - iv. Approved investment vehicles – CDs, Saving Account, Money Market and Broker CDs.
- 10.6. **Investment Reporting.** On behalf of the Finance Committee, the Board Treasurer must report to the Board any changes to the investment strategy or activity of the Institutional Funds. The Board Treasurer must also report the status of investments and return on investment results on at least a quarterly basis.
- 10.7. **Board Action.** At any time, the Board, through majority vote, may direct the Finance Committee to take any action (*e.g.*, sale, purchase, account transfer) with regard to the Institutional Funds.

## 11. ACCOUNTING & FISCAL COMPLIANCE

- 11.1. **Fiscal Compliance.** The Scholars Academy shall fully comply with generally accepted accounting principles, all applicable Law, and federal and state standards for financial management systems. The Scholars Academy shall ensure that its business activities are not directly related to the management and operation of the Scholars Academy are kept in a separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of the Scholars Academy.
- 11.2. **State Fiscal Compliance.** Scholars Academy shall comply with all North Carolina State Law pertaining to the fiscal operations, management and reporting of charter schools. These Fiscal Policies are intended to ensure Scholars Academy is in full compliance with such State Law, including without limitation, North Carolina General Statute § 115C-218 and the Uniform Education Reporting System.
- 11.3. **Audit Policy.** Consistent with North Carolina General Statute § 115C-218.30, the Scholars Academy shall undergo an annual audit of the financial and programmatic operations of the Scholars Academy (the “**Annual Audit**”).
- 11.3.1. **Independent Auditor.** The Board is responsible for choosing an independent audit firm (certified public accountant) to complete the Annual Audit (“**Independent Auditor**”). The Board shall select an Independent Auditor based on a majority vote of the Board and contract only with Independent Auditors that are licensed certified public accountants and that are in compliance with all applicable federal and state Law. The Treasurer or Chairperson of the Board will sign the engagement letter with the Independent Auditor clarifying the actions to be completed by the Independent Auditor. The Executive Director or its designee shall work with the Independent Auditor to ensure all financial and other data is provided to the Independent Auditor on a timely basis.
- 11.3.2. **Audit Report.** The Executive Director or its designee shall timely file the Annual Audit report with the State of North Carolina regulatory bodies responsible for such audits as directed by applicable Law and said regulatory bodies. In addition, the Executive Director or its designee shall timely file the Annual Audit report as required by any banking institutions for which the Scholars Academy has an agreement to provide such report.
- 11.3.3. **Audit Findings.** If any audit findings are identified, the Executive Director or its designee will raise such audit findings to the Treasurer and the Chairperson of the Board, if the Executive Director deems necessary, and provide the resolution plan.

11.3.4. **Report to the Board.** Each year the Treasurer shall provide the results of the Annual Audit to the Board. If there are any audit findings, including any control deficiencies, or if the audit opinion is not unqualified, the Treasurer must present the resolution plan to the Board and follow up as necessary.

11.4. **Federal Fiscal Compliance.**

11.4.1. **Federal Funds.** Scholars Academy shall comply with all federal laws pertaining to the solicitation, management, use and disbursement of federal funds, including without limitation, 2 CFR Part 3474 and 2 CFR Part 200. All federal grants will be used to supplement, and not to supplant, non-federal funds that would otherwise be used for the education.

11.4.2. **Record Keeping.** The Scholars Academy shall keep records that fully disclose the amount and disposition by the Scholars Academy, of federal funds, the total cost of the activity for which the funds are used, the share of that cost provided from other sources, and other records as will facilitate an effective financial or programmatic audit. The Executive Director or their designee shall regularly review such records for grant compliance.

11.4.3. **Compliance.** The Executive Director shall be responsible to develop, monitor, and enforce effective financial management systems and other internal controls over federal awards that provide reasonable assurance that the Scholars Academy is managing the awards in compliance with the applicable federal law and all requirements for such federal awards. Such management systems and internal controls shall include procedures in the Financial Procedures for record keeping, determining the allowability of costs, activities and compensation of personnel, purchasing, and cash management, in each instance in relation to federal funds. If there is a conflict between these Fiscal Policies or the Financial Procedures and the either the requirements of a particular grant or conflict with federal law or regulations, the grant terms or binding law shall be controlling.

11.5. **Financial Reporting.** The Scholars Academy shall make an accurate, current, and complete disclosure of financially assisted activities in accordance with financial reporting requirements for all funds received and in full compliance with all applicable Law, including without limitation, the Uniform Education Reporting System.

11.6. **Accounting Records.** The Scholars Academy shall maintain records that adequately identify the source and application of funds provided for activities assisted with state or federal funds.

11.7. **Grant Management Standards.** If the Scholars Academy receives a grant directly from a state or federal agency, it shall ensure that the Scholars Academy is in compliance with the grant requirements of that state or federal agency.

11.8. **Annual Financial Statement.** The Executive Director or designee shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

- i. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;
- ii. the total disbursements of the fund, itemized by the nature of the expenditure; and
- iii. the balance in the fund at the close of the fiscal year.

11.9. **Annual Financial Management Report.** The Executive Director shall ensure that it complies with the reporting procedures required by the State of North Carolina for charter holders to prepare and distribute the Scholars Academy's annual financial management report.

- 11.10. **Attendance Accounting.** The Executive Director shall ensure that it complies with all Law concerning charter school student attending accounting, reporting, and record keeping. The Executive Director, chief campus leaders, and teachers of the Scholars Academy will be responsible to the Board and to the State to maintain accurate, current student attendance records. Attendance at the Scholars Academy will be determined by taking attendance in the morning during each regular school day. The Scholars Academy will not change the established period in which absences are recorded during the Scholars Academy year.

## 12. ACCOUNTING FOR CAPITAL ASSETS

- 12.1. **Capital Assets.** A capital asset for the Scholars Academy is an asset that is:
- i. Tangible in nature;
  - ii. Has a life that exceeds one year;
  - iii. Has value of at least \$5,000 per unit; and
  - iv. Is reasonably identified and controlled through a physical inventory system.
- 12.2. **Capital Assets Documentation.** The Executive Director shall ensure that the Scholars Academy maintains accurate records of capital assets in accordance with these Fiscal Policies and as directed by the Finance Committee and the FSP.
- 12.3. **Capital Assets Inventory.** The Executive Director will ensure that a physical inventory of capital assets takes place once every two years and is reconciled to the property schedule and general ledger of the Scholars Academy.
- 12.4. **Financial and Compliance Reporting.** When appropriate or required, the Executive Director shall ensure a financial and compliance report is created that includes:
- i. An exhibit in the financial and compliance report identifying all capital assets and the ownership interest of local, state, and federal parties; or
  - ii. A statement that all property acquired during the term of the Scholars Academy, and all property presently held by the Scholars Academy, may be considered public property.

## 13. ASSET PROTECTION

- 13.1. **Internal Controls.** The Scholars Academy shall maintain effective control and accountability of all cash, real and personal property, and other assets obtained with public funds. The Scholars Academy shall safeguard all such property and assure that it is used solely for authorized purposes.
- 13.2. **Facilities Rental.** Scholars Academy will consider facilities rental based on availability of both the space and available school resources to facilitate the rental, acknowledging that any such contract will be executed without discrimination on the basis of viewpoint, race, sex, color, religion, gender identity, sexual orientation, age, national origin or disability or any other protected class. All facilities rental contracts must include the key terms and conditions set forth in a form contract ("**Facility Rental Agreement**"), which must be approved by the Board. The Board shall approve a Facility Rental Agreement, which must be used for all facility rentals. The Executive Director, or their designee may unilaterally approved facilities rental using the Facility Rental Agreement. Where a request to materially modify the Facility Rental Agreement is made, the Board shall approve such modification. Material modifications include but are not limited to extending the contract beyond a single year and unusual use of the facilities. When in doubt, the Executive Director shall discuss such modification with the Board.

- 13.3. **Record Handling Instructions.** All records generated from the execution of these Fiscal Policies will be handled in accordance with these Fiscal Policies and the Financial Procedures.
- 13.4. **Petty Cash.** Scholars Academy may make use of a petty cash account. Invoices for this account will be submitted by Scholars Academy to the FSP on a monthly basis and prior to refunding of the account for reconciliation.
- 13.5. **Scholars Academy Lunch and Activity Fees.** Scholars Academy lunch and school activity fees, such as field trip fees, may be collected in individual classrooms or online through a secure, industry-recognized third-party provider. Funds collected directly by Scholars Academy will be collected by the office and will be deposited consistent with these Fiscal Policies. Notwithstanding Section 9.7(i) of these Fiscal Policies, funds collected through a designated third-party provider will be deposited by Scholars Academy with an Official Depository by the date the associated lunch or activity occurs, but in no event later than the end of the fiscal year in which said funds were collected.
- 13.6. **Travel and Expense Reimbursement.** The Scholars Academy shall reimburse its Board members, officers, and employees for reasonable expenses incurred in connection with travel and other business on behalf of the Scholars Academy. All reimbursements require advance authorization from the Executive Director or their designee and must be substantiated by receipts or other appropriate documentation. The specific types of expenses that may be reimbursed and procedures for requesting reimbursement shall be set forth in the Travel and Expense Policy. Scholars Academy will not reimburse employees for purchase of alcoholic beverages or unreasonable costs.
- 13.7. **Gate Receipts and Admissions.** Admission receipts of school events shall be adequately controlled by the Executive Director or their designee. The Executive Director or their designee is responsible for the administration and supervision of all phases of school events for which an admission is charged. Admission to those school events for which an admission is charged shall be by tickets or special passes only. Adequate records of ticket and special passes sales shall be maintained to provide chronological and accounting data for subsequent review and analysis.
- 13.8. **Receiving and Inspecting.** Personnel responsible for purchasing shall establish and maintain a receiving procedure for all supplies, materials, and equipment as appropriate. Personnel responsible for receiving items delivered shall inspect them and have ready access to specifications. Receiving personnel shall be responsible for determining that the items received are in good quality condition and shall be responsible for entering in the receiving document an actual count of quantity delivered. Personnel responsible for receiving shall be responsible for acting on deficiency and complaint reports.
- 13.9. **Maintenance of Inventory and Fixed Assets.** Administrative personnel shall be responsible for taking a physical count of all furniture, fixtures and equipment items at least once each year. Administrative personnel shall be responsible for all fixed assets assigned to their site or department, and shall account for each item at least once per fiscal year according to procedures established by the Executive Director or the Finance Manager, if so designated by the Executive Director.
- 13.10. **General Liability Insurance.** The Board shall ensure that general liability insurance coverage is in place for the Board, its members, collectively and individually, and for school employees. Such insurance coverage shall be consistent with the requirements of applicable Law and any contractual obligations of the Scholars Academy. The Executive Director shall provide the Board with proof of such insurance each year when such insurance is renewed.

- 13.11. **Claims Against the Scholars Academy.** Any lawsuits, claims, causes of action or proceedings of any nature, civil, criminal, administrative, regulatory, or other, including without limitation, workers' compensation claims, made against the Scholars Academy will be processed in accordance with the requirements of applicable Law. Subject to any applicable Law or insurance policy provisions, the Board alone is authorized to approve final settlement and release of any such lawsuits, claims, causes of action and proceedings.
- 13.12. **Payroll.** All payroll shall be handled pursuant to the Financial Procedures. Payroll procedures must be consistent with all applicable Law, including but not limited to the Fair Labor Standards Act. There shall be no advances of individual pay.