



Learn4Life High School-Charleston Financial Policies and Procedures

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100 INTRODUCTION

Learn4Life High School-Charleston (the School) is a not-for-profit corporation organized under the laws of the State of South Carolina. It is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

South Carolina charter schools and systems are subject to all provisions outlined in state law. In particular, charter schools may not waive state laws or State Board of Education rules pertaining to health and safety, funding formulas, or accountability provisions, including financial accountability.

In an effort to support these requirements, Learn4Life High School-Charleston's Board of Directors has developed this *Fiscal Policies and Procedures Guide (Guide)* to provide Learn4Life High School- Charleston and its administration, faculty, and staff with a central, written depository of fiscal policies and procedures. Though not prescriptive or regulatory, this *Guide* has been adopted by the Learn4Life High School-Charleston Board of Directors as policy.

101 *Scope and Organization*

The *Guide* consists of three sections: Part I contains the recommended policies; Part II contains the recommended procedures, and the Appendices contain the Recommended Chart of Accounts and sample forms.

102 *Purpose of Guide*

- A. The *Guide* serves as the official document for the accounting and administrative functions conducted by Learn4Life High School-Charleston. The *Guide* can be modified where the Learn4Life High School-Charleston Board of Directors deems appropriate.
- B. The *Guide* provides standards and directives for sound management and promotes consistent, prudent financial and administrative practices. Also, it provides guidance to Learn4Life High School-Charleston in the application of various federal and state laws and regulations and the Department of Education's requirements for the administration of grants and contracts awarded by the U.S. Government and other funding sources.
- C. The *Guide* is to be used in conjunction with and referenced to Learn4Life High School-Charleston's existing personnel policy manual, job descriptions, and other policy manuals maintained by Learn4Life High School-Charleston.

103 *Amending the Guide*

This *Guide* contains the essential fiscal policies and procedures for Learn4Life High School-Charleston. From time to time, as additional matters require changes to this *Guide*, the board of Learn4Life High School-Charleston should amend this *Guide*.

PART I- FINANCIAL POLICIES

PART I – POLICIES

200 INTERNAL CONTROL POLICIES

Learn4Life High School-Charleston, under the direction of the Board of Directors, is required to establish and maintain adequate accounting records and internal control procedures. Internal control consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring. The objectives of internal control relate to financial reporting, operations, and compliance.

Learn4Life High School-Charleston and all levels of management are responsible for preventing and detecting instances of fraud and related misconduct and establishing and maintaining proper internal controls that provide security and accountability of the resources of Learn4Life High School-Charleston. Management is also responsible for recognizing risks and exposures inherent to these areas of responsibility and for being aware of indications of fraud or related misconduct.

Any employee with a reasonable basis for believing fraudulent or related misconduct has occurred should report such incidents to the designated authorities within Learn4Life High School- Charleston, SC Department of Education, or the Office of the Inspector General in accordance with South Carolina's whistleblower statutes: 41-15-510 and Title 8.

Internal control policies provide Learn4Life High School-Charleston with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with state and federal laws and regulations and produce timely and accurate financial information. The following policies will highlight some of the areas of internal control that Learn4Life High School-Charleston should consider:

201 *Compliance with Laws*

Learn4Life High School-Charleston will follow all the relevant laws and regulations that govern charter schools within South Carolina State. Additionally, U.S. Government laws and regulations related to grant funding will be adopted as the grant funding is received. The following are specific policies of Learn4Life High School-Charleston:

A. Political Contributions

No funds or assets of Learn4Life High School-Charleston may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of Learn4Life High School- Charleston for political contributions in any form—whether in cash or other property, services, or the use of facilities—is strictly prohibited. Learn4Life High School-Charleston also cannot be involved with any committee or other organization that raises funds for political purposes.

Following are examples of prohibited activities:

1. Contributions by an employee that are reimbursed through expense accounts or in other ways.
2. Purchase by the organization of tickets for political fundraising events.
3. Contributions in-kind, such as lending employees to political parties or using Learn4Life High School-Charleston's assets in political campaigns.

C. Record Keeping

To provide an accurate and auditable record of all financial transactions, Learn4Life High School- Charleston's books, records, and accounts are maintained in conformity with generally accepted accounting principles as required by the South Carolina State's statutes, applicable to Learn4Life High School-Charleston.

Further, Learn4Life High School-Charleston specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of Learn4Life High School- Charleston
2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

202 *Organizational Conflict of Interest or Self-Dealing (Related Parties)*

Learn4Life High School-Charleston may not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to Learn4Life High School-Charleston or members of its management unless the private benefit is considered merely incidental. Learn4Life High School-Charleston will follow the South Carolina Public Charter School District's conflicts of interest policy.

Conflict of interest and state government ethics laws and disclosures restrict public officials and employees from taking advantage of their position to gain improper benefits for themselves, relatives, their associates, or their friends. The law also restricts board members from voting on matters affecting their financial interests. It limits the circumstances under which they can receive anything of value because of their official position. A board member may not vote or enter into any discussion if one of the following groups will receive the financial benefit:

- A. The board member, his/her immediate family, or his/her business partner;

- B. A business organization in which the board member is serving as an officer, director, trustee, partner, or employee; or
- C. Any person or organization with which the board member is negotiating or has any arrangement concerning prospective employment.

The private benefit preclusion will extend to:

- A. Sale or exchange, or leasing, of property between Learn4Life High School-Charleston and an affiliated or unaffiliated organization or a private or related individual.
- B. Lending of money or another extension of credit between Learn4Life High School-Charleston and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.
- C. Furnishing of goods, services, or facilities between Learn4Life High School-Charleston and an affiliated organization (excluding component units) or unaffiliated organization or a private or related individual.
- D. Payment of compensation, unless authorized by the Board or its governing body, by Learn4Life High School-Charleston to an affiliated or unaffiliated organization or a private or related individual.
- E. Transfer to, use by, or for the benefit of a private or related individual of the income or assets of Learn4Life High School-Charleston.

Thus, Learn4Life High School-Charleston will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s). Each member of the Board of Directors will disclose any conflicts or possible conflicts that the Director may have by signing an attestation document each year.

Related party transactions shall include transactions between a school and members of the board, management, contracted management organization, employees, related individuals, and affiliated companies. Related individuals within the scope of this definition include spouses, parents, and children, spouses of children, grandchildren, siblings, father-in-law, and mother-in-law, sister-in-law, and brother-in-law of a board member or school employee.

No funds or assets of Learn4Life High School-Charleston may be contributed to any religiously affiliated organization.

203 Board Authorities

The Board is responsible for the operation of Learn4Life High School-Charleston in accordance with the provisions of state and federal laws and regulations and conditions as the Board or Commissioner of Education may establish from time to time. The Board is also responsible for operating Learn4Life High School-Charleston in accordance with the representations made in its application submitted to and approved by the South Carolina Public Charter School District Board.

Specifically, the Board shall have the sole authority to approve, and will incorporate into its own minutes such matters as (i) change of Learn4Life High School-Charleston's name, with the Department of Education's and district office approval (ii) adoption of the annual operating and capital budgets, (iii) selection or termination of key employees (iv) key employees' salary and salary changes, (v) incurrence of debt, mortgages or other encumbrances and their covenants and restrictions, within the terms of the charter (vi) investment policies, (vii) depository and investment banks, (viii) purchase or sale of property (ix) opening up or closing checking or savings accounts, and (x) selection of Learn4Life High School-Charleston's certified public accountants and (xi) other activities associated with the operations of Learn4Life High School-Charleston.

The Board will meet regularly to ensure that its fiduciary duty is maintained. The Board will review the following: prior meeting minutes, business items, educational items, subcommittee reports, School Principal report, new business, and other items. For additional guidance on the regulatory and statutory obligations of a Board.

204 *Signature Authorities*

To properly segregate duties within Learn4Life High School-Charleston, the Board Chairperson, the Treasurer of the Board, and the Principal are the only individuals with signatory authority. They are responsible for authorizing all cash transactions. Individual disbursements of a non-recurring nature greater than \$25,000 will require dual approvals prior to check issuance.

To properly segregate duties within Learn4Life High School-Charleston, the following officers of Learn4Life High School-Charleston;

President, Daniel Luginbill

Board Treasurer, Richard Thaler, Jr.

School Principal

are the only individuals that the President may assign with signatory authority to authorize transactions. Individual checks of a non-recurring nature greater than \$25,000 require board approval.

205 *Government Access to Records*

The Learn4Life High School-Charleston Principal will provide access to Learn4Life High School-Charleston's records if requested to the Inspectors and provide supporting records, as requested by government auditors, to facilitate the completion of such audits or reviews in a timely manner.

206 *Security of Financial Data*

- A. Learn4Life High School-Charleston's accounting software should be reviewed to ensure that general and application controls to unauthorized access to data are precluded (i.e., proper password protection and authorizations for inquiry or browse only functions.)
- B. The Board of Directors or its designee will ensure that the accounting system has sufficient data preservation and recovery controls in place to ensure the recoverability of financial information in case of hardware, software, or network failure.
- C. All other financial data, unused checks, and unclaimed checks will be secured by

Learn4Life High School-Charleston's Business Manager from unauthorized access.

207 *Security of School Documents*

Originals of the following corporate documents are maintained, and their presence is verified periodically:

- A. Charter and all related amendments
- B. By-laws
- C. Minutes of the Board and subcommittees
- D. Banking agreements
- E. Leases
- F. Insurance policies
- G. Vendor invoices
- H. Grant and contract agreements
- I. Fixed asset inventory list
- J. Contract and grant billings

208 *Use of School Assets*

School employees should not use any of Learn4Life High School-Charleston's assets for personal use without prior approval of the Board and with proper justification.

209 *Use Of School Credit Cards*

Credit cards issued to Learn4Life High School-Charleston should only be issued with the formal approval of the Board of Directors and with proper justification. The cost/benefit to Learn4Life High School- Charleston should be fully reviewed to ensure that no other method is appropriate. If credit cards are issued, they should be assigned to certain school employees and used only for school-related expenditures. All charges must be supported by invoices or travel reports to be eligible for payment by Learn4Life High School-Charleston.

Monthly credit card statements are reconciled to invoices and travel reports and are approved by the Principal unless not deemed independent. The approval would be performed by the Chairperson of the Board of Directors.

Learn4Life High School-Charleston's Board recognizes the value of credit cards as an efficient method of payment and record-keeping for certain expenses. The Board, therefore, authorizes the use of credit cards. The authorization, handling, and use of credit cards are approved in order to provide a convenient and efficient means to purchase goods and services from vendors.

- A. The Board affirms that credit cards shall only be used in connection with Board-approved or school-related activities. Only those expenses that are for the benefit of Learn4Life High School-Charleston and serve a valid and proper public purpose shall be paid for by credit cards.
- B. Under no circumstances shall credit cards be used for personnel purchases or the purchase of alcoholic beverages regardless of whether the purchase of such beverages is made in connection with a meal.

Any use of the credit card that violates Board policy or procedures or State statute shall result in disciplinary action up to and including termination, personal responsibility for any and all

charges, including finance charges and fees assessed in connection with late payment resulting from such use, and / or possible referral to law enforcement authorities for prosecution.

The Board directs Learn4Life High School-Charleston Admin to determine and specify those employees authorized to use credit cards. Learn4Life High School-Charleston Admin shall be responsible for giving direction to and supervising such employees` use of credit cards.

The employees who are authorized to use credit cards must sign- in and sign- out the credit card form from the Business Office. When returning the credit card, all receipts for related purchases must be submitted.

If credit cards are issued, they should be assigned to certain employees and should be used only for school-related expenditures. Invoices must support all charges to be eligible for payment by Learn4Life High School-Charleston.

Monthly credit card statements must be reconciled and approved by the Learn4Life High School- Charleston Principal.

300 FINANCIAL MANAGEMENT POLICIES

300 *Basis of Accounting*

Learn4Life High School-Charleston will maintain its accounting records and related financial reports in accordance with Generally Accepted Accounting Principles (GAAP). Financial reports on a cash basis may also be generated for management purposes as often as deemed necessary.

301 *Accounting Policies*

The accounting policies and financial reporting adopted are consistent with the special purpose governmental entity requirements of the Governmental Accounting Standards Board (GASB), including Statement of Governmental Accounting Standards No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, Learn4Life High School-Charleston has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

302 *Basis of Presentation*

The accounts of the Charter School are organized in a manner consistent with an independent, governmental accounting entity. The operations are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues, and expenditures.

Note on Component Units: All non-profit agencies associated with the Charter School should be evaluated during the planning stage of the audit to determine if they should be included as a component unit of Learn4Life High School-Charleston. If they are considered a component unit, then all of their financial information should be reported in conjunction with the Charter School's financial statements and accounted for in accordance with *GASB No. 's 14 and 39*. If they do not meet the criteria of a component unit, then all the transactions incurred between the non-profit and Learn4Life High School-Charleston should be evaluated as related party transactions and disclosed in accordance with GAAP and the *Guide*. USDOE requires that all related party transactions, whether material or immaterial, be disclosed in the notes to the financial statements.

Learn4Life High School-Charleston is legally a separate entity organized as a special purpose governmental entity that engages in *Governmental Activities*. Learn4Life High School-Charleston is a component unit of the South Carolina Public Charter School District. The operations are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues, and expenditures. Learn4Life High School-Charleston uses the following funds:

- General Fund
- Special Revenue Fund
- Education Improvement Act Fund
- Fiduciary Fund (Pupil Activities)

303 Revenues

Under the modified accrual basis of accounting, revenues are recognized when earned, consistent with generally accepted accounting principles.

304 Expenditures

Under the accrual basis of accounting, expenses are recognized when services are incurred, or goods are received.

305 In-Kind Expenses

In accordance with GAAP, Learn4Life High School-Charleston recognizes donated services if Learn4Life High School-Charleston would have purchased these services (e.g., transportation, professional fees, etc.). These expenses are recorded when incurred. Learn4Life High School-Charleston recognizes non-cash donations as contributions at their estimated fair value at the date of donation, and general volunteer hours are not recorded. It is the donor's responsibility to determine the fair value of their donation. Learn4Life High School-Charleston will not provide an estimate of value for a donation.

306 Incurred Costs

For the purpose of invoicing funding sources for allowable costs under cost-reimbursement grants or contracts, the term "costs incurred" is defined as follows: costs related to items or services incurred directly for the grant or contract and received at the time of the request for reimbursement and not explicitly disallowed by the funding source.

307 Cash Management

A. Learn4Life High School-Charleston shall maintain a checking account for use in paying operating expenses and payroll. It is not a requirement that separate accounts be maintained for payroll. No bank account may be opened or closed without the approval of the Board of Directors.

B. A schedule of aged accounts payable and accounts receivable is to be prepared monthly and reviewed by the Board Treasurer. Appropriate collection procedures for outstanding accounts receivable are to be initiated, if necessary.

C. Learn4Life High School-Charleston maintains cash accounts at the following banks:

1. South State Bank

D. Grant and other receivables are reviewed in the monthly balance sheet provided to the board of directors.

308 Accounts Receivable Aging Criteria

Accounts receivables (if any) are aged on a thirty, sixty, ninety, and over-ninety-day basis.

309 Grant/Contract Invoicing

In accordance with grant finance regulations (recipients of state and federal grant funds may only receive payment for the time period and specified expenditures contained in the original grant executed by the granting authority), grant recipients may expend state, federal, and other grant funds in accordance with the grant agreement. In the case of the Department of Education, this means the date that the grant is entered as **approved** into the Department of Education's grants management system.

- A. Invoices, claims, or other required information are submitted to the grantor based on the grant agreement.
- B. The invoicing format to be used is that specified by the funding source.

310 Investments

Learn4Life High School-Charleston shall follow the state and federal statutes in regards to purchasing investments, which includes the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Banks and savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as an escrow agent or custodian, of a market value not less than the amount of the certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

311 Budgets

- A. Learn4Life High School-Charleston (with the assistance of the School's fiscal management provider) prepares an annual operating budget of revenues and expenses and a cash flow analysis. These budgets and projections are reviewed and approved by the Board at an annual, monthly meeting and modified, if necessary.
- B. Financial statements displaying budget vs. actual results are prepared by Learn4Life High School- Charleston's fiscal management provider and presented to the Board at each board meeting.

312 Insurance and Bonding

- A. Learn4Life High School-Charleston maintains the required levels of coverage, as deemed appropriate by SCDE, SCPCSD, and the Board, for the following policies:
 - 1. General liability
 - 2. Business & personal property (including auto/bus)
 - 3. Computer equipment
 - 3. Workers' compensation
 - 4. Personal injury liability
 - 5. Unemployment
 - 6. Fidelity bond
 - 7. Board Errors and Omissions Insurance
 - 8. Director and Officers Insurance
 - 9. Student Accident
 - 10. Umbrella Premium

- B. Learn4Life High School-Charleston requires proof of adequate insurance coverage from all prospective contractors, as deemed applicable by the Board.

313 Retirement Benefit

Learn4Life High School-Charleston provides employees the option to participate in a 403b Savings plan where employees contribute through pre-tax payroll deductions, and Learn4Life High School-Charleston may make matching contributions to the amounts the employees have contributed.

314 Record Retention and Disposal

- A. Records are maintained for the following minimum periods:
 - 1. Books, records, documents, and other supporting evidence including paid, canceled, or voided checks, accounts payable records, vendors' invoices, payroll sheets and registers of salaries and wages, tax withholding statements, employee timesheets, and other public documents are retained for seven years after the original entry date.

- B. The following records supporting federal contracts, as required by the U.S. Office of Management and Budget, are retained for the indicated minimum periods:
 - 1. For seven years after submission of the final report of expenditures: general ledger, trial balance, accounts payable and accounts receivable ledger, payroll register, and petty cash book, check register and checks, invoices. Except for:
 - a) If any litigation, claim, or audit is started before the expiration of the 5-five-year period, the records shall be retained until all litigation, claims,

or audit findings involving the records have been resolved, and final action is taken.

- b) Records for real property and equipment acquired with Federal funds shall be retained for seven years after final disposition.
2. Permanently: Audit reports, annual corporate reports, charter, board minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement and pension records.
- C. The disposal date determined under this policy is the end of the fiscal year or the date of final payment of government grants.
- D. All records not supporting government grants or otherwise covered by the Internal Revenue Service rules are retained for seven years from the end of the fiscal year in which the records were originally prepared.
- E. All financial records are maintained in chronological order, organized by fiscal year.
- F. In connection with the disposal of any records, the School Principal prepared a memorandum of record disposal, listing the record or the class of records disposed of. The Board certifies this memorandum of records disposal.

315 *Financial Reporting*

Learn4Life High School-Charleston Administration and/or fiscal management provider is to maintain supporting records in sufficient detail to prepare the School's financial reports, including:

- A. Annually:
 1. Financial statements for audit
 2. Annual budget
 3. Depreciation
 4. Annual payroll filings (W-2's, 1099's, etc.)
- B. Monthly:
 1. Monthly/Quarterly Financial Reports as required by the District and/or DOE. (Trial Balance)
 2. Internally generated budget vs. actual financial statements with explanations for significant variances
 3. Billing invoices to funding sources
 4. Updating cash flow projections
 5. Accounts receivable aging report
 6. Accounts payable listing
 7. Reconciliation Reports
 8. Amended Budget (if applicable)

9. Cash Flow Analysis
10. Capitalized Fixed Asset Listing

C. Quarterly:

1. IRS Form 941 and payroll tax returns and comparable state taxing authority returns
2. Other reports upon request

316 *Audit*

Learn4Life High School-Charleston's Board contracts annually with a qualified independent certified public accounting firm to conduct an audit of Learn4Life High School-Charleston's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, 2011 Revision (GAS) and, if applicable, the *U.S Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards and the required elements provided by the South Carolina Department of Education (SCDE) in order to conduct the audit engagement properly.

317 *Audit Review and Follow up*

Learn4Life High School-Charleston Administration and Governing Board receive notice of any consequential irregularities and management letter comments that the auditor noted during the engagement. Additionally, The Governing Board will develop a corrective action plan to address all relevant weaknesses noted by the auditor. Learn4Life High School-Charleston Administration and/or CFO will also review all financial information of Learn4Life High School-Charleston and provide recommendations to the Board.

318 *Chart Of Accounts*

Learn4Life High School-Charleston will adhere to and record all transactions in accordance with the South Carolina Financial Accounting Handbook.

The chart of accounts is in accordance with the SCDE and is maintained in Learn4Life High School- Charleston's accounting software. Guidance for appropriate account numbers and structure is located on the SCDE's website (www.ed.sc.gov/agency/as/) under the auditing services area. The chart of accounts will assist schools in managing their operations, preparing financial statements, and facilitate their preparation of the audited financial statements required by SCDE.

400 **POLICIES RELATED TO ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE**

401 *Assets*

Economic resources are recognized and measured in conformity with generally accepted accounting principles. Assets also include certain deferred charges that are not resources but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of assets.

402 Bank Accounts

- A. Bank accounts for the indicated purpose(s) and limitation(s) have been authorized by the Board of Learn4Life High School-Charleston and are maintained at the indicated Federal Deposit Insurance Corporation (FDIC)-insured banks:

<i>Name of Bank(s)</i>	<i>Purpose/Limitation of Account</i>
South State Bank	Checking Accounts

403 Petty Cash Payments

There is no Petty Cash in account in Chart of Accounts of the School usage of petty cash to make a payment prohibited by the Board of the School.

- A. Petty cash payments are made from a fund not to exceed \$500 and should be for cash advances, local expense reimbursement, and small-dollar vendor purchases provided proper documentation is furnished with each request. No individual payment shall be greater than \$100.
- B. The petty cash account is balanced on a monthly basis by the petty cash custodian. The replenishment check is made out to "(Custodian's name) - *Petty Cash Custodian*" on an as-needed basis.

404 Criteria for Capitalizing and Depreciating for Property and Equipment

All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$5,000 or more is capitalized and recorded in the Statement of Net Position. Depreciation associated with the fixed asset will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the Statement of (revenues, expenses, and changes in net assets.) Activities for audit purposes.

405 Impairment of Assets

A recognized impairment of an asset is reflected when circumstances warrant. The appropriate adjustment is made for any impaired assets, accompanied by a description of the impaired asset and the measurement assumptions used in determining the impairment. All impairments should be reported to the Board for approval of the adjustment to the fixed asset subsidiary ledger.

406 Betterments, Improvements, and Leasehold Improvements

Expenditures for significant betterments of existing leased/owned properties are recorded in fixed assets at cost. Maintenance and repairs are expensed as incurred. Depreciation associated with the betterment will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the Statement of revenues, expenses, and changes in net assets. Activities for audit purposes.

407 *Liabilities*

Economic obligations that are recognized and measured in conformity with generally accepted accounting principles. Liabilities also include certain deferred amounts that are not obligated but are recognized and measured in conformity with generally accepted accounting principles. The following sections describe policies related to the recognition of liabilities.

408 *Accounts Payable*

Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

409 *Accounts Payable Payment Policy*

Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

410 *Unearned Revenues*

Unearned revenues arise when resources have been received but not yet earned. Federal, state, local and private program grant revenues received and not yet expended by Learn4Life High School-Charleston are recorded as unearned revenue. In subsequent periods, when both revenue recognition criteria are met, or when Learn4Life High School-Charleston has a legal claim to the grant proceeds, the liability for unearned revenue is removed from the balance sheet, and revenue is recognized.

411 *Accrued Liabilities*

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred but unpaid, are reflected as a liability when entitlement to payment occurs.

412 *Debt*

- A. When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year.
- B. All short-term and long-term debt is approved by Learn4Life High School-Charleston's Board.
- C. Loan agreements should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

413 *Liability for Compensated Absences*

- A. Compensated absences arise from employees' absences from employment due to vacation leave or other school-designated circumstances. When Learn4Life High School-Charleston expects to pay an employee for such compensated absences, a liability for the estimated probable future payments is accrued if all of the following conditions are met:

1. The employee's right to receive compensation for future absences is attributable to services already performed by the employee.
2. The employee's right to receive compensation for future absences is vested or accumulates.
3. It is probable that the compensation will be paid.
4. The amount of compensation is reasonably estimable.

414 *Accrued Teachers' Salary*

The portion of any teachers' salaries paid for a school year that extends into the next fiscal year (e.g., a twelve-month salary schedule from July 1 to June 30 of the following year) should be accrued at the end of the fiscal year for which services were rendered.

415 *Debt*

- A. When applicable, short-term debt consists of financing expected to be paid within one year of the date of when the debt was incurred. Long-term debt consists of financing that is not expected to be repaid within one year.
- B. All short-term and long-term debt is approved by the Board of Directors and may not exceed the duration of the charter.
- D. Loan agreements approved by the Board of Directors should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

416 *Net Assets*

Net assets are recorded in accordance with generally accepted accounting principles applicable to special-purpose governmental units. Net assets include the following:

- Unrestricted
- Restricted
- Investment in Capital Assets, net of related debt

417 *Equity*

Learn4Life High School-Charleston's equity is recorded in two ways: Net Position, which is included in government-wide financial statements, and Fund Balance, which is included in the fund financial statements. Learn4Life High School-Charleston operates its day-to-day activities under the fund basis of accounting.

Equity, when classified as Net Position, is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Equity, when classified as Fund Balance, is displayed in the following categories:

- a. *Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or legal or contractual constraints (such as inventories, prepaids, long-term loans and notes receivable, and property held for resale).
- b. *Restricted* – includes fund balance amounts constrained for specific purposes that are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c. *Committed* – includes fund balance amounts constrained for specific purposes that the government internally imposes through formal action of the highest level of decision-making authority and does not lapse at year-end.
- d. *Assigned* – includes fund balance amounts intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Director.
- e. *Unassigned* – is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

500 COST ACCOUNTING POLICIES

501 *Consistency in Cost Accounting*

Practices used by Learn4Life High School-Charleston in estimating costs in grant/contract proposals are consistent with its accounting practices used in accumulating and reporting costs. Accounting practices used by Learn4Life High School-Charleston in accumulating and reporting actual costs are consistent with its practices used in estimating costs in its grant and contract proposals.

502 *Unallowable Costs*

Costs expressly unallowable or mutually agreed to be unallowable are identified in separate general ledger accounts and excluded from billings to a grant or contract with the respective funding source. Available guidance includes, but is not limited to, OMB Circular A-87 - *Cost Principles for State, Local and Indian Tribal Governments*, OMB Circular A-102 - *Grant and Cooperative Agreements with State and Local Governments*, OMB Circular A-133 - *Audits of State and Local Governments and Nonprofit Organizations*.

503 *Separate Records of Unallowable Costs*

Learn4Life High School-Charleston maintains separate records of all expressly and mutually agreed upon unallowable costs.

504 *Cost Accounting Period*

The fiscal year of Learn4Life High School-Charleston is July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals.

505 *Gain or Loss on Disposition of Assets*

Gains and losses from the sale or other disposition of property are recorded as revenue in the year in which they occur and are reflected as such on the *Statement Activities*.

600 **PROPERTY MANAGEMENT POLICIES**

601 *Property and Equipment*

Learn4Life High School-Charleston maintains detailed records of all government-furnished property and equipment, identification and segregation of property and equipment acquired through government contracts. Learn4Life High School-Charleston will maintain detailed records of all property and equipment acquired through donation, assumption or purchase

602 *Identification of Property*

Learn4Life High School-Charleston tags all property in accordance with SCPCSD and/or grantor's policy upon receipt and assigns an identification number to the property and all applicable documents.

603 *Recording and Reporting of Property*

A. Learn4Life High School-Charleston maintains a log identifying all property in its possession, as follows:

1. Name and description
2. Serial number, model number, or other identification if applicable
3. Whether title vests with the School or a governmental entity
4. Vendor name, acquisition date, and cost
5. Location and condition of the equipment
6. Ultimate disposition data, including date of disposal and sales price or method of disposal

604 *Physical Inventories*

A. Learn4Life High School-Charleston performs a physical inventory of all property in its possession or control on an annual basis.

- B. The physical inventory records include each asset, the related control number, location, and a brief description of its condition.
- C. The physical inventory is reconciled to the detailed fixed asset subsidiary ledger, and differences, if any, are investigated and reconciled on an annual basis.

605 *Disposal of Property and Equipment*

- A. No item of property or equipment shall be removed from the premises without prior approval from the School Principal and/or the Board.
- B. Learn4Life High School-Charleston has adopted standard disposition procedures for the School staff to follow, including a Fixed Asset Disposal Form (appendix F in SCPCSD’s Fixed Assets Accounting Procedures), which identifies the condition of the asset, and supervisory approval or denial.
- C. When the property is retired, the appropriate asset in the fixed asset list will be adjusted and reflected correctly in the general ledger.

700 PROCUREMENT POLICIES

701 *Procurement – Goods and Services*

Learn4Life High School-Charleston procures only those items and services required to perform the mission and/or fill a bona fide need. The school procurement officer will be the Principal and will oversee and be accountable for all purchasing. The school may seek procurement assistance from the school’s service provided if needed. Whenever possible, Learn4Life High School- Charleston will use a competitive procurement process. For purchases less than \$2,500, sound business practices and reasonable comparison of vendors and value will be conducted in the absence of competing, multiple written proposals. For purchases between \$2,500 and \$20,000, at least three (3) quotes will be obtained and evaluated. A formal bid process will be used for goods and services expected to be valued at greater than \$20,000, in which multiple bids will be sought and evaluated using a formal evaluation process. Any expense over \$35,000 must be approved by the Board of Directors prior to purchase.

- A. Learn4Life High School-Charleston adheres to the following objectives:
 - 1. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
 - 2. Make all purchases in the best interests of Learn4Life High School-Charleston and its funding sources.
 - 3. Obtain quality supplies/services needed for delivery at the time and place required.
 - 4. Buy from responsible and dependable sources of supply.
 - 5. Obtain maximum value for all expenditures.
 - 6. Deal fairly and impartially with all vendors.

7. Be always above suspicion of unethical behavior; avoid any conflict of interest, related parties, or even the appearance of a conflict of interest in the School supplier relationships.
- B. Learn4Life High School-Charleston will execute a *Purchase Order* when required by the vendor, and it shall be approved by Learn4Life High School-Charleston Principal/Executive Director according to the school budget.
- C. All lease agreements will be evidenced by a lease or sublease agreement approved by the Board and signed by Learn4Life High School-Charleston Board President. The agreement will identify all the terms and conditions of the lease.

702 *Emergency Purchases*

An “emergency purchase” is the purchase of goods or services so badly needed that Learn4Life High School-Charleston will suffer financial or operational damage if they are not secured immediately. A decision to purchase may be declared in an emergency at the school’s discretion, and “best value” procurement guidelines must be followed. In addition, the purchase must be authorized by the Treasurer or another designee.

703 *Procurement – Construction*

Learn4Life High School-Charleston must comply with certain laws while constructing a new facility or performing construction on its current facility. These laws include numerous federal and state laws. When undertaking construction or renovation projects, the school should seek advice from private and public resources and trade organizations, and consumer advocacy bureaus familiar with school construction procurement best practices.

704 *Procurement – Educational Services*

The Board *or School Principal* must approve the terms of the contracts with individuals or organizations that provide “substantially all educational services.” These contracts are not valid or in effect prior to receiving final approval from the Board or School Principal.

800 PAYROLL AND TRAVEL POLICIES

801 *Payroll Policies*

- A. Employees are paid on a 12-month, monthly schedule. The employee’s pay cycle may go from July 1 to June 30 or August 1 to the following July 31, and these details are included in the Employee’s work agreement.
- B. Hourly Employee’s time is properly approved by both the individual and the supervisor and reported to the Business Office or designated representative.
- C. All employee payroll amounts are calculated based upon approved rates included in the individual’s personnel file.
- D. Any changes to the pay rates or benefits are appropriately authorized by the Head of School.

- E. All payroll taxes and benefits are appropriately calculated, and any deposits are made in a timely manner.
- F. Payroll liabilities and expenses are recorded in the general ledger and balanced with the payroll register
- G. All payroll tax reports are prepared in a timely manner and reviewed by a designated individual for accuracy prior to filing.

802 *Employee Mileage Reimbursement*

- A. All employees are reimbursed at the IRS standard mileage rate to use their own vehicle for business-related travel. In addition, parking fees and tolls paid are reimbursable if adequately supported.
- B. All employees requesting such mileage reimbursement are required to furnish an employee reimbursement form containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date. Each employee is responsible for detailing the travel and related expenses and including the required supporting documentation.
- D. The travel report must be signed by the employee and approved by their direct supervisor.

803 *Travel Expense Reimbursement*

Employees must complete a record of all expenses for which they seek reimbursement and submit receipts along with the expense record for reimbursement. Reimbursement requests must be submitted within thirty (30) days after the date of expenses. Requests submitted after thirty (30) days will require executive review (approval/denial) before processing. Under certain circumstances, Learn4Life High School-Charleston may need to modify its reimbursement policy and procedures. Employees will be notified of changes made to the Expense Reimbursement policy or procedures.

Reimbursement will be processed for items that are eligible expenses and are supported with complete and detailed documents. Requests with incomplete/unclear documents will be put on hold until complete information is received. Approved reimbursement will be paid out within a reasonable time from approval of the reimbursement request.

804 *Lodging and Flights*

If lodging is necessary and approved during business travel employees must use the federal per diem rates for lodging which can be found on the GSA website using the following link: <https://www.gsa.gov/travel/plan-book/per-diem-rates>. Reimbursement will be based on the per diem rate for the city they are traveling to. If the city the employee is traveling to is not listed, they should use the daily rate for the county. If the county to which they are traveling is not listed, they should use the current maximum daily reimbursement rate of \$96.

If an employee is traveling and airfare is required, the reimbursable amount for the flight will be based on GSA rates for one-way air travel. The employee will use the Airline City Pair database on GSA’s website to determine the maximum allowable airfare based on where they are traveling to and from. The database can be accessed using the following link: <https://cpsearch.fas.gsa.gov/cpsearch/search.do>.

805 Meal Reimbursement

Learn4Life High School-Charleston employees on business travel will be reimbursed for three meals a day at the rates detailed in the below chart. Employees must submit receipts for their meal expenses with their completed travel report. Maximum reimbursement amounts for in- state and out-of-state travel are listed below.

In-state:

Breakfast	\$8.00
Lunch	\$10.00
Dinner	\$17.00

Out-of-State

Breakfast	\$10.00
Lunch	\$15.00
Dinner	\$25.00

Alcohol is not reimbursed by Learn4Life High School-Charleston.

900 CONSULTANTS AND CONTRACTORS POLICIES

901 Consultant Utilization

The utilization of all consultants and contract personnel are sufficiently evidenced by:

- A. Details of all agreements (e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any) with the individuals or organizations providing the services and details of actual services performed.
- B. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed.
- C. The use of a management contract for educational and administrative services will clearly identify the contractor’s performance requirements, including students’ academic achievement, contractor’s compensation, and Learn4Life High School-Charleston’s rights to educational curricula and intellectual property developed.
- D. Payment plan of contracts must be clearly identified by the contractors.

902 Independent Contractors

The use of consultants is closely monitored to not vary from the rules of the Internal Revenue Code. In particular, the contractor will:

- A. Be free from the employer’s control and direction in performing the service, both under a contract and in fact.
- B. Provide a service that is outside the employer’s usual course of business.
- C. Must be engaged in an independent trade, occupation, profession, or business of the same type.
- D. Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.
- E. Not be assigned a permanent workstation.
- F. Use his or her own stationery or timesheet in billing for services.

PART II – RECOMMENDED PROCEDURES

The following section of the *Guide* will provide procedures, which will support the policies contained in Part I of the *Guide*.

1100 GENERAL ACCOUNTING PROCEDURES

This section describes procedures for the overall accounting system design, General Ledger activity, and General Ledger closeout for Learn4Life High School-Charleston. Where the procedures note a specific job title (e.g., Finance Officer), another individual may be substituted, provided a sufficient separation of duties is maintained.

1101 Overall Accounting System Design

1. Control Objective

To establish a coding structure that supports financial reporting and management’s decision-making.

2. Major Controls

A. The Uniform Chart of Accounts/Coding Structure – Finance Officer Role

To support decision-making, the Learn4Life High School-Charleston Principal, along with assistance from additional resources, including the School Board, management, and outside consultants, should be involved from the outset in setting the School’s chart of accounts/coding structure. The coding generally follows SCDE requirements, with classes designated for grants or other funding to be accounted for separately. Various guidance materials on the chart of accounts structure are located at the SCDE’s website www.ed.sc.gov/agency/as.

B. Establishment of Control Accounts

Control accounts for fixed assets, accounts receivable, and accounts payable will be established with subsidiary detail listings and reconciled monthly to these control accounts.

C. Use of Contra Accounts

If necessary, the accounting structure provides for offsetting contra accounts (e.g., an allowance for doubtful accounts, accumulated depreciation) to adjust historical cost to current levels for financial reporting purposes.

D. Segregation of Unallowable Costs

Accounts are established to capture and segregate unallowable costs.

1102 General Ledger Activity

1. Control Objective

To ensure that all General Ledger entries are current, accurate, and complete.

2. Major Controls

A. Timeliness of Entries

All entries are made soon after the underlying accounting event to ensure the financial records and reporting are current.

B. Support Documentation

All entries are supported by adequate documentation that clearly indicates the justification and authorization for the transaction.

C. Audit Trail

A complete audit trail is maintained by using reference codes, from source documentation through the books of original entry and general ledger, to periodic reporting statements. Learn4Life High School-Charleston's Board of Directors will form a 3 person Audit committee to review the school's financial information.

3. Procedures

1. Financial data on source documentation is verified against original documents (e.g., invoice, purchase order, donation letters... etc.) by the fiscal management provider before entering the accounting system.
2. The accounting system is reviewed and approved by the fiscal management provider, and monthly reports are given to the Learn4Life High School-Charleston Principal and Board.
3. Provision is made for using recurring General Journal entries for certain transactions, such as recording the monthly portion of prepaid insurance.
4. Non-recurring entries, such as correcting entries, recording accruals, and recording non-cash transactions, are prepared as circumstances warrant and on an as-needed basis.
5. All entries in the books of original entry (e.g., cash receipts journal and disbursements) are made soon after the accounting event from authorized forms and are prepared and reviewed by qualified accounting personnel.
6. All General Journal entries are supported by General Journal Vouchers that have supporting documentation attached and are approved by the Finance Officer or financial contractor.

1103 General Ledger Close-Out

1. Control Objective

To ensure the accuracy of financial records and reports.

2. Major Controls

A. Trial Balance

Monthly, a trial balance is prepared to ensure the accuracy of the general ledger account balances.

B. Reconciliation of General Ledger Control Accounts with Subsidiary Ledgers

Reconciliations are prepared on a monthly basis.

3. Procedures

1. At the end of each month, a trial balance of all general ledger accounts is prepared by the Finance Officer or financial contractor.
2. The Finance Officer or financial contractor completes reconciliation between the general ledger control accounts and the subsidiary ledgers.
3. At fiscal year-end and after the annual audit, all income and expense accounts are closed out, and the general ledger balances are agreed to the audited financial statements

1200 CASH MANAGEMENT PROCEDURES

This section describes procedures for cash receipts, cash disbursements, petty cash funds, and prepaid items.

1201 Cash Receipts

1. Control Objective

To record cash receipts completely and accurately and to prevent the diversion of cash assets.

2. Major Controls

A. Cash Flow Projection

Learn4Life High School-Charleston annually prepares and updates monthly a cash flow projection for operations, and capital cash needs to monitor and ensure adequate cash flow.

B. Cash Receipts Policies

Learn4Life High School-Charleston has internal control systems to monitor cash receipts and ensure that deposits are made in a timely manner. Learn4Life High School-Charleston also uses electronic fund deposits (where applicable) to accelerate deposits.

C. Internal Accounting Controls

- (i) Opening of mail is assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts.
- (ii) Listed receipts and credits are compared to accounts receivable and bank deposits.
- (iii) General Ledger control accounts are reconciled with Accounts Receivable Subsidiary Ledger.

3. Procedures

1. Mail is opened by the School Secretary, who sorts the checks and restrictively endorses each check immediately. Checks are photocopied by the School Secretary and then forwarded to the Principal/Finance Officer or financial contractor.
2. The Finance Officer prepares a listing of each check, codes the check in accordance with the chart of accounts, and prepares a deposit slip.
3. A copy of the deposit slip is provided to the School Secretary, who then attaches it to the photocopies of all checks.
4. The School Secretary forwards a copy of the deposit slip and the checks to the financial contractor or the Finance Officer.
5. The Finance Officer or financial contractor inputs journal entries.
6. Either the Head of School or the Finance Officer makes deposits daily or no later than on a weekly basis. If deposits are made other than daily, the deposit should be maintained in a secure area with limited access.
7. The Board Treasurer approves reconciliation of cash receipts to deposit slips and bank statements on a monthly basis.

Cash Receipt Procedures

1. Any incoming cash is collected by a respected, responsible person for that event or duty. For example, a field trip may require teachers to collect field trip contributions. The staff in charge makes a list of cash and customer names and forwards them to the Business Manager.
2. The Business Manager reviews the collection list, makes a copy of it and signs it off, and provides the collecting staff with receipts for each in the list.
3. Briefly describe the purpose of the receipts in the description area provided at the bottom of the receipt. List the currency and coins making up the total amount of the receipt. Write the name of the student on the description side of the receipt.
4. If there is more than one purpose, list the amount to be distributed to each reason.
5. Sign or initial the receipt Please print name by signature.
6. The cash collected is being kept in a safe that has limited access.
7. The Business Manager prepares deposit slips and information for the fiscal management provider.
8. The Business Manager makes deposits on a daily or no later than on a weekly basis. If deposits are made other than daily, the deposit should be maintained in a secure area with limited access.

Voiding a Receipt

1. All receipts must be accounted for at all times.
2. When voiding a receipt, write VOID and keep all copies with the receipt book
3. The principal will review the receipt book occasionally to ensure voiding receipts isn't a common occurrence.

1. Control Objective

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

2. Major Controls

A. Cash Disbursement Policies

All disbursements are to be made by checks, EFT, or debit/credit cards, and no cash is to be given. Learn4Life High School-Charleston uses a 3rd party provider to manage accounts payable.

Payments are delayed until the due date, consistent with discounts, if available.

1. Received invoices are emailed or uploaded to the 3rd party system by the Business Manager.
2. The 3rd party provider then codes the invoice and sends it to the Learn4Life High School- Charleston Principal for electronic approval.
3. The Learn4Life High School-Charleston Principal reviews the invoice and approves, which authorizes the 3rd party to release for payment.
4. The 3rd party provider is prohibited from releasing disbursements without the Learn4Life High School-Charleston Principal's approval.
5. If the expense is greater than \$25,000, then the manual check requires a board member's signature.
6. Check is then mailed by either the Business Manager or Secretary.

B. Internal Accounting Controls

- (i) Use of 3rd Party Provider to segregate duties
- (ii) Match disbursement records against accounts payable/open invoice files.
- (iii) Bank statements reconciled to cash accounts and any outstanding checks verified by the 3rd party provider and reviewed with either the Learn4Life High School-Charleston Principal or the Business Manager, if applicable.
- (iv) Supporting documentation canceled to prevent resubmission for payment.
- (iv) Detailed comparison of actual vs. budget disbursements on a periodic basis.

1203 Petty Cash Funds

1. Control Objective

To control the use of petty cash funds for valid transactions.

2. Major Controls

Internal Accounting Controls

Reconciliation of petty cash funds by employees with responsibilities independent of cash receipts, disbursements, or custody.

3. Procedures

1. Learn4Life High School-Charleston will maintain a petty cash fund with a balance of \$500, which will be maintained and secured by the Finance Officer.

2. The Finance Officer maintains a log of all disbursements made from the petty cash fund and uses a *Petty Cash Voucher* for all petty cash disbursements. No disbursements will be greater than \$100.
3. When the fund needs to be replenished, the finance officer prepared a check request, attaching the log of disbursements and the supporting vouchers. See the cash disbursement procedure above for payment.
4. Any differences between the check request to bring the fund up to the petty cash amount and total disbursements made are reviewed, and a justification is prepared.
5. Fund disbursements are entered into the general ledger by expense category when the fund is replenished.

1204 Company Credit Card Usage

Summary and Procedures

1. The corporate card cannot be used for cash advances, personal or non-business-related purchases, or the purchase of alcohol
2. Card numbers should not be distributed beyond the cardholder's designee and should not be saved in online accounts to which others have access.
3. The cardholder is responsible for ensuring the credit card purchases are within budget and properly approved.
4. Receipts need to be turned in to the finance department no later than one week of the statement's closing date with the amount matching the statement circled.
5. Any receipts for meals or entertainment must clearly indicate the names of all persons
6. Attending the meal and the business purpose of the meeting.

Background

The preferred payment method is through vendor invoices and corporate checks. This method allows for budget compliance and ensures that the organization gets certain discounts. However, in some cases, this is not feasible for a variety of reasons. As such, select people are provided with corporate credit cards.

Eligibility

Only personnel specifically authorized by the governing board are provided with corporate credit cards.

Allowable Uses

Corporate credit cards are for business purposes only of the entity for which the card is issued (joint purchases related to multiple entities are acceptable). Corporate cards may not be used for cash advances for any reason. **Under no circumstances shall a school corporate card be used for the purchase of alcohol.** Corporate credit cards are not intended for purchases that can otherwise be paid for using corporate checks. Instead, they are intended for vendors who do not accept corporate checks and purchases during travel or emergency purchases.

Card Number Security

The person whose name the corporate credit card is in is solely responsible for all purchases on the card and ensure that their credit card number is not used by unauthorized personnel. As such, the cardholder shall NOT share their card number with anyone other than their official designee. In addition, the credit card should not be stored in an online account that anyone other than the cardholder and their designee has access to.

Approvals

All purchases with corporate cards are to be expressly approved by the card holder along with the budget manager (if different). No purchases shall be made for amounts not included in the entity's budget.

Statements

Credit card statements are mailed directly to the finance department. The finance department then scans the statements and emails it to the card holder and their designee.

Receipts

The credit card holder or their designee is responsible for receiving, printing, and retaining all receipts related to credit card purchases. This includes receipts related to online purchases and restaurant purchases. The cardholder or their designee shall label all receipts with a description of what it is to ensure proper coding by the finance department. **All receipts must be submitted to the finance department within one week of the closing date of their statement.** Original receipts should be sent by inter-office mail to the finance department (with a copy retained by the card holder or their designee). If time is an issue, receipts can be scanned and emailed or faxed to the accounting coordinator (please verify that the fax went through if this method is used) to meet the deadline. Then the original receipts can be sent via inter-office mail at a later date. If a receipt is accidentally lost, a written description of the items and cost must be submitted by the chief executive officer (or their designee) or the respective principal. Please understand that we routinely are audited on our credit cards, and thus all purchases must be appropriately documented with the receipt.

Termination

Upon the termination of employment of a cardholder for any reason, all cards must be canceled and returned to the designated person, along with any other company-owned items.

Policy Violations

1. Violations of this policy may result in anything from a warning to cancellation of the card to termination, depending on the severity of the violation. The following is the progression of violations:
2. A cash advance, use of the card for non-business purposes, or use of a school card for alcohol – Either cancellation of the card or termination, at the discretion of the Business Manager.
3. Use of the card by an unauthorized person (or transaction) – Any instances will be reported to the Business Manager along with the cardholder and may result in termination.
 - a. First minor offense: If all receipts are not provided by the deadline (receipts under \$25 exempted), a warning will be issued.

- b. Second minor offense within six months: If all receipts are not provided by the deadline (receipts under \$25 exempted) a second time, a second warning will be issued along with a reduction in the credit line.
- c. Third minor offense within six months: If all receipts are not provided by the deadline (receipts under \$25 exempted) a third time within six months, the card will be canceled.

Tax Exemption

Learn4Life High School-Charleston is exempt from federal and state taxes but is not exempt from sales tax in the state of South Carolina. If Learn4Life High School-Charleston purchases goods and does not pay sales tax, Learn4Life High School-Charleston is responsible for submitting an SC use tax and remit the appropriate amount of taxes. Note that the purchase of textbooks is tax-exempt in SC.

1205 Prepaid Items

1. Control Objective

To ensure proper accounting for prepaid expenses.

2. Major Controls

Internal Accounting Controls

- (i) Preparation and updating of an amortization schedule to reflect the incurring of expenses for prepaid items (e.g., prepaid insurance).
- (ii) Detailed prepaid expenses reconciled with the general ledger control account.

Procedures

- 1. The Learn4Life High School-Charleston Principal reviews vendor invoices to identify all required prepayments.
- 2. The transaction is coded to reflect the appropriate portion of the payment representing the prepaid portion for the payment of prepaid items.
- 3. An amortization schedule is prepared to reflect the incurring of an expense for prepaid items.
- 4. A standard journal entry is prepared by CPA (Finance Officer/ contractor) at the end of each month.
- 5. Reconciliation is performed on a monthly basis between the subsidiary ledger and the prepaid expense General Ledger control account.

1300 ACCOUNT RECEIVABLE MANAGEMENT PROCEDURES

In this section, the procedures are described that cover revenue recognition and invoicing, billing, accounts, and contributions receivable.

1301 Revenue Recognition and Invoicing

1. Control Objective

To ensure that grant and contract billings are adequately supported, recorded on a timely basis, and reflect the terms and conditions of the grant or contract.

2. Major Controls

A. Invoicing Policy

Invoices are prepared based on accrued and timelines basis.

B. Invoice Format

Invoice formats vary depending on the funding source.

C. Segregation of Unallowable Costs

Accounts are maintained for explicitly unallowable costs.

C. Internal Accounting Controls

- (i) Verification of services performed before invoice processing.
- (ii) Reconciliation of expenditures incurred or units billed to invoices prepared.
- (iii) Control of revenue with use of General Ledger control accounts.
- (iv) Separation of duties between the preparation of the invoice and its review and approval to the extent possible for an organization the size of Learn4Life High School- Charleston.

Procedures

1. On a monthly basis, program costs or an electronic spreadsheet that includes total units served, type of service, and terms due are reviewed by the Learn4Life High School-Charleston Business Manager and recorded on an invoice format prescribed by the funding source.
2. The invoice is entered in the Account Receivable ledger, which should automatically prepare an entry to record the corresponding revenue depending on the accounting software.
3. Arithmetic extensions are verified, and invoices are reviewed for accuracy and completeness by the Finance Officer or billing contractor and signed by the Head of School.
4. Invoices may be mailed to the funding source by the Learn4Life High School-Charleston Principal /Business Manager.
5. The funding source files copies of invoices and supporting documents.

1302 Grants Receivable

1. Control Objective

To ensure the accuracy, completeness, and timeliness of grants receivable balances and collection.

2. Major Controls

A. Separation of Duties

To the extent possible, the responsibility for posting invoices is kept separate from those with responsibilities for cash functions.

B. Use of Control Accounts

A General Ledger control account is reconciled to individual receivable balances within the Grants Receivable subsidiary ledger.

3. Procedures

1. The 3rd Party Providers prepares the appropriate grant claims, records the receivable in the general ledger, and submits to the Learn4Life High School-Charleston Principal for approval.
2. Payments and other adjustments are posted to the Grants Receivable subsidiary ledger.
3. Once approved, the claim is sent to the corresponding Grantor for processing and payment.
4. The Grants Receivable subsidiary ledger is reconciled monthly to the General Ledger control account on a monthly basis.
5. Any Grants Receivable balance greater than 90 days old is followed up and investigated.
6. A final report is submitted to the respective funding source after the end of the project period.

1400 PAYROLL PROCEDURES

Payroll procedures are organized under six categories: personnel requirements, personnel data, timekeeping, and preparation of payroll, payroll payment, and payroll withholdings.

1401 Personnel Requirements

1. Control Objective

To ensure that Learn4Life High School-Charleston hires only those employees—full or part-time—that it needs and exerts tight control over hiring new employees.

2. Major Controls

Payroll Policies

Learn4Life High School-Charleston has adopted payroll policies for installing new employees on the payroll system and removing terminated employees from the system, as well as monitoring vacation and sick pay.

3. Procedures

New Employees

New employees are responsible to supply all required documents in the employee file checklist. New Hire Forms are to be completed and submitted through the fiscal management company's online link.

1. Requests for new employees are initiated by the Principal and compared with the approved annual personnel budget.
2. A *Personnel Action Form* is initiated when hiring a new employee. Included on this form are the job description, approved pay rate, and grant funding, if any. Information on this form is reviewed by the Finance Officer and communicated to the outside payroll service provider, if applicable, or entered into in-house payroll software.
3. New employees complete an *Application for Employment*.
4. New employees complete an *IRS W-4 Form* and *US Department of Homeland Security Citizenship and Immigration Services Form I-9*.
5. A criminal record background check is conducted on new employees and the report are placed in their employment files.

Personal and Sick Pay

1. Sick leave taken is monitored against each employee's available sick time in Learn4Life High School- Charleston's Human Resource Information System (HRIS) and reviewed by the Learn4Life High School- Charleston Principal.
 2. The Learn4Life High School-Charleston Business Manager or the Learn4Life High School-Charleston Principal monitors sick time using Learn4Life High School-Charleston's Human Resource Information System (HRIS).
 3. Unused personal/sick time rolls over at the end of each school year until the maximum accrual is reached by the employee as defined in the employee handbook.
1. Employees accrue vacation time based on the personnel policy of Learn4Life High School-Charleston.
 2. Employee is required to provide at least two weeks advanced notice to supervisors for a vacation request.
 3. Regular part-time employees do not earn vacation time.
 4. Employees' earned vacation balances are adjusted monthly to reflect vacation time earned and taken and reviewed by the Principal.
 7. Sick leave taken is monitored against each employee's available sick time in Learn4Life High School- Charleston's Human Resource Information System (HRIS) and reviewed by the Principal.
 2. Before vacation time is paid, a *Vacation Authorization Request* is to be prepared by the employee, reviewed, and approved by the Head of School.
 3. The Finance Officer monitors vacation and sick time by maintaining a log for each individual.
 4. A General Journal entry is prepared at year-end to record the accrued vacation liability.
 5. Unused vacation time is based on the personnel policy of Learn4Life High School-Charleston as adopted by the Board.

Terminations

1. For each terminated employee, a *Termination Form* documenting the reasons for termination is completed and routed to the Finance Officer for approval.

2. The approved *Termination Form* is communicated to the payroll service provider or entered into in-house payroll software to update payroll data, including the effects on the fringe benefits, including health, dental, retirement, COBRA, etc.
3. The approved *Termination Form* is maintained in the terminated employee's personnel file.

1402 Personnel Data

1. Control Objective

To calculate and record payroll data accurately and completely for all employees.

2. Major Controls

Internal Accounting Controls

- (i) A precise paper trail covering all transactions.
- (ii) Changes in personnel data approved by responsible officials.
- (iii) Separate payroll and personnel files periodically reviewed and reconciled.

3. Procedures

1. Any change records to personnel data are kept in the employee's personnel file when making changes in new hires, terminations, pay rate changes, or payroll deductions.
2. The Learn4Life High School-Charleston Principal or Designee authorizes any change to payroll data.
3. Authorized changes are communicated to the payroll service provider or entered into in-house payroll software.

1403 Timekeeping

1. Control Objective

To ensure that payment for salaries and wages is made in accordance with documented time records.

2. Major Controls

A. Timekeeping Policies

Employees are instructed on the proper charging of time to ensure recorded time accuracy to cost objectives.

B. Time Sheet

Labor hours are accurately recorded, and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented.

C. Internal Reviews

Learn4Life High School-Charleston Business Manager monitors the overall integrity of timekeeping.

D. Internal Accounting Controls

The immediate supervisor will control the accuracy of timekeeping.

3. Procedures

Time Sheet Preparation

1. Hourly and salary employees prepare timesheets on a monthly basis.
2. Employees who are being paid through federal funds must also keep track of their time, separating federal purposes versus general. (For example, a Title I coordinator may also perform general operating functions, detailed records need to be kept of the time spent on each activity. Also, called PAR reports).
3. In preparing timesheets, employees:
 - (i) Enter hours in ink and sign the completed timekeeping record
 - (ii) Make all corrections in ink by crossing out the error and initialing the change.
 - (iii) Submit the completed timesheet to the Learn4Life High School-Charleston Business Manager's Office.

Approval and Collection of Time Sheets

1. Each employee's timesheet is forwarded to the Learn4Life High School-Charleston Business Manager's Office on a monthly basis, which ensures all the timesheets are submitted in a timely manner. Then it is forwarded to the Learn4Life High School-Charleston Principal/ Authorized Designee, who reviews and approves them.
2. Authorized timesheets are collected by the Learn4Life High School-Charleston Secretary and forwarded to the Business Office for processing.

Reconciliation of Payroll to Time Sheets

1. Hours shown on timesheets are reconciled to the hours recorded on the Payroll Register by the Learn4Life High School-Charleston Principal/ Business Manager for each timesheet period.

1404 Preparation of Payroll

1. Control Objective

To ensure that payment of salaries and wages is accurately calculated.

2. Major Controls

Internal Accounting Controls

- (i) Time records or contracts are periodically reconciled with payroll records.
- (ii) The responsibility for checking the accuracy of payroll calculations is separated from the responsibility for payroll preparation to the extent possible for the size of Learn4Life High School-Charleston.

3. Procedures

1. The Employee submits timesheets to the Learn4Life High School-Charleston Business Office.

2. The Learn4Life High School-Charleston Principal / Business Manager calculates the total time recorded on time sheets and the number of employees.

3. Recorded hours from the weekly timesheets are accumulated by the Learn4Life High School- Charleston Principal / Business Manager and communicated to the payroll service provider.
4. The payroll reports received from the payroll service provider (e.g., calculations, payrolls, and payroll summaries) are compared with timesheets, pay rates, payroll deductions, compensated absences, etc. Learn4Life High School-Charleston Principal/ Business Manager.
5. The Learn4Life High School-Charleston Principal/ Business Manager verifies gross pay and payroll deductions.
6. The total hours and number of employees are compared with the totals in the Payroll Register by the Learn4Life High School-Charleston Principal / Business Manager.
7. The Payroll Register is reviewed and approved by the Learn4Life High School-Charleston Principal/ Business Manager.

1405 Payroll Payment

1. Control Objective

To ensure payment for salaries and wages by check, and direct deposit is made only to employees entitled to receive payment.

2. Major Controls

Internal Accounting Controls

- (i) Pre-numbered checks are used, and all check numbers are accounted for.
- (ii) A complete audit trail on all payroll checks and direct deposit with authorizing signatures at each juncture is maintained.

3. Procedures

1. Checks and payroll register are forwarded to Learn4Life High School-Charleston for distribution by the payroll service provider.
2. Learn4Life High School-Charleston distributes payroll payments by check or direct deposit for forwarding to employees, and the payroll register is filed.
3. The Learn4Life High School-Charleston Principal / Business Manager controls and monitors all undelivered and uncashed payroll checks, respectively.
4. The payroll bank account is reconciled monthly by the 3rd party provider and reviewed by the Learn4Life High School-Charleston Principal.

1406 Payroll Withholdings

1. Control Objective

To ensure that payment withholdings are correctly reflected and paid to the appropriate third parties.

2. Major Controls

A. **Reconciliation of Payment and Payroll Withholdings**

Payroll withholdings are recorded in the appropriate General Ledger accounts and reconciled with payments made to third parties.

B. **Internal Accounting Controls**

The payroll service provider calculates payroll withholdings reviewed and verified by the Learn4Life High School-Charleston Principal / Business Manager.

3. Procedures

1. The payroll service provider calculates payroll withholdings—including retirement deductions—for each employee. These are summarized by pay period and recorded in General Ledger.
2. Payments for payroll withholdings are reconciled with the amounts recorded in the General Ledger accounts by the Fiscal Mgmt. Provider.
3. The Learn4Life High School-Charleston Principal / Business Manager reviews the accuracy and timeliness of payments made to third parties, including retirement for payroll withholdings.
4. Original withholding and benefit election forms, maintained in the Learn4Life High School- Charleston employee file, are prepared by an employee and reviewed and approved on a periodic basis by the Learn4Life High School-Charleston Principal / Business Manager.
5. The Learn4Life High School-Charleston Principal/ Business Manager files required reports and Internal Revenue Service and South Carolina payroll tax forms.

1500 PROPERTY AND EQUIPMENT (P&E) PROCEDURES

This section is organized into six parts: P&E acquisitions, record-keeping over P&E, depreciation of P&E, inventory of P&E, disposal of P&E, and Government-furnished and School-acquired property and equipment.

1501 Property & Equipment Acquisitions

1. Control Objective

To control the acquisition of P&E and completely and accurately record fixed asset acquisitions in order to safeguard fixed assets from loss.

2. Major Controls

A. **P&E Acquisitions Tied to Budget**

All property and capital equipment acquisitions are either designated in the approved budget or subsequently approved by the Learn4Life High School-Charleston Board.

B. **P&E Acquisitions Based on Approved Requests**

Official approval is obtained before a P & E purchase is made.

Internal Accounting Controls

Fixed asset acquisitions are reconciled with capital expenditure authorizations.

3. Procedures

1. Capital budget requests are submitted annually for review and approval by the Board of Directors.
2. Authorization requests for acquiring fixed assets are reviewed against Learn4Life High School- Charleston's budget and approved by the Learn4Life High School- Charleston Principal.
3. Each item of property and equipment received is identified and tagged in a visible area on the asset.
4. The packing slip of the assets or inventory must be kept with the invoice and purchase order.
5. Information on each tagged asset is entered in the fixed assets subsidiary or comparable worksheet.

1502 Recordkeeping Over Property & Equipment

1. Control Objective

To completely and accurately record fixed asset acquisitions, transfers, and dispositions on a current basis.

2. Major Controls

A. Capitalization Policies

Learn4Life High School-Charleston follows generally accepted accounting principles as applicable to special-purpose business-type activity government entities. All fixed assets purchased are capitalized in the year of purchase and recorded in the general ledger. Learn4Life High School- Charleston follows the policy of capitalizing on all fixed assets purchased greater than \$5,000 per unit.

B. Fixed Asset Classification

Fixed assets are accounted for by the following classifications: land, building, equipment, betterment, leasehold improvements, furniture, and computer hardware and software.

C. Complete Record of P&E Acquisition Costs

The capitalized fixed assets list contains the full history of each capital asset acquired: the original acquisition cost and any costs incurred to prepare the asset for use.

3. Procedures

1. Asset acquisitions, transfers, and dispositions are entered in the fixed assets subsidiary ledger on a periodic basis.
2. The capitalized fixed assets list is reconciled with the related asset account in the general ledger on a yearly basis. Any differences are analyzed and resolved by the Finance Officer.

1503 Depreciation

1. Procedures

Learn4Life High School-Charleston capitalizes all fixed assets when acquired and records the historical cost of these items in the general ledger. In accordance with generally accepted accounting principles as they relate to special-purpose business-type activity, government entities, depreciation expense must be recorded in the general ledger at the end of each year. Learn4Life High School-Charleston will use the straight-line method of depreciation over the assets useful life as determined as follow:

Computers	3 years
Office Equipment	3-5 years
Vehicles	5 years
Office Furniture	5-7 years
Leasehold Improvements	Useful life or life of lease, whichever is less
Building Improvements	20 years
Building	40 years

1504 Inventory of Property & Equipment

1. Control Objective

To ensure that all recorded assets exist and are in use.

2. Major Controls

Internal Accounting Controls

- (i) All property and equipment are tagged when received.
- (ii) Physical inventories are performed bi-annually.
- (iii) Differences between physical inventories and amounts recorded in the control account are analyzed and reconciled monthly.

3. Procedures

- 1. The Learn4Life High School-Charleston Principal prepares a printout of recorded fixed assets by asset classification.
- 2. An inventory of fixed assets is taken annually.
- 3. If the inventory or fixed asset is compared to the amounts recorded in the general ledger control account. Differences are investigated and resolved by the Finance Officer monthly.

1505 Disposal of Property & Equipment

4. Control Objective

To ensure that assets no longer in use are disposed of in accordance with existing policies.

5. Major Controls

A. Disposal Policies

The Learn4Life High School-Charleston has adopted policies on the disposition of property and equipment.

B. Internal Accounting Controls

- (i) Use of fixed asset disposal authorization forms.
- (ii) Disposal or transfer of fixed assets only with proper authorization.
- (iv) Periodic count of fixed assets

6. Procedures

1. A determination is made by the Learn4Life High School-Charleston personnel as to the usefulness of a fixed asset.
2. An *Asset Disposal Form*, including a description of the asset, purpose for disposal, and methodology of disposal, is prepared with proper written authorization from the Learn4Life High School-Charleston Principal.
3. The *Asset Disposal Form* is reviewed and signed by the Learn4Life High School-Charleston Principal and approved by the Board.
4. A copy of the *Asset Disposal Form* is routed to the Learn4Life High School-Charleston Business Manager, who keeps a log of all disposal forms and submits them to the 3rd party provider on a yearly basis to enter the reductions to the appropriate general ledger accounts.

1505 Property & Equipment Acquired Through Government Grants/Contracts

1. Control Objective

To assure that property and equipment are properly obtained, used, and managed during the performance of government grants or contracts.

2. Major Controls

A. Record keeping

Learn4Life High School-Charleston maintains detailed records on all property and equipment.

B. Custody

All property and equipment, when not in use, is stored in a secure area.

C. Inventory

All property and equipment are inventoried.

3. Procedures

1. All property and equipment acquired through government grants or contracts are assigned tag numbers and properly identified with this number in the fixed asset list
2. On an annual basis, the Learn4Life High School-Charleston Principal inventories all property and equipment and ensures that fixed assets are being used for the purpose intended.
3. If necessary, the Learn4Life High School-Charleston Principal obtains approval from the Board/School District (as described by the specific grant policies) for the disposition of property and equipment acquired through a government grant or contract, and the Learn4Life High School-Charleston Principal and/or the Board authorizes the disposition as described in the previous section.

1600 ACCOUNTS PAYABLE PROCEDURES

This section is organized into three major parts: accounts payable, purchasing, and expense reimbursement.

1601 *Accounts Payable*

1. Control Objective

To ensure that invoices are accurately recorded on a timely basis for authorized purchases.

2. Major Control

A. **Reconciliation of Accounts Payable Records**

Reconciliation of source data, subsidiary ledger totals, and general ledger control accounts is performed periodically to ascertain the accuracy of accounts payable entries.

B. **Internal Reviews**

Internal reviews are conducted to determine if duplicate payments or overpayments exist.

3. Purchase Discounts

1. The Finance Officer or financial contractor establishes all vendors within the accounting system upon initial use of the vendor.
2. The Finance Officer reviews the invoice for any purchase discount date and ensures that the vendor file is established and properly capturing any discount allowed.

4. Reconciliation of Accounts Payable Records

1. The total balance in the accounts payable subsidiary ledger is reconciled with the general ledger control account monthly.
2. Debit balances in the accounts payable subsidiary ledger are resolved appropriately (e.g., an offset against other amounts due to the vendor, requesting payment from the vendor, etc.)

4. Procedures

Voucher Preparation and Review of Voucher

1. Invoices are received by the Learn4Life High School-Charleston Administrative Assistant, who forwards them to the Learn4Life High School-Charleston Principal or designated personnel for approval.
2. Approved invoices are forwarded to the Learn4Life High School-Charleston Business Office.
3. Invoices are compared to the *Purchase Order (if applicable)* and the packing list.
4. The invoice is reviewed for:
 - (i) The nature, quality, and quantity of goods ordered and the related price
 - (ii) Accuracy of all arithmetic calculations and extensions
 - (iii) Allowability of expenditure
 - (iv) Proper general ledger account

5. The invoice is input into the general ledger through the accounts payable subsidiary ledger after it is reviewed by either the Learn4Life High School-Charleston Business Manager or the Learn4Life High School-Charleston Principal.
6. Checks are run on a weekly basis, and vendors are paid based on the terms of the invoices, as recorded within the system. See Cash Disbursement section for issuing of checks. In addition, it is strongly advised that the checks issued by Learn4Life High School-Charleston have a time limitation for bank payments such as 90 days, 120 days, etc.

1602 Purchasing

1. Control Objective

To ensure that goods and services are acquired at fair and reasonable prices and the highest personal standards of conduct are maintained in all relationships with vendors, suppliers, and subcontractors.

2. Major Controls

A. Purchase Requirements

Learn4Life High School-Charleston has developed cost-effective and efficient purchase requirements in order to achieve full and open competition, meet delivery schedules, control inventory and material, and expedite purchases.

B. Required Competition

Learn4Life High School-Charleston utilizes the following procurement guidelines:

Contracts under \$2,500 - Learn4Life High School-Charleston uses sound business practices when procuring goods and services for amounts less than \$2,500.

Contracts from \$2,500 to \$10,000– Learn4Life High School-Charleston seeks price quotes from at least three vendors and awards the contract to the responsible vendor offering the supply or service needed for the best value.

Contracts from \$10,000 or more- Learn4Life High School-Charleston seeks written quotes from at least three vendors and awards the contract to the responsible vendor offering the supply or service needed for the best value.

Final selection may be made to other than the lowest quotes in circumstances where the higher quote demonstrates best value contracting procedures to Learn4Life High School-Charleston. In such situations, the Learn4Life High School-Charleston Principal shall prepare a justification statement for such selection, furnishing a brief explanation of the factors leading to such a decision.

School Principal will inform the Learn4Life High School-Charleston Board of the purchases (of \$35,000 or more) and the final selection.

Construction contracts – Learn4Life High School-Charleston follows all state and federal guidelines, including South Carolina’s public bidding laws.

C. Selecting the Vendor

Learn4Life High School-Charleston selects the most responsive and responsible vendor to provide required materials and services and promotes competition in order to obtain fair and reasonable prices. After selecting the vendor, Learn4Life High School-Charleston may continue working with the same vendor if the service cost increase is not more than 3% of the current service cost for renewal.

D. Internal Accounting Controls

- (i) Approval by the Board of Directors of purchases equal to or exceeding \$25,000 prior to contract / purchase order finalization.
- (ii) Adoption of policy requires the reporting of unethical conduct to management and subsequent restitution of any gain resulting from such conduct.

3. Procedures

Purchase Requirements

1. After approval of the annual budget, the Learn4Life High School-Charleston Principal/Business Manager reviews Learn4Life High School-Charleston's needs to uncover patterns of orders, and opportunities for clustering orders, to achieve volume discounts.
- 2 In preparing purchase requisitions, the Learn4Life High School-Charleston Principal or designee identifies minimum needs.

Processing Purchase Requisitions

1. *Purchase Requisitions* are forwarded to the Learn4Life High School-Charleston Secretary. The Learn4Life High School-Charleston Secretary prepares a spreadsheet by the vendor for the items requisitioned.
2. The *Purchase Requisitions* includes the following:
 - (i) A description of items ordered
 - (ii) A cost estimate
 - (iii) The required delivery information
 - (iv) A statement of the nature and purpose of the procurement
3. *Purchase Requisitions* are approved by the Finance Officer after a review of the remaining budget.
4. The Learn4Life High School-Charleston Secretary presents *Purchase Requisitions* to the Head of School for review and approval.
5. Approved *Purchase Requisitions* are forwarded to the Staff Accountant or Finance Officer.

Processing Purchase Orders

1. A *Purchase Order* (when required by the vendor) is prepared by the Learn4Life High School-Charleston Principal/Business Manager or approves the input by the Learn4Life High School-Charleston Business Manager.
2. Before a *Purchase Order* is sent to a supplier, the Learn4Life High School-Charleston Principal / Business Manager reviews it for accuracy of the dates, account coding, quantities listed, and arithmetic extensions.
3. Purchase Orders are approved by the Learn4Life High School-Charleston Principal / Business Manager.
4. A soft copy of each *Purchase Order* is maintained.
5. Two copies of the Purchase Order are attached as a supporting document when the related invoice is paid. One copy is forwarded to the vendor, and the other copy is filed alphabetically by vendor in the business office and entered in the *Purchase Order Log* by pre-assigned number to track outstanding commitments.

Obtaining Bids and Quotations

1. The Finance Officer requests bids or quotations verbally on transactions not expected to exceed \$10,000, and in writing for transactions over \$10,000. Items greater than \$50,000 will require formal bid requests and evaluation before *Purchase Order* is issued.
2. In evaluating bids received, the Finance Officer performs and documents a cost or price analysis.

Negotiation and Award

1. Consistent with Learn4Life High School-Charleston’s goal of expanding opportunities for minority business enterprises, companies which are minority, women or locally owned, to the extent they are available locally and qualified, are given an opportunity to bid on a procurement in Learn4Life High School-Charleston’s selection process.
2. Award may be made to other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to Learn4Life High School-Charleston. In such situations, the Finance Officer shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision.

1603 Expense Reimbursement

1. Control Objective

To ensure Learn4Life High School-Charleston pays only for authorized business expenses.

2. Major Controls

A. Travel Policies

Learn4Life High School-Charleston has adopted policies on travel reimbursement.

B. Employee Expense Reimbursement Documentation

Employees are required to obtain and furnish documentation for individual expenses and company credit card purchases.

C. Internal Accounting Controls

- (i) Justification for travel approved by the Learn4Life High School-Charleston Principal / Business Manager.
- (ii) Documentation for incurred employee expenses.
- (iii) Documentation and approval for company credit card purchase.

3. Procedures

Expense Advance or Reimbursement

1. Soon after traveling, but not exceeding 30 days, an employee who seeks reimbursement for authorized expenses completes a *Travel Report* detailing the expenses incurred and attached supporting documentation.
2. All credit card purchases are supported by invoices in order to be reimbursed.
3. Learn4Life High School-Charleston employee's Travel Report and invoices are reviewed and approved by the Learn4Life High School-Charleston Principal.

1700 OTHER LIABILITIES PROCEDURES

This section describes procedures for recognizing and recording accrued liabilities and deferred

revenue. These liability accounts are only to be used when needed.

1701 Accrued Liabilities

1. Control Objective

To accurately control and record accrued liabilities.

2. Major Controls

A. Maintaining an Accrual Register

To properly set up and monitor accrued liabilities and accrual accounts related to salaries and wages, vacation pay, and payroll taxes.

B. Reconciliation of the Subsidiary Schedules with the General Ledger Control Account

On a periodic basis, reconciliation is performed between the subsidiary schedule and the general ledger control account.

3. Procedures

1. An accrual subsidiary schedule is established and maintained by the 3rd party provider for each accrual type.
2. Learn4Life High School-Charleston records all accruals at fiscal year-end, or when determined necessary by Learn4Life High School-Charleston's Management and 3rd party provider
3. A general journal entry is prepared at year-end to record all accruals and approved by the Learn4Life High School-Charleston Principal.

1702 Deferred Revenue

1. Control Objective

To accurately control and record deferred revenue.

2. Major Controls

A. Maintaining a subsidiary schedule of revenue deferred

To properly set up and monitor deferred revenue and properly record revenue in accordance with generally accepted accounting principles.

B. Reconciliation of the Subsidiary Schedule with the General Ledger Control Account

On a periodic basis, reconciliation is performed between the subsidiary schedule and the general ledger control account.

3. Procedures

1. A deferred revenue subsidiary schedule is established and maintained by the 3rd Party Provider for each type of source of revenue for which Learn4Life High School-Charleston receives advanced funding.
2. The Learn4Life High School-Charleston Principal / Business Manager determines the extent of revenue recognized and consequently the revenue deferred for all revenue sources for which Learn4Life High School-Charleston receives advanced funding.
3. A general journal entry is prepared at year-end to record all deferred revenue and reviewed by the Learn4Life High School-Charleston Principal/ Business Manager.

1800 MANAGEMENT REPORTING PROCEDURES

This section covers procedures for supporting the annual budget, financial reporting, and tax compliance.

1801 Annual Budget

1. Control Objective

To effectively support the preparation of the annual budget and its periodic review.

2. Major Controls

A. Budget Process

The Finance Committee works with the Head of School and Finance Officer to prepare the annual operating and capital budgets and cash flow projection. The budgets and projections are submitted to the Board of Directors for approval.

The Learn4Life High School-Charleston Principal, Treasurer, and Fiscal Mgmt. (finance team) providers work together to prepare the annual operating budgets. While this policy manual is not intended to detail the education funding formula in South Carolina extensively, a charter school's primary 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, charter school leaders must conduct market research to determine projected enrollment figures reasonably.

Charter school leaders should analyze how the community's education demands are currently being met to determine potential demand for the school. Charter school leaders are encouraged to talk to other charter school operators in the district to determine their year-to-year rate growth rate and whether or not their projected enrollment figures support the growth rate. Since overestimating student enrollment can have significant budget impacts for the charter school, it is recommended that student enrollment projections err on the conservative side and are evaluated with the five-day count. An amended budget should be created if there are significant differences from the initial budget. It is also recommended that charter schools periodically conduct an environmental scan (to include expected poverty, vocational, gifted and talented, etc.) to determine if demographics are changing in the community or the local schools. These factors can impact both enrollment projections and programs that impact funding.

B. Internal Accounting Controls

3. Procedures

1. In preparation of the annual operating budgets, the finance team prepares preliminary budgets and the projection.
2. To support the budgets and projection estimates, the finance team prepares current year-to-date financial data with projections of year-end totals.
3. The Board reviews the budgets and projections submitted for completeness and reasonableness.
4. The Learn4Life High School-Charleston Board approves and adopts the final budgets and projections.

5. The adopted budget totals are entered in the general ledger by the Fiscal Mgmt. Provider for the new fiscal year to prepare a budget for actual reports.

1802 Financial Reporting

1. Control Objective

To ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

2. Major Controls

A. Schedule

Monthly managerial reports are prepared based on a pre-determined schedule.

B. Review and Approval

Financial reports are reviewed for accuracy and completeness.

C. Audit

A certified public accounting firm audits the annual financial statements of Learn4Life High School- Charleston. Form 990 is to be prepared and submitted to IRS by CPA.

3. Procedures

1. The Learn4Life High School-Charleston Principal/ Business Manager prepares monthly budget vs. actual financial reports and cash flow projection for the Board meetings.
2. Learn4Life High School-Charleston submits to an audit of its financial statements by a qualified, certified public accounting firm according to *Governmental Auditing Standards and the South Carolina Audit Guide*.
3. Learn4Life High School-Charleston shall submit the audited financial statements to the SCPCSD Board and Office of the State Auditor, and the South Carolina Department of Education Office by the required deadlines.

1803 Payroll Tax Compliance

1. Control Objective

To accurately prepare and file required tax documents on a timely basis.

2. Major Controls

A. Preparation

Obtain a payroll service provider through the fiscal management company to assist in the preparation of periodic payroll tax filings.

B. Approval of Tax Returns

Payroll tax documents are reviewed and approved by the Finance Officer.

3. Procedures

1. Learn4Life High School-Charleston uses a payroll service provider that maintains the following statements:
 - (i) *IRS Form W-2 - Wage and Tax Statement*.
 - (ii) *IRS Form W-3 - Transmittal of Income and Tax Statements*.

- (iii) *IRS Form 941* - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
- (iv) *IRS Form 1099 MISC* (also *1099-DIV, 1099-INT, 1099-OID*) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
- (v) Quarterly and annual state(s) unemployment tax return(s).

(Note: Charter schools are not required to pay federal unemployment (FUTA) but are required to pay State Unemployment either by the contributory method or reimbursement method).

Retirement contributions reporting (Learn4Life High School-Charlestons 3rd party retirement vendor assists with the retirement reporting.)

2. Before submission, all payroll tax documents and the supporting schedules are reviewed and approved by the Finance Officer for accuracy and completeness.

APPENDIX A: SAMPLE FORMS

LEARN4LIFE HIGH SCHOOL-CHARLESTON PURCHASE ORDER

<i>DATE</i>	<i>P.O. NO.</i>

Vendor
Name
Address
Attn:

Ship To
LEARN4LIFE HIGH SCHOOL-CHARLESTON
Address:

FOB

DESCRIPTION	QTY	RATE	ITEM #	AMOUNT
Total				\$0.00

The above purchase order number must appear on all correspondence, packing sheets and bills of lading. Please send three copies of the invoices. Send invoices Attn:

THE SCHOOL CHECK LIST FOR EMPLOYEES

	W-4 FORM
	I-9 FORM
	DIRECT DEPOSIT FORM
	COPY OF DRIVER LICENSE
	COPY OF SOCIAL SECURITY NUMBER
	TRANSCRIPT
	TEACHER CERTIFICATE / ELIGIBILITY LETTER
	JOB DESCRIPTION
	RESUME
	JOB OFFER LETTER
	APPLICATION FORM
	FINGERPRINT or SLED CHECK
	TB TEST

THE SCHOOL ASSET DISPOSAL FORM

	Tag #	Asset Description	Book Value	Condition	Fair Market Value	Disposal or Sale
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

School Principal: _____
 Date of Request: _____
 Leader Approval: _____
 Date of Approval: _____

Business Office Use Only

Account Number: _____
Amount: _____

NOTE: If the fixed assets above were initially purchased by grant funding, ensure that grant disposal policies are followed.

Weekly Time Record

Charter School

Street Address

Address 2

Address 3

City, ST ZIP

Phone

Fax

E-mail

Week ending: _____

Employee: _____

Manager: _____

Employee phone: _____

Employee e-mail: _____

Activity : _____

Day	In	Out	In	Out	Regular Hrs.	Overtime Hrs.	Sick Hrs.	Vacation Hrs.	Total Pay
Monday									
Tuesday									
Wednesday									
Thursday									
Friday									
Saturday									
Sunday									
Total Hrs.									
Hourly Rate									
Total Pay									

Employee
signature

Date

Manager signature

Date

**LEARN4LIFE HIGH SCHOOL-CHARLESTON PROFESSIONAL DEVELOPMENT
LEAVE REQUEST**

Name of Employee

Date Request Made

I request approval of the following day(s) as professional development leave:

Monday	Tuesday	Wednesday	Thursday	Friday
_____	_____	_____	_____	_____
mo/day	mo/day	mo/day	mo/day	mo/day

List nature of professional development (workshop, observation, and meetings):

Classes will be covered by:

Substitute Name: _____ Phone: _____

Lesson Plans and daily Procedures are located: _____

Comments (individual modifications, parent volunteers, etc.):

Fee: _____ P.O. Number _____

Attach a copy of registration form.

Business Office will not reimburse unless pre-approved in writing.

Please submit this form at least one month in advance to the School Principal.

School Principal

School Principal Approval

Date of Approval

Account No. / Amount

Request not approved for the following reason: _____

Charter School FIELD TRIP REQUEST FORM

Teacher Making Request: _____ Date: _____

NOTE: This form must be submitted to the principal **two weeks in advance** for the field trip to be considered.

Teacher(s) participating: _____

Trip Date: _____ No. of Students: _____

Time of Departure: _____ Return: _____

Destination: _____

Contact Person: _____ Phone No: _____

Method of Transportation: _____

Learning to be accomplished on field trip: _____

ESTIMATED COSTS / FUNDING SOURCES

	Description	Amount
Transportation		
Admission		
Other		
TOTAL		

Comments:

Approved

See Me

Principal's Signature: _____ Date: _____

CHARTER SCHOOL TRAVEL FORM

Name of Traveler: _____
Date(s) / Time(s) of Travel: Start: _____ End: _____
Travel approved by: _____
Grant to be charged (if applicable): _____

Auto Mileage (if the School does not provide a rental car): Google map from/to the School to/from destination must be attached. The reimbursement rate is \$0.54/mile

Reimbursable Miles: _____ Reimbursement for miles: Miles x \$0.54 = \$ _____

Meals and Incidentals per Diem: _____ days @ \$ _____ = \$ _____

Air-fare _____ = \$ _____

Train, bus, MBTA, Taxi _____ = \$ _____

Hotel _____ = \$ _____

Tolls/Parking _____ = \$ _____

Other (specify) _____ = \$ _____

Total Expenses = \$ _____

Less Advance Check # ____, if any = \$ _____

Amount Due Traveler = \$ _____

Note: If a balance is due back to the School, please attach a check to this Travel Report.

Traveler's Signature: _____ **Date:** _____

Approved by: _____ **Date:** _____

Note: If the above travel is incurred under a grant agreement, please indicate the grant name and amount to be charged as allowable grant expenditures.

*Registration, hotels, and rental car expenses are handled by the school prior to travel.

PLEASE ATTACH ALL RECEIPTS TO THE TRAVEL REPORT WHEN SUBMITTING FOR REIMBURSEMENT. NO REIMBURSEMENT WILL BE MADE WITHOUT RECEIPTS.