

**Miles Ahead Charter School**  
**Accounting Policies and Procedures Manual**  
**Internal Financial Controls**

# Accounting Policies and Procedures Manual

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## **Introduction**

This manual has been prepared to document the internal accounting procedures for the Miles Ahead Charter School (**MACS**). Its purpose is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of **MACS's** fiscal operations are expected to uphold the policies in this manual. It is the intention of **MACS** that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

All Organization's staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual. These policies will be reviewed annually and revised as needed by the staff and approved by the CAO (Chief Administrative Officer/School Leader) and the Board of Trustees

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## **Division of Duties**

The following is a list of personnel who have responsibilities within the accounting department:

### **Board of Trustees**

1. Review and approve the annual budget
2. Review annual and periodic financial statements and information
3. Review CAO (School Leader)'s performance annually and establishes the salary
4. Two board members of the school will be appointed by the board to be authorized signers on the bank accounts.
5. Review and approve all contracts over \$5,000.
6. Review and approve all non-budgeted expenditures over \$2,500.
7. Review and advise staff on internal controls and accounting policies and procedures.
8. MAC's is required to have an annual audit performed by an approved SCSC external auditor. The Treasurer and Finance Committee has the responsibility of working with the approved SCSC external auditor.

### **Chief Administrative Officer (School Leader)**

1. Review and approve all financial reports including cash flow projections.
2. Monitor that an appropriate budget is developed annually in collaboration with the external CFO Dan Cemborola.
3. Review and approve all check signing procedures in collaboration with the external CFO and Treasurer.
4. Review and approve all contracts under \$5,000.
5. Review and approve all grant submissions.
6. approve inter-account bank transfers.
7. Is on-site signatory for all bank accounts.
8. Opens all bank statements, Review for any irregularities, and Review completed monthly bank reconciliations.
9. Oversees the adherence to all internal controls.
10. Approve all program expenditures.
11. Monitors program budgets
12. Monitors grant reporting and appropriate release of temporarily restricted funds

### **Outside Business Manager (CFO)**

1. Review all payrolls and is responsible for all personnel files.
2. Review and manage cash flow.
3. Review all reimbursements and fund requests
4. Processes all inter-account bank transfers
5. Assists CAO (School Leader) with the development of annual and program budgets

6. Review all incoming and outgoing invoices
7. Monitors and manages all expenses to ensure most effective use of assets.
8. Oversees expense allocations.
9. Monitors and makes recommendations for asset retirement and replacement.
10. Review, revise, and maintain internal accounting controls and procedures.
11. Review all financial reports
12. Overall responsibility for data entry into accounting system and integrity of accounting system data
13. Processes invoices and prepares checks for signature.
14. Maintains general ledger.
15. Prepares monthly and year-end financial reports.
16. Reconciles all bank accounts.
17. Manages Accounts Receivable and Payable
18. Monitors grant administration and compliance reporting.

**Director of Operations (School Personnel)**

1. Manage all petty cash funds.
2. Receives and opens all incoming accounting department mail except bank statements.
3. Initiates donor thank you letter acknowledgements.
4. Makes bank deposits.
5. Processes invoices and prepares checks for signature.
6. Mail vendor checks funds - the Director of Operations' should forward a project financial statement to the School Leader who prepares a request for reimbursement or advance and files or mails the necessary documents, providing a copy to the Director of Operations'.

## Cash Receipts Procedures

Cash receipts generally arise from:

- Contracts and Grants
- Student Funding
- Direct donor contributions
- Fundraising activities

The principal steps in the cash receipts process are:

The Office Assistant receives all incoming mail. All checks received by the Office Assistant should be recorded on a cash receipts log which states the department to which the income is attributed, and stamped **A** for deposit only. The Office Assistant then makes two copies of the check with one copy forwarded to the Director of Operations' and the other copy to the responsible department. A copy of the cash receipts log will be given to the Director of Operations on a daily basis.

Next, the Director of Operations' prepares a deposit slip and deposits the funds into the savings account. The validated deposit slip should be attached to the Director of Operations'=s cash receipts log and filed. All check copies should be filed according to the month received.

A deposit not forwarded or mailed to the bank should be locked in the accounting department's lock box. No deposit should be locked in the file cabinet for more than 24 hours. If the funds are mailed to the bank, the Director of Operations' should indicate the date mailed and received on the cash receipts log. The Director of Operations' should make a copy of each check mailed and file them in a separate file folder.

No single account should contain more than \$100,000 - or the amount over which the FDIC will not insure.

### Funds Received by Wire Transfer:

The School Leader will request a wire transfer of funds. This request will be prepared by the Director of Operations' and should be signed by the CFO.

Where appropriate - as in reimbursement of federal Next, the Director of Operations' will monitor the transfer of funds and maintain the appropriate records of this transaction.

As soon as the funds are credited to the **MACS** savings account, the bank should send a credit memo to the Director of Operations'. The Director of Operations' should reconcile

these credit memos to the total cash received at the end of the month.

In the absence of the School Leader, the President or, in dire emergencies, the Treasurer of the Board of Directors, should authorize wire transfers.

*Inter-Fund Transfers:*

The **MACS** operating checking account should not exceed \$10,000 at any time. All funds received should be deposited into the savings account. It will be necessary to transfer funds from the savings account into the checking account. In order to transfer funds from the savings into the checking account, the following procedures should be followed:

The Director of Operations' should monitor the balance in the checking account and determine if there are adequate funds to pay the daily expenses. The Director of Operations' should prepare a transfer memo for signature by the School Leader to transfer the necessary amounts from the savings account to the checking account, as long as the remaining balance does not exceed \$10,000. These transfers will occur concurrently with the associated disbursements.

*Funds received from Credit Card Charges:*

The *Office Assistant* and the *Program Assistant Membership* are responsible for processing the receipt of funds through the credit card authorizer directly into the savings account. Transactions should be processed on a weekly basis, with a list of the credits and date processed delivered to the Director of Operations' in order to double check against the bank statement. The statement of deposits and service charges will be reconciled by the *Director of Operations'*.

## **Cash Disbursements Procedures**

Cash disbursements are generally made for:

- Payments to vendors for goods and services
  - Payroll
  - Taxes/license fees
  - Staff training and development
  - Memberships and subscriptions
  - Meeting expenses
  - Employee reimbursements
1. Incoming invoices will be logged in by the Office Assistant (naming the staff person responsible for ordering the product or service) and delivered to the responsible staff person. for his/her approval and to prepare a check request voucher prior to disbursement dates.
  2. The staff person responsible for ordering the product or service will check the validity of the invoice against proposals/bids, etc. and work accomplished/delivered and prepare a check request voucher prior to disbursement dates.
  3. Twice monthly on the 1st and 16th days (or the next business day if the date falls on a weekend or holiday), cash disbursements should be prepared by the Director of Operations' for signature by authorized MACS officials for expenses, debts and liabilities of MACS .
  4. The CFO (Chief Financial Officer) is responsible for the preparation of disbursements. All disbursements are to be made by check unless the item is considered a petty cash item.
  5. A check request voucher should then be completed by the purchasing staff person and attached to the original vendor invoice, and/or any other supporting documentation. The voucher should include the account codes to which the expense will be applied. Approval for an expense by the School Leader must be indicated on the check request voucher.
  6. After inputting all the check requests, the (Chief Financial Officer) will prepare a master list of all checks to be paid for approval by the President or School Leader. If there are any questions or concerns about the amounts, the (Chief Financial Officer) should provide necessary information prior to running any disbursements. If there are any items removed from the batch, the totals on the payment summary form should be corrected, initiated and dated by the President or School Leader.
  7. The (Chief Financial Officer) should then run an aging accounts payable, which is generated by the accounting software. A total of the disbursements to be paid will be recorded on the form and sent to the School Leader for approval, along with the current balance in any and all cash accounts.
  8. Once the amount to be disbursed has been received, the (Chief Financial Officer) should print the checks from the computer system. The checks should be attached to the invoice, and other supporting documentation, being paid and submitted for



signatures. A check register should be run and filed together with the disbursement transmittal form.

9. While the Chief Financial Officer, School Leader, and/or Director signs each check, he/she should double check the check request voucher. This approval is to ensure the account and grant/project is charged to the correct expense and line item. Any checks made to pay invoices in excess of \$10,000 must be signed by the President and authorized for payment in writing by one of the Board of Directors authorized for signature.
10. After the checks have been signed, the second signatory will double check the work, cancel the invoice by stamping PAID on it in red ink, and pass the checks on to the Office Assistant for mailing. In the event that the Office Assistant is out, the administrative assistant will assume these duties.
11. All checks will be mailed as soon as this process is completed.
12. Supporting documentation should be filed by the Director of Operations' in appropriate vendor files.
13. The (Chief Financial Officer' will utilize the paid invoice files to respond to any discrepancies which arise with vendors or other payees.
14. Once monthly, the Director of Operations' will check the invoice log to determine if there are any outstanding invoices which have not yet been paid. If so, the Chief Financial Officer will investigate the nonpayment of these invoices with the responsible staff member.

### **Expense Allocations**

Most non-salary expenses that benefit more than one cost center (administration, fundraising, and program) are spread across centers using a shared cost method. Under this method, the number of full-time equivalents (FTEs) within a department are divided by the total number of FTEs at the organization to determine the percentage of shared costs they should bear. This is done on a monthly basis by the CFO (Chief Financial Officer).

## **Reconciliations**

### Cash Flow:

**MACS** is always to maintain a minimum of ten percent (10%) of the operating budget between its operating and savings bank accounts. In the event that balances fall below that amount the President and Treasurer should be notified immediately.

### Bank Reconciliations:

1. Bank statements are to be received unopened by the School Leader. The receiving party should review the contents for inconsistent check numbers, signatures, cash balances and payees and endorsements at a minimum. After this cursory review is conducted, the official should initial and date the bottom, right hand corner of the first page of each bank statement reviewed. The reviewed bank statement should then be forwarded to the Director of Operations' (an individual without check signing rights) to reconcile the bank accounts using the approved reconciliation form.
2. The person charged with this responsibility should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 7 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the President or School Leader should be notified by a written memo from the Director of Operations'.
3. When reconciling the bank accounts, the following items should be included in the procedures:
  - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
  - b. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
  - c. An investigation of items rejected by the bank, i.e., returned checks or deposits.
  - d. A comparison of wire transfers dates received with dates sent.
  - e. A comparison of canceled checks with the disbursement journal as to check number, payee and amount.
  - f. An accounting for the sequence of checks both from month to month and within a month.
  - g. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.
  - h. A review and proper mutilation of void check.
  - i. Investigate and write off checks which have been outstanding for more than six months.

4. Completed bank reconciliations should be reviewed by the Chief Financial Officer and initiated and dated by the reviewer.
5. The Chief Financial Officer upon receipt of the completed bank reconciliations, prepares any general ledger adjustments.
6. Copies of the completed bank reconciliations will be forwarded to the Treasurer for his/her review.

*Reconciliations of Other General Ledger Accounts:*

1. Each month the Director of Operations' and Chief Financial Officer should review the ending balance shown on balance sheet accounts such as the cash accounts, accounts receivable, accounts payable and deferred revenue. The Director of Operations' and Chief Financial Officer should review the bank reconciliations, schedules of accounts receivable and deferred revenue and the aging of accounts payable to support the balances shown on the balance sheet.
2. Assets - These accounts will include cash, petty cash, prepaids, property, equipment and fixtures, security deposits, and intangible assets.
  - a. Cash - The balances in cash accounts should agree with the balances shown on the bank reconciliations for each month.
  - b. Petty Cash - The balance in this account should always equal the maximum amount of all petty cash funds. The current amount equals \$100.00.
  - c. Prepaids - The amounts in these accounts should equal advance payments paid to vendors at the end of the accounting period.
  - d. Property, Equipment & Fixtures - The amounts in this account should equal the totals generated from the audited depreciation schedules. When additional purchases are made during the year, the balances in the accounts may be updated accordingly.
  - e. Security Deposits - The balance in this account should equal amounts paid in escrow to landlords and lessors and should not change frequently, but should be updated as applicable.
3. Liabilities - These accounts are described as accounts payable, payroll tax liabilities, loans and mortgages payable, and amounts due to others.
  - a. Accounts Payable - The balance in this account should equal amounts owed to vendors at the end of the accounting period and the aging report.
  - b. Payroll Tax Liabilities - The amounts in these accounts should equal amounts withheld from employee paychecks as well as the employer's portion of the expense for the period that has not been remitted to the government authorities.
  - c. Due to Others - If there are any amounts owed to others at the end of the period they should be recorded and the correct balance maintained in the general ledger accounts.
4. Income/Expenses - These accounts are described as income from membership,

contributions, publications, and other expense line items such as salaries, consulting fees, etc.

- a. Income - The amounts charged to the various cash accounts should be reconciled with funding requests, funders reports, draw down schedules, etc.
- b. Gross Salary Accounts - The balances in the gross salary accounts should be added together and reconciled with the amounts reported on quarterly payroll returns.
- c. Consulting - The amounts charged should be reconciled to the contracts.

## Petty Cash Fund

1. The petty cash fund should never exceed \$1000.00.
2. The Director of Operations' is the custodian of the petty cash fund.
3. A single disbursement from petty cash shall never exceed \$40.00.
4. The petty cash fund shall be operated on an impress basis. This means that when it is time to replenish the petty cash fund, the Director of Operations' shall total out the expenses made and identify those expenses by general ledger account number. When the check request is submitted for payment it should indicate the total amount needed to bring the fund back up to \$1000.00. Also, the check request should breakdown the various expense accounts being charged and the amount charged to each.
5. When a request for petty cash reimbursement is made to the Director of Operations', the item will be listed on the Petty Cash Fund Reconciliation Sheet. A description of the item charged should be recorded together with the amount. A vendor receipt must be received by the Director of Operations' for the amount of the request in order for the request to be approved.
6. The recipient of the petty cash funds must sign the sheet to indicate receipt of the funds. The paid receipt should be attached to the sheet. All paid information should remain in the locked petty cash box until it is time to replenish the fund. At that time, the Petty Cash Fund Reconciliation Sheet and associated receipts are attached to the check request voucher.
7. The petty cash box is to be locked at all times when the Director of Operations' is not disbursing or replenishing the fund. The locked petty cash box is to be kept in the locked file cabinets within the finance office.
8. At least once annually, the Chief Financial Officer should conduct a review of the fund. When this is done, he/she should count, while the Director of Operations' is in attendance, the total money on hand and the total amount of receipts in the petty cash box. The two amounts should equal exactly \$1000.00. Any discrepancies should be discussed and resolved immediately.
9. It is a policy of MACS not to cash checks of any kind through the petty cash fund.
10. The MACS postage meter is not to be used for personal mailings under any circumstances. Staff may use the UPS service provided they indicate that the mailing is personal and reimburse MACS at the time the appropriate invoice is paid

## Purchases

### To Prompt a Purchase:

1. When the normal cash disbursement procedure of invoice, etc., is not appropriate, (i.e., postage, petty cash, etc.) a check request should be completed and forwarded with any order form or other documentation to the President or School Leader for approval. If the check is made out to either the School Leader or President, that individual cannot approve the check request voucher.
2. Approved check requests should be sent to the Chief Financial Officer for payment.
3. In the absence of backup materials, receipts for the purchase must be provided to the Director of Operations' for attachment to the check request within two weeks from the check date.

### Credit Card Purchases:

1. Only the Director of Operations and School Leader carry corporate credit cards in his or her name. The purchase of airline tickets and other authorized business expenditures may be made by other employees or board members using the corporate credit card. In every case of credit card usage, the individual charging an MACS account will be held personally responsible in the event that the charge is deemed personal or unauthorized.
2. Authorized uses of the credit card include:
  - a. Airline or rail tickets (at coach class or lower rates) for properly authorized business trips. (MACS) designated travel agency will require that employees supply the travel agency with an account code in order to charge to the MACS American Express. The account code will help reconcile the costs of travel with the proper MACS program to be charged. The travel agency will provide MACS a monthly report of all travel charged to the American Express.
  - b. Lodging and meal charges that do not exceed the authorized reimbursement rate for persons traveling on official MACS business.
  - c. Car rental charges (for mid-size or smaller vehicles) for properly authorized business trips
  - d. Properly authorized expenditures for which a credit card is the only allowed method of payment (such as monthly internet access)
  - e. Business telephone calls
  - f. Properly authorized entertainment at a rate which is consistent with the employee's level of responsibility within, or on behalf of, MACS and within the limits of the approved budget.
3. Receipts should be compiled and submitted with an expense report on a weekly basis.

4. Unauthorized use of the credit card includes:
  - a. Personal or non-business expenditures of any kind.
  - b. Expenditures which have not been properly authorized.
  - c. Meals, entertainment, gifts or other expenditures which are prohibited by:
    1. MACS budget and/or policies
    2. Federal, state, or local laws or regulations
    3. Grant conditions or policies of the entities from which XXX receives funds.

Proper Documentation for all Purchases, including MACS Credit Card Purchases:

Every instance of credit card or other purchase use must be documented with travel authorizations, receipts, individuals paid for, nature of business, etc. before the expense will be considered authorized and will be approved for reimbursement. See details below.

- A. Lodging - Provide an itemized receipt from the hotel detailing every charge and the name of the person(s) for whom lodging was provided.
- B. Meals/Entertainment - Provide a receipt showing separately the cost for food/beverage and gratuities and including the names of every person for whom food or beverage was provided and the specific business purpose which was furthered by the expenditure.
- C. Other Expenditures - A receipt from the vendor detailing every individual good or service purchased (including class of service for commercial transportation) accompanied by an explanation of the specific business purpose which was furthered by each expenditure.

The Director of Operations' will double check all reimbursement requests against receipts provided and run a calculator tape which will be attached to the reimbursement form.

Capital Expenditures

For all major expenditures such as computers, furniture, audit services, printing services, etc., three bids must be obtained before a purchasing decision is made. If the annual amount exceeds \$2,000, a bidding process and review will be conducted. All bids, including phone quotes, must be recorded and kept on file.

Consultants:

Contracts with consultants will include rate and schedule of pay, deliverables, time frame, and other information such as workplan, etc. Justification for payment should be submitted to file. For example, if MACS hired a writer to create a publication, a copy of the final version should be included in the file.

Contracts:

Contracts for purchasing products or services, similar to a purchase order, should be created and maintained for the file whenever appropriate. All contracts to exceed \$10,000 over the course of the year should be approved by the Chief Financial Officer and School Leader.



## **Fixed Asset Management**

1. A permanent property log or database is to be maintained by the Director of Operations' for all fixed assets purchased by **MACS**.
2. The log should contain the following information:
  - a. date of purchase
  - b. description of item purchased.
  - c. received by donation or purchased.
  - d. cost or fair market value on the date receipt
  - e. donor or funding source, if applicable
  - f. funding source restrictions on use or disposition
  - g. identification/serial number (if appropriate)
  - h. depreciation period
  - i. vendor name and address
  - j. warranty period
  - k. inventory tag number (all fixed assets should be tagged with a unique identifying number)
  - l. number of the MACS check used to pay for the equipment.
3. At least annually, a physical inspection and inventory should be taken of all MACS fixed assets and reconciled to the general ledger balances. Adjustments for dispositions should be made.
4. The Director of Operations' should be informed, in writing, via an interoffice memorandum of any material changes in the status of property and equipment. This should include changes in location, sale of, scrapping of and/or obsolescence of items and any purchase or sale of real estate.
5. All capital items which have a cost greater than \$250.00 will be capitalized and depreciated.

## **Payroll**

### Personnel:

1. The Director of Operations' is charged with the responsibility of maintaining personnel files on staff persons.
2. Each personnel file should contain the following information, at a minimum.
  - a. Employment application or resume
  - b. A record of background investigation
  - c. date of employment
  - d. position, pay rates and changes therein
  - e. authorization of payroll deductions
  - f. earnings records for non-active employees
  - g. W-4 Form, withholding authorization
  - h. I-9 Immigration Form
  - i. termination data, when applicable
3. All personnel records are to be kept locked in a locking file cabinet in the Director of Operations's office. Access to these files other than by the Director of Operations', Chief Financial Officer , School Leader or the auditor should be requested in writing to the Chief Financial Officer.

### Payroll Preparation and Timekeeping:

#### Payroll Preparation and Timekeeping:

A payroll calendar which includes pay schedule and forms submission deadlines for the upcoming fiscal year shall be communicated to start no later than first pay period within July of the start of the year.

1. The Payroll coordinator will send out calendar invites with the deadlines for documentation submission and payroll periods on every manager's calendars for accurate and timely communication periods.
2. Managers are responsible for the monitoring and timely submission of documentation for their team members to the Payroll manager.
3. Timesheets are to be prepared by all staff persons and submitted semi-monthly on the 15th and last day of each month. Time for all employees will be monitored on Kronos.

- Hourly Employees: Sign in/out processes should include start and end of day, lunch and training periods.

4. Kronos timelogs are to be signed by the staff person and his/her supervisor. All approved timesheets should be submitted to the Director of Operations', who will verify the hours worked against his/her record. The Director of Operations will then forward to the Payroll Specialist from edTec.

5. The Director of Operations' should verify the following information for the edTec Payroll Specialist:

- a. hours worked.
- b. changes in pay rates or employment status
- c. vacation, sick or personal hours used and earned.

6. The School Leader should review the payroll summary page of the payroll service report for inappropriate payees or unusual hours.

7. Electronic paychecks will distributed according to the calendar provided by the Payroll Specialist.

8. As an employee benefit, MACS offers direct deposit through the employee's own financial institution and offers cost-free checking. Through direct deposit, payroll is deposited as cash into the employee's account on payday.

## **Financial Reporting**

### Monthly Reports:

The Director of Operations' should prepare a set of monthly financial reports for distribution to the Chief Financial Officer, and the Budget and Finance Committee. The reports should include: a balance sheet and a statement of income and expenses for each department (operating, project); a consolidated balance sheet and consolidated income and expense report which show all departments combined; a budget-to-actual report for all accounts included in the annual operating budget; a list of deferred and receivable funds, and a cash flow projection. In addition, the monthly reports for the quarterly periods (December, March, June, September) will be submitted to the full board for their review and acceptance at the following board meeting. The monthly statements should be reviewed by the President or School Leader prior to distribution to the Treasurer for initial comments. After the Treasurer's approval, the statements will be mailed to the Budget and Finance Committee every month and to the full board as stated above. The monthly statements will be finalized by the conclusion of the month following the statement period.

### Year-End Report/Audit:

At fiscal year-end, and in time for the yearly dinner of the Board of Directors, a year end Audit report should be prepared summarizing the total income and expense activity for the year. A balance sheet should be prepared as of September 30 and should be attached to the income and expense report. This report will be initially reviewed by the Chief Financial Officer and School Leader, and then by the Treasurer, prior to distribution at the annual meeting. Bids for an independent auditor to conduct this review will be accepted between September 1 and October 15. In accordance with MACS policy, at least three proposals will be considered. The auditing process will begin on or about November 1.

## **Grant Compliance**

1. When a new grant is received or renewed, a copy of the executed grant must be forwarded to the Director of Operations' and Chief Financial Officer.
2. The Director of Operations' should set up a permanent file for the grant and maintain the contract along with any other financial correspondence regarding the grant.
3. It is the responsibility of the Director of Operations' to review the grant contract and extract any fiscal items which must be complied with by MACS . Typically, for government grants, reference will be made to various publications put out by the Office of Management and Budget (OMB) and the Comptroller General's Office to which MACS is responsible for adhering.

