



Board Agