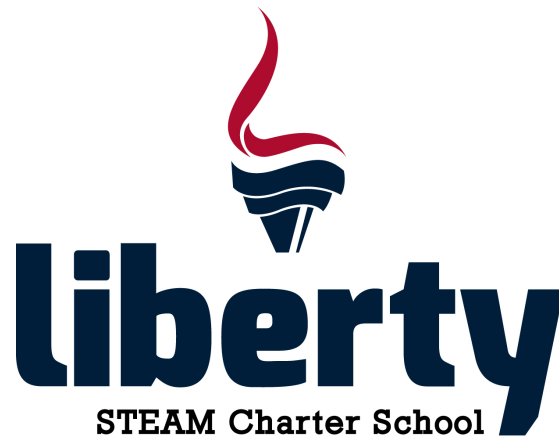




FINANCIAL OPERATIONS POLICIES

Policy History: July 1, 2022
Adopted on: August 29, 2022 & June 24, 2024
Revised on: August 29, 2022 & June 18, 2024
Reviewed on: August 29, 2022 & June 18, 2024

INTRODUCTION

The Financial Operations Policy will provide a summary of statutes and regulations that apply to the financial operations of charter schools, as well as specific model board policies designed to comply with these legal requirements.

These are suggested policies to address state and federal law requirements and State Board of Education Rules applicable to charter schools in South Carolina. Prior to the adoption of model policies by a school board of a charter school, each policy should be customized by adding the school's name where indicated and by tailoring the language, where appropriate, to fit the specific needs, culture, and requirements of the school. PCSASC recommends that the Board of a charter school consult with the school's legal counsel in connection with adopting and implementing the policies contained within this manual.

PCSASC plans to update the Model Board Policies for Charter Schools on an annual basis to reflect changes in applicable laws and regulations.

Scope of Service & Copyright Notice

This policy module prepared by the PCSASC is designed and intended as a resource of information for charter schools and is not to be construed as legal advice. It should be used in connection with consulting and obtaining the advice of the school's legal counsel to ensure compliance with applicable legal requirements.

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I. Business Plan and Budget Process

A. Business Plan

Charter school leaders of both start-up charter schools and conversion schools have a vision for the school and for the results they wish to obtain. A business plan is the recommended way to merge the goals for the school with the everyday mechanics of running a business—obtaining funding, recruiting students, operating a facility, supervising staff, and maintaining the financial health of the organization. The business plan is the first step to outlining the financial goals for the school’s operating board and will shape the budget process for the school. While the business plan should be developed by the founding board and proposed school management, input should be obtained from external stakeholders such as parents, community leaders, and potential staff.

The current charter application requirements in South Carolina delineated in S.C. Code Section 59-40-60 already contain several components that are outlined here. Therefore, thorough development of the business plan will assist charter school leaders as they develop their application. Since the business plan is often used as a tool to obtain funding from community and business leaders, it should be created as an organizational document that describes the school’s purpose and operational plan.

The business plan should include the following:

1. **Description of the school (mission statement, instructional focus, and goals and governance structure).** The governance section is particularly important, as it provides information regarding the school’s governing board structure, bylaws, articles of incorporation, and whether or not the school will utilize the services of an education management organization (“EMO”);
2. **Market analysis supporting how the charter school would be fulfilling a need within the community.** The charter school must engage in ample research of how the current schools within the system are serving the community, how the charter school intends to recruit students from other schools within the district, and how many students must attend the school in order to maintain financial feasibility, etc. This section should also include the school’s marketing plan for reaching out to potential students;
3. **Management plan summarizing how the school will be managed on a day-to-day basis.** If school management has been identified, this section should explain each position’s role and responsibilities and a

proposed organizational chart. If school management has not yet been identified, the business plan should include a recruiting plan, job descriptions for each position, and an estimated time for finalizing the hiring process. The management plan should provide brief descriptions of employment practices such as hiring and firing employees; performance evaluations; salary decisions; and staff training.

If the school will be using the services of an EMO, the management plan section of the business plan should define the general terms and conditions of the arrangement and outline the necessary parameters around the roles and responsibilities of the governing board and the EMO. In addition, if the school will be contracting out any other services (accounting, custodial, food services), those contracts should be described in this section.

This section should also begin to address the financial management plan. This section should begin to analyze the sources of funding that will be available to the school (local funding, state funding, federal funding, funds derived from grants, donations, or private loans) and develop a plan and a timeline for obtaining those funds.

4. Operations plan describing the day-to-day operations of the school.

This section will discuss what grade levels the school will serve; curriculum and instructional focus; class schedules; transportation to and from school; plans for safety and security, etc. This section should also discuss the plans for obtaining a facility if one has not already been obtained.

B. Budget Process:

Charter applications must include detailed and thorough budget documents within the application. ("Application" will be referred to within this document to include new applications as well as renewal applications). The goal of a sound budgeting process will result in not only annual budget documents but also written policies and procedures detailing a system of proper internal controls to ensure fiscal responsibility. Components of the budget process for the application include the financial plan with the annual operating budget, cash flow proforma, and the cash flow projections for the first year of operation and for a five-year period.

If a local charter school, the charter application should also state whether or not the school will be utilizing the local education agency ("LEA") for fiscal management; if so, the application should also include provisions specifying the amount of autonomy the charter school will have with regard to budgets

and expenditures. While the exact requirements of a charter school's annual budget will differ according to the LEA, the state guidelines are addressed here.

1. **Annual Operating Budget**

An operating budget is a dollar amount established as an estimate of expenditures and how they will be financed. While this policy manual is not intended to extensively detail the education funding formula in South Carolina, a charter school's main source of income will be the per-pupil payments it receives from the state and the local district (when appropriate). Since state and local funding is initially determined pursuant to projected enrollment numbers for the charter school, it is important that charter school leaders conduct market research in order to determine reasonably accurate projected enrollment figures. Charter school leaders should analyze how the community's education demands are currently being met in order to determine potential demand for the school. Charter school leaders are encouraged to talk to other charter school operators in the district in order to determine what their year-to-year growth rate has been and whether or not their projected enrollment figures support the growth rate. Since overestimating student enrollment can have significant budget impacts on the charter school, it is recommended that student enrollment projections err on the conservative side. It is also recommended that charter schools periodically conduct an environmental scan to determine if demographics are changing in the community or in the local schools since these factors can impact both enrollment projections and programs that impact funding. The Regulations specifically require that the "[t]he application must include documentation regarding the pupil accounting system, including evidence that the charter school will adhere to the procedures and regulations that are applied to public schools operating in South Carolina. Pupil accounting and reporting requirements must be in compliance with the **S.C. Pupil Accounting Manual** and the **S.C. Student Accountability Manual**, published by the State Department of Education." South Carolina Regulation 43-601`III.G.3. Links to both of the referenced manuals can be found at ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/

The South Carolina Department of Education has a plethora of financial information, tools, manuals, and guidance at <https://ed.sc.gov/finance/financial-services/>

PCSASC strongly recommends charter schools follow the South Carolina Department of Education's Revenue and Expenditure Function Codes as they develop their budget document and accounting system. These function codes are detailed in the South Carolina Department of Education's Financial

Accounting Handbook and can be found at:

<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/financial-accounting-handbook>.

See also the South Carolina Department of Education's Funding Manual located at:

<http://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/funding-manuals/>

Creating a budget document that is aligned with the Department of Education makes creating financial reports and reporting to stakeholders easier and more consistent with public school financial processes in South Carolina. It also will support the audit process.

See also the South Carolina Department of Education's Annual Auditing Guide located at:

<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/>

The budget document itself shows revenues by source (e.g., state funding, federal funding, grants, fees, etc.) and expenditure by object (e.g., salaries, benefits, rent, materials, books, services, professional training, utilities, insurance, etc.) for the first year of operations (or current fiscal year for a preexisting school).

2. Balance & Income Statements

The balance & income statements will show the cash generated and collected by school operations as well as the school's expenditures. While these statements are based upon the annual operating budget, it disaggregates the data into monthly columns resulting in either a surplus or a deficit. These statements are important tools to assist new and operational boards in planning for cash shortfalls and excesses, and thus should be reviewed regularly. The balance & income statement will be produced by the 15th of each month.

The annual operating budget must be adopted by the governing board. The adoption of the budget and any amendments must be recorded in the minutes of the board meeting. It is critical that accurate records of

budget adoption and amendments are kept, as these are often reviewed by auditors during the annual audit process. Appendix A is a board resolution evidencing the formal adoption of a specific board policy and can be used for all policies within this manual.

Appendix B contains a board item for schools to use to document formal board adoption of the budget.

II. System of Fiscal Controls

Charter schools have the flexibility to exercise autonomy over budgets and expenditures. Therefore, the charter school must have the proper procedures in place to ensure that the board is complying with its fiscal responsibilities. The South Carolina Department of Education's Financial

Accounting Handbook is a principal resource regarding Governmental Generally Accepted Accounting Principles and Internal Control Structure. (<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/financial-accounting-handbook>)

The South Carolina Department of Education's Financial Accounting Handbook explains:

"Internal control is a process—effected by an organization's board of trustees, management, and other personnel—designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting;
- Effectiveness and efficiency of operations; and
- Compliance with applicable laws and regulations.

As a result, internal control consists of five interrelated components:

- Control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring."

A discussion of each of the above-identified components can be found at: <https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/financial-accounting-handbook>

A. Bank Accounts and Procedures

The charter school's board should designate a bank (or insured Federal savings and loan association) to be used for deposits, checking accounts, and other banking needs. The bank should be FDIC insured or otherwise fully collateralized. It is a recommended practice for charter schools to issue a request for a proposal for banking services in order to select the school's financial institution. Once selected, the board should adopt a resolution designating the financial institution as the charter school's bank prior to engaging in financial transactions. LSC utilizes Synovus Bank of Sumter. Authorized users include two board directors, the chief finance officer of the organization, the business/finance coordinator, & executive director. A resolution is included in **Appendix D**.

B. System of Internal Controls

The development of a system of internal controls is of utmost importance to the school's financial stability. Internal controls are necessary in order to protect the school from unauthorized access and use of records and funds. In order to determine what internal controls are necessary, it is a recommended practice for schools to engage in a risk assessment in order to identify areas where control would minimize a certain risk. Furthermore, it is recommended that the advice of a financial professional experienced in auditing procedures and processes be consulted to best establish a system of internal controls.

The following are examples of when risk might be introduced into the organization:

- Changes in the unit's operating environment
- New personnel
- New or revised information systems
- Rapid growth
- New departments or activities
- Restructuring or reorganization resulting in staff reductions, changes in supervisor, or segregation of duties.

Once the areas of potential exposure are identified, governing boards must determine if a policy is the best method to minimize the risk, or whether a control or some other system of checks and balances is appropriate, or both. While there are certainly no absolutes, a governing board will minimize its risks when there are strong policies in place and the board closely monitors whether or not those policies are implemented properly by administration or designated staff. Any deviations from standard practice or policy should be documented immediately, and the policy itself should be re-examined to determine if updating or changing the policy is necessary.

The following list is not exhaustive but should assist in an analysis of what internal controls and policies are necessary to ensure reliability in the school's financial practices. s of the policies are attached.

- A board policy should be developed designating the individual(s) on the board with the authority to open and close bank accounts, make deposits and withdrawals and conduct other banking transactions (executive director).. This policy should also address staff turnover and how transfer of vital financial information will be handled (i.e., passwords and account information). This information should be included in the board's bylaws but is important enough to warrant a separate policy as well.

The policy is in **Appendix C** of this manual. While the use of credit cards is discussed in the policy, PCSASC recommends avoiding the use of credit cards whenever possible. Therefore, **Appendix C** includes some important limitations for boards to consider regarding this practice.

- A board policy should be in place detailing management of cash handling since this is one of the most common areas for fraud and misuse. This policy should also include procedures for mail management and incoming checks, reconciliation of bank statements, and withdrawal procedures. The policy is in **Appendix E** of this manual.
- A policy detailing the school's accounting system and how it will be maintained. This policy should detail the controls in place for accounts payable and receivable, processing purchase orders and checks, etc. The policy is in **Appendix F** of this manual.
- A policy prohibiting transactions that would present a conflict of interest and an annual questionnaire for board members to use to disclose any possible conflicts of interest. The policies are in **Appendix H** and **Appendix I** of this manual.
- A policy detailing payroll and benefit disbursements to staff. The policy is in **Appendix J** of this manual.
- LSC uses a purchase card with one owner, one holder, & four authorized users (business/finance coordinator, network operations coordinator, office assistant, and the executive director).

B. Audit Preparation

Charter schools must have an annual financial audit conducted each fiscal

year by an independent South Carolina licensed certified public accountant, and pursuant to S.C. Code 59-40-60(F) must include in its charter school application:

1. Evidence that the plan for the charter school is economically sound, a proposed budget for the term of the charter, a description of the manner in which an annual audit of the financial and administrative operations of the charter school, including any services provided by the sponsor, is to be conducted.

The financial reporting format must be in conformity with generally accepted accounting principles. The audited financial statements are to be included in the annual report submitted to the LEA (State Board of Education), the State Board of Education, and parents of students attending the school. **Appendix G** to this manual contains a policy addressing the audit and financial statements.

The Regulations for Procedures and Standards for Review of Charter School Applications specifically require:

2. The application must include a description of the annual audit of the financial and administrative operations of the charter school, including evidence that the charter school will adhere to the accounting, auditing, and reporting procedures and requirements that are applied to public schools operating in South Carolina. Accounting, auditing, and reporting requirements must be in compliance with the principles set forth in the following publications, published annually by the Office of Finance:
 - a) Single Audit Guide:
<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/annual-audit-guide-and-lars-template/>
 - b) Financial Accounting Handbook:
<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/financial-accounting-handbook>
 - c) Funding Manual:
<https://ed.sc.gov/finance/financial-services/manual-handbooks-and-guidelines/>

C. Annual Report Preparation

In accordance with S.C. Code Ann. Section 59-40-55 (6), charter schools must submit an annual report to their sponsor. This annual report is due by **December 31st**. To view the templates needed by the charter school to complete the Annual Report visit:

<https://ed.sc.gov/districts-schools/school-choice/charter-schools-program/charter-school-annual-report/>

Additional information, resources, and guidance can be found on the South Carolina Department of Education website, <https://ed.sc.gov>; specifically:
<https://ed.sc.gov/finance/>
<https://ed.sc.gov/districts-schools/school-choice/charter-schools-program/>

Guidelines for Retaining Documentation to Support Expenditures:
<https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/guidelines-for-retaining-documentation-to-support-expenditures1/>

Also, the South Carolina Department of Education publishes a monthly newsletter containing vital financial updates to South Carolina School District Business Officials at:
<https://ed.sc.gov/finance/financial-services/monthly-financial-newsletter/>

APPENDIX A
BOARD RESOLUTION ADOPTING POLICY

WHEREAS, on _____ (insert date) the board of _____ Liberty STEAM Charter School (“Board”) met at a publicly called meeting held in accordance with the Board’s bylaws; and

WHEREAS, in accordance with the Board’s bylaws, a quorum was present during the meeting held on _____ (insert date); and

WHEREAS, on _____(insert date) the Board voted to adopt the policy titled “_____” (insert title), a copy of which is attached hereto and incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF _____Liberty STEAM Charter School that the policy “_____” (insert title) is hereby adopted as a Board policy of the _____ Liberty STEAM Charter School.

THIS RESOLUTION IS HEREBY ADOPTED THIS _____DAY OF _____ (insert month), 20____.

Board Chair

APPENDIX B

ANNUAL OPERATING BUDGET POLICY

The Board of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Budget Process

SECTION 1.1. The Executive Director or designated assignee will ensure that Liberty STEAM Charter School follows a budgeting process that is consistent with the requirements of federal and South Carolina statutes, State Board of Education Rules and Regulations, and any other applicable laws or rules.

SECTION 1.2. The Executive Director or designee is responsible for the preparation of the annual budget.

SECTION 1.3. Needs Analysis. Each year before the annual operating budget is drafted the Executive Director or designated assignee shall ensure that a needs assessment of Liberty STEAM Charter School, is drafted and finalized by a budget committee consisting of the CFO, the school's leader and other individuals as designated by the board. The needs assessment shall inform the drafting of the annual budget.

SECTION 1.4. Adoption. The Board shall formally adopt the budget in an open meeting held in accordance with the Board's bylaws before the fiscal year begins and before the expenditure of any funds. The Budget cannot be adopted at the first meeting in which it is presented.

SECTION 1.5. Minutes. The Secretary or Executive Director or designee of the Board will record the adoption of the budget and any amendments in the Board meeting minutes in which the adoption occurs.

SECTION 1.6. Post-Adoption. After the adoption of the budget the Liberty STEAM Charter School and the Board shall review actual fund disbursements compared to the adopted budget and make amendments as needed. This shall occur soon after actual student enrollment is determined.

SECTION 2. Fiscal Compliance

The Business/Finance Coordinator shall ensure that Liberty STEAM Charter School complies with all state and federal laws and rules concerning the budget and related processes of the school.

APPENDIX C

BANK POLICY PROCEDURES

The Board of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Bank Accounts

SECTION 1.1. The Executive Director of Liberty STEAM Charter School has the authority to open a business checking account and a business operating account (insert other accounts where necessary) on behalf of Liberty STEAM Charter School to be used to hold the school's assets.

SECTION 1.2 Liberty STEAM Charter School may utilize a request for proposals or another method for seeking competitive bids for banking services. The Board will adopt a resolution at a board meeting held in accordance with its bylaws to designate the financial institution that the school will use for its banking transactions. Once the resolution has been adopted, the Executive Director has the authority to enter into an agreement with the selected financial institution. This agreement should be signed by the Executive Director & Business/Finance Coordinator. [May want to consider requiring two signatures on the account agreement]. [Use in conjunction with Appendix D].

(If no RFP process was used) The Executive Director has the authority to enter into an agreement with a bank or other federally insured financial institution once the Board has adopted a formal resolution at a board meeting held in accordance with its bylaws designating the bank for the school to use for its financial transactions. Once the resolution has been adopted, the Executive Director has the authority to enter into an agreement with the selected financial institution. This agreement should be signed by the Executive Director & Business/Finance Coordinator. [May want to consider requiring two signatures on the account agreement - LSC indicates this is a requirement.

SECTION 2. Checks, Electronic Withdrawal, or Direct Deposits

SECTION 2.1. The following officers are authorized to sign checks from the bank account on behalf of the school: Harmony Gadson, Kimberly Rauschenbach, Gifford Shaw, Greg Thompson, & Dr. Trevor Ivey. Any authorized check or electronic withdrawal drafted on the school's designated bank account over \$10,000 shall require one signer from the Board. Any check between \$5,000-9,999 must be signed by one additional internal staff

member (Harmony Gadson, Gifford Shaw). Each check must be completed in its entirety before it is signed by either party.

SECTION 2.2. Checks Received. Checks received shall be endorsed “for deposit only” and deposits should be made daily by someone other than the person who prepared the deposit.

SECTION 2.3. Check or Direct Deposit Requests. Services or products rendered, reimbursement requests with original receipts, or mileage reimbursements may receive payment with a check or direct deposit. A request form must be completed by the requestor and approved with a signature by the Executive Director or designee. The request form shall contain the name of the payee, the date the check or direct deposit is requested to be written, the amount of the check or direct deposit, a brief description for the issuance of the check or direct deposit, and the funding source that will be drawn from. The check or direct deposit request shall then be submitted to the Business/Finance Coordinator for processing. All request forms shall be maintained by the Business/Finance Coordinator.

SECTION 2.4 Checks payable to cash for any reason are prohibited.

SECTION 3. Mail Procedures

SECTION 3.1. A non-accounting staff person should receive the mail, open it, and list all checks on a daily collection report or in a pre-numbered receipt book. This report or receipt should identify the date, name of organization or person submitting payment, amount of payment and description of what the payment is for. The office assistant shall be responsible for this task.

SECTION 3.2. An account staff member should receive the checks and daily collection report or receipt book from the person opening the mail.

SECTION 4. Bank Reconciliations

SECTION 4.1 There will be segregation of duties between individuals responsible for cash receipts and cash disbursement and the individual(s) responsible for bank reconciliations.

SECTION 4.2 The Business/Finance Coordinator is responsible for bank reconciliations a minimum of once monthly. Bank statements should be delivered to The Business/Finance Coordinator unopened. Each bank statement, assets, and liabilities shall be reconciled to both the checkbook and the general ledger. This may be done digitally.

SECTION 5. CREDIT CARD PROCEDURES

It is the policy of Liberty STEAM Charter School that credit card use shall be limited and only the following employees or board members are authorized to use credit cards: business/finance coordinator, executive director, office assistant, chief finance officer, & network operations coordinator. The Liberty STEAM Charter School will not use debit cards, and credit cards shall only be used by the following employees (see above) for school business expenditures only. It may not be used for personal purchases and/or cash transactions and shall be maintained by the highest level of security. Credit card transactions in the range of over \$5,000 must receive prior board approval and credit card transactions exceeding \$10,000 are prohibited.

Employees issued a credit card must receive prior, documented approval from the Executive Director or designee before the use of the credit card. Each credit card transaction by any user must be accompanied by the original receipts documenting each transaction.

SECTION 6. TRANSFER OF INFORMATION

If the individual serving as the Executive Director ends his or her term with the Board/employment with LSC or is terminated by the school or otherwise removed from his or her duties, he or she shall immediately give the school management all necessary passwords and other related information. The school will change the passwords and other security information immediately upon the individual serving as the Executive Director ends his or her term/employment with the school.

APPENDIX D
RESOLUTION DESIGNATING FINANCIAL INSTITUTION

WHEREAS, on _____, _____ (insert date), _____ Liberty STEAM Charter School issued a request for proposals for a financial institution; and

WHEREAS, ____ proposals were received from interested financial institutions; and

WHEREAS, the board of Liberty STEAM Charter School reviewed and evaluated all proposals and determined that _____ (insert name of bank) submitted a proposal that was most suited to the school's financial needs.

NOW THEREFORE, BE IT RESOLVED BY _____ (insert the board of the school) that it will enter into agreements with _____ (insert name of bank) for banking services including (enter name of accounts-checking etc.).

THIS RESOLUTION IS HEREBY ADOPTED THIS _____ DAY OF _____ (insert month), 20____.

Board Chair

**Synovus

APPENDIX E

CASH MANAGEMENT POLICY

The Board of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Accounting for Cash Transactions

SECTION 1.1. Documentation. All cash transactions shall be recorded in writing, such as by handwritten receipt detailing from whom the money and in what amount, which shall be signed and dated by the Business/Finance Coordinator or his or her designee who has the authority to receive cash on behalf of LSC.

SECTION 1.2. Depositing Cash. The Business/Finance Coordinator shall be responsible for depositing cash in Liberty STEAM Charter School's bank account. The Business/Finance Coordinator will only be responsible for depositing the cash into the bank account and will be segregated from the duty of receiving the cash on behalf of the school. Deposits shall be made weekly at a minimum. All undeposited cash shall be kept in a secured location on school premises with limited access. A copy of the validated deposit slip shall be returned to the school on same day the deposit is made or the next day after the deposit is made.

SECTION 1.3. Expenditures. All expenditures of school funds, including cash expenditures, shall be documented and accounted for by daily receipts. As a general rule, cash will not be used to make purchases except from petty cash, as described below. School checks shall not be made payable to "Cash".

SECTION 1.4. Segregation of Duties. The Executive Director of Liberty STEAM Charter School shall ensure that appropriate segregation of duties exists with regard to the handling of all money transactions including reconciliation.

SECTION 1.5 Petty Cash. Petty cash shall be maintained in a locked box in the Executive Director's office in an amount not to exceed \$200. All disbursements from petty cash shall be documented in writing, indicating the date, amount disbursed, the identity of the individual receiving the funds, and the reason for the disbursement. Receipts from purchases made with petty cash shall be remitted to the Executive Director's office as soon as practicable. Petty cash funds shall not be used to cash checks.

APPENDIX F

SCHOOL ACCOUNTING SYSTEM POLICY

The Board of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Fiscal Year

The Liberty STEAM Charter School adopts a fiscal year that begins on July 1 and ends June 30 of the following year.

SECTION 2. Financial Accounting

The Liberty STEAM Charter School fully complies with generally accepted accounting principles (GAAP) and any other applicable state and federal standards for financial management systems.

SECTION 2.1. Accounting records. The school shall maintain records that adequately identify the source and application of funds. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income; and shall follow the SC Department of Education's Guidelines for Retaining Documentation to Support Expenditures: <https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/guidelines-for-retaining-documentation-to-support-expenditures1/>

SECTION 2.2. Internal controls. The school shall maintain effective control and accountability of all state and local funds, federal grant and sub-grant cash, real and personal property, and other assets obtained with local, state, or federal funds. The school shall adequately safeguard all such property and assure that it is used solely for authorized purposes.

SECTION 2.3. Source documentation. Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. and shall follow the SC Department of Education's Guidelines for Retaining Documentation to Support Expenditures: <https://ed.sc.gov/finance/auditing/manuals-handbooks-and-guidelines/guidelines-for-retaining-documentation-to-support-expenditures1/>

SECTION 2.4. Budget control. The school shall compare actual expenditures or outlays of state or federal funds with budget amounts for each fund, grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant

agreement. Applicable federal cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

SECTION 2.5. Account Code Structure

Liberty STEAM Charter School must use the account code structure as described in the South Carolina Department of Education's Financial Accounting Handbook.

APPENDIX G

AUDIT AND FINANCIAL STATEMENTS POLICY

The Board of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Annual Audit.

SECTION 1.1. Annual Audit. Annually, the LSC Board shall ensure the engagement of a certified public accountant (CPA) to audit the financial and programmatic operations of Liberty STEAM Charter School. The Board shall select and contract only with South Carolina licensed CPAs. The Board shall ensure that the school provides timely assistance to the auditors in order to provide them with the necessary information for the audit.

SECTION 1.2. Board Action

Once the Board of Liberty STEAM Charter School receives the final report, it must vote to accept the contents of the audit at either its next regularly called meeting or at a special meeting called in accordance with the Board's bylaws.

SECTION 1.3. Submission to Authorizers. The (insert title) shall ensure that a copy of the annual audit report is timely filed with the LEA. The audit report should include a certificate signed by the Chair of the Board that the Board voted to accept the contents of the audit. If the Board did not accept the contents of the audit report, that should be noted with the submission.

SECTION 2. Annual Financial Statement. The (insert title) 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:

- a. 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;
- b. the total disbursements of the fund, itemized by the nature of the expenditure; and
- c. the balance in the fund at the close of the fiscal year.

SECTION 2.1. The Executive Director shall ensure that the annual financial statement is submitted to all authorizers in a timely manner pursuant to deadlines.

APPENDIX H

CONFLICT OF INTEREST POLICY

The Board of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Definitions

- (a) “Board Members” means individuals serving on the governing board of directors of Liberty STEAM Charter School;
- (b) “Board Chair” means the individual serving on the Liberty STEAM Charter School governing board who has been appointed to serve as the chair; and
- (c) “Key Personnel” means individuals serving in a management capacity

SECTION 2. Policy Statement

Board Members must demonstrate unconflicted loyalty to the interests of Liberty STEAM Charter School. All Board Members and Key Personnel shall conduct their personal business and private affairs to avoid any potential or actual conflict of interest between themselves and Liberty STEAM Charter School and shall take immediate and appropriate action to resolve any conflict of interest which actually arises. All Board Members and Key Personnel shall report to the Board Chair any facts or circumstances which they know, or should know, have resulted, or will result in a potential or actual conflict of interest on the Annual Conflict of Interest Questionnaire. The Board Chair {or a majority of Board Members} shall have ultimate and final responsibility for determining whether a potential or actual conflict of interest exists and for enforcement of this Policy.

A. Avoiding Potential or Actual Conflicts

In order to avoid situations which potentially, or in fact, give rise to a conflict of interest, Board Members and Key Personnel shall not engage in any of the following activities:

- a. No Board Member or Key Personnel or member of his/her family shall accept, except on behalf of the Liberty STEAM Charter School, any money or valuable thing because of any purchase, sale, investment or loan made by or for the Liberty STEAM Charter School, nor shall any person have any pecuniary interest in any such purchase, sale, investment or loan.
- b. No Board Member or Key Personnel or member of his/her family shall obtain any loan from the Liberty STEAM Charter School nor, without the consent of the Board Member, hold or acquire a

financial interest in any enterprise which is in competition with the Liberty STEAM Charter School or which to the knowledge of the individual has any business relationship with the Liberty STEAM Charter School as a vendor, or which to the knowledge of the individual has any outstanding loan from the Liberty STEAM Charter School or is negotiating any such loan.

- c. No Board Member or Key Personnel or member of his/her family shall accept gifts, gratuities, favors or services of any kind from any person, firm or corporation doing business or seeking to do business with the Liberty STEAM Charter School, under circumstances in which it might be inferred that the donor's purpose was to influence the individual in the performance of his/her duties.

However, a gift may be accepted under the following circumstances:

- The gift has no more than a token value, and
 - It is in the normal exchange of hospitality or a customary gesture of courtesy between persons doing business together.
- d. No Board Member or Key Personnel or any member of his/her family, shall divulge to others confidential Liberty STEAM Charter School information,
 - e. No Board Member or Key Personnel or any member of his/her family shall use confidential Liberty STEAM Charter School such information for personal profit.
 - f. No Board Member or Key Personnel or any member of his/her family shall accept or maintain any position with any other business which position would conflict or might reasonably conflict with the individual's performance of Liberty STEAM Charter School duties or responsibilities,
 - g. Board Members must not use their positions to obtain employment or special considerations at Liberty STEAM Charter School, or agencies with whom Liberty STEAM Charter School has formal contracts, for themselves, family members or close associates. **If a Board Member desires employment at Liberty STEAM Charter School, he or she must first resign from his or her duties as a Board Member. A Board Member shall be off the Board for one year prior to accepting employment with the school.**
 - h. There will be no self-dealing or any conduct of private business or personal services between any Board Member and Liberty STEAM Charter School except that The Board may resolve to

allow for business arrangements which meet established procedures for openness, competitive opportunity, and equal access to inside information.

- i. No Board Member or Key Personnel or any member of his/her family shall engage in any other activity or take any other action not enumerated herein where the interests of the Board Member or Key Personnel may compete or conflict with the interests of Liberty STEAM Charter School.

B. Conflict of Interest Annual Questionnaire

Each Board Member and Key Personnel, as applicable, shall submit a fully executed copy of the Annual Conflict of Interest Questionnaire to the Board Chair or his or her designee within thirty (30) days of receipt. The Board Chair will note receipt of the Questionnaires in the minutes of the board meeting and will take whatever action he or she deems appropriate to resolve such potential or actual conflicts of interest as disclosed on the Questionnaire.

- a. All new Board Members and Key Personnel shall complete the Questionnaire upon assumption of their responsibilities.
- b. Confidentiality: Any information disclosed in the Questionnaire shall be confidential and used only for purposes of enforcing this Policy.

C. No employee will make any purchase or incur any obligations for or on behalf of the Public Charter School from any non-governmental private business, contractor, or vendor in which or with which the employee has a direct or indirect financial or ownership interest.

D. Procedures for When Conflict of Interest.

Purchases or contracted services from any non-governmental or private business or venture in which any employee of the Public Charter School has a direct or indirect financial or ownership interest will be made on a competitive bid basis in strict accordance with the following procedures:

- a. The interested employee, business, contractor, or vendor will seek, in writing from the Administrator, a clarification of this policy stating the transaction at issue. The interested employee, business, contractor, or vendor will fully disclose, in writing, the employee's exact relationship to the business, contractor, or vendor;
- b. Upon written clarification from the Administrator, which will include written specifications to be followed in advertising for bids, the affected business, contractor, or vendor may submit a

bid in compliance with the specifications outlined by the Public Charter School;

- c. The interested employee will not be involved in any part of the bidding process including, but not limited to, preparing specifications, or advertising, or analyzing or accepting bids;
- d. It will be the duty of each employee, to the best of his/her knowledge and belief, to disclose in writing to the Administrator his/her financial or ownership interest in any business or other purchase arrangement with the Public Charter School; and
- e. This policy will apply to any organization, fund, agency, or other activity maintained or operated by the Public Charter School.

E. Effective Date.

This policy shall become effective upon its adoption by all Board Members and Key Personnel.

APPENDIX I
CONFLICTS OF INTEREST QUESTIONNAIRE

This questionnaire has been prepared in accordance with Liberty STEAM Charter School Policy Statement on Conflicts of Interest and is to be completed by Liberty STEAM Charter School Board Members and any Key Personnel of Liberty STEAM Charter School as deemed necessary.

It is expected that when a potential for, or an actual conflict of interest exists, the affected individual will disclose it immediately to the board chair and refrain from participating, discussing and/or voting on that issue; and shall not be present for any such discussion and/or voting on that issue.

Please read the statements below and check your appropriate response, including explanations, where applicable. Please date, sign, and return to the form to the board chair, or his or her designee, within thirty (30) days of receipt.

I have examined my personal situation as directed in the Statement of Policy on Conflicts of Interest and find that I have:

() No area of potential or actual conflicts of interest.

() No area of potential or actual conflicts of interest except as follows:

Signed:

(Print or type title)

Date:

APPENDIX J

PAYROLL POLICY

The Finance Committee of Liberty STEAM Charter School adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1.1. Accurate & Timely Payroll. The Business/Finance Coordinator shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules. Payroll voucher statements must be signed & approved by the business/finance coordinator, & chief finance coordinator.

SECTION 1.2. School employees shall be paid:

- In United States currency;
- By a written instrument (e.g., check) issued by the employer that is negotiable on demand at full face value for United State currency; or
- By the electronic transfer of funds to the employee's bank pursuant to a direct deposit agreement signed by the employee.

SECTION 2. Paydays.

- **Exempt Employees.** The paydays for exempt employees shall be bi-monthly following the same payroll schedule as non-exempt employees.
- **Non-exempt Employees.** The paydays for non-exempt employees shall be bi-monthly following the same payroll schedule as exempt employees.

SECTION 3. Withholding of Wages. The Business/Finance Coordinator shall ensure that the wages of school employees are not withheld except in the following situations as permitted by applicable laws and rules:

- The school is ordered to do so by a court of competent jurisdiction;
- The school is authorized to do so by state or federal law; or
- The school has written authorization from the employee to deduct part of the wages for a lawful purpose.

Option 1.

SECTION 4. SC State Retirement System. Unless otherwise allowable by law, all employees at Liberty STEAM Charter School shall be members of the South Carolina Retirement System and subject to its requirements. The

Executive Director or designee will ensure that the school complies with all requirements of the South Carolina Retirement System, including making any required contributions.

Option 2.

SECTION 4. School Retirement Fund. Unless otherwise allowable by law, all employees at Liberty STEAM Charter School may be members of the School Funded Retirement Fund and subject to its requirements. The Business/Finance Coordinator will ensure that the school complies with all requirements of operating a Retirement fund, including making any required contributions.