Currently, the publications include:

OMB Circular A-110	Grants and Agreements with Institutions of Higher Learning, Hospitals and Other Non-Profit Organizations
OMB Circular A-122	Cost Principles for Non-Profit Organizations
OMB Circular A-133	Audits of Institutions of Higher Learning & Other Non-Profit Organizations

### Governmental Generally Accepted Accounting Principles:

4. It is a policy of MACS to adhere to any restrictions imposed by its funders, both governmental and private. Therefore, MACS employees are expected to bring to the attention of management any instances of non-compliance.
5. When MACS is spending federal funds, prior written approval from the funder agency is required for the purchase of:
  - a. Capital expenditures for land or buildings
  - b. Insurance and indemnification expenses
  - c. Pre Award costs
  - d. Public information service costs
  - e. Publication and printing costs
  - f. Rearrangement and alteration costs
6. MACS will never request federal funds to pay for the following costs:
  - a. Bad debt expense
  - b. Contingencies
  - c. Contributions or donations to others

- d. Entertainment expenses
  - e. Fines and penalties
  - f. Interest, fundraising and other financial costs
7. Federal funds received in advance will be deposited into a separate federally insured bank account. Any interest earned from those monies will be submitted to the funder agency. [It is (MAC's) current policy to receive federal funds only on a reimbursement basis.]

## **Fiscal Policy Statements**

1. All cash accounts owned by MACS will be held in financial institutions which are federally insured and have received a favorable CRA (Community Reinvestment Act) rating.
2. All capital expenditures which exceed \$250 will be capitalized on the books and records of MACS .
3. Employee paychecks and/or personal checks will not be cashed through the petty cash fund of MACS .
4. No salary advances will be made under any circumstances.
5. No travel cash advances will be made except under special conditions and preapproved by the Treasurer of the Board of Directors. Reimbursements will be paid upon full expense reporting using the official MACS form within the normal disbursement schedule.
6. Any item whose value exceeds \$50.00, received via donation, will be recorded in the books and records of MACS .
7. Fiscal Management personnel are required to take annual vacation which will not interfere with fiscal procedures. Variances to this policy shall be made in special circumstances, with written permission from the President.
8. All volunteer time shall be recorded in the books and records of MACS .
9. It is the policy of MACS to reimburse out of pocket expenses only when supporting documentation has been presented for approved costs incurred.
10. It is the policy of MACS to establish pay rates which equal or surpass the federal minimum wage.
11. It is the goal of MACS to maintain a minimum of ten percent (10%) of the operating budget between its operating and savings bank accounts at all times. In the event that balances fall below that amount the President and Treasurer should be notified immediately.
12. All funds received by MACS for each project will be segregated into separate project accounts in the general ledger to avoid any possibility of commingling project monies with general operating funds. A full computerized ledger accounting system will be maintained. Monthly financial statements including Balance Sheet and Statement of Revenues and Expenses will be produced for each project as a separate Department.
13. The Chief Financial Officer and School Leader are signatories of all MACS bank accounts. A third signator will consist of the Treasurer with the most seniority. Two signatures are required for all disbursements and any disbursements exceeding \$1,000 must be authorized in writing by one of the Board of Directors with signature authority, currently the School Leader, Chief Financial Officer, and Treasurer.

14. Bank statements will be reconciled monthly in order to account for any outstanding or lost checks.
15. Expense reports will be maintained which will disclose the nature of expenses, and the dates incurred.
16. Separate files will be maintained for each bank account and each vendor. Files will be kept separately for each fiscal year.
17. The services of a SCSC external approved auditor will be engaged to prepare a formal financial audit of the MACS fiscal year-end.
18. Correction fluid should never be used in preparing timesheets or any accounting documents.



## **Monthly Meeting Checklist**

During each monthly meeting, the following procedures will be performed.

1. The board of directors shall approve new signers to each bank account.
2. The board of directors shall approve any new and necessary bank accounts.
3. As required, new signers shall complete the appropriate signature card and corporate resolutions.
4. Name, address and telephone directory of new board of directors' officers will be obtained for the Director of Operations'.
5. A review of the current operating procedures should be made with the chairperson and treasurer and reaffirmed or revised.
6. All financial institutions should be notified of any changes to the authorized signers of the accounts within three (3) business days following the annual meeting.
7. Any updates to banking information will be provided to the board of directors.
8. Current Banking Available Balance provided to the board of directors.

## **Computer System Backup Procedures**

1. The Chief Financial Officer is responsible for backing up the hard drive of the accounting system at the close of each business each day.
2. The Chief Financial Officer is responsible for sending weekly back up files of the accounting system at the close of each business each week.
3. The Director of Operations' should save the system back-up on the MACS server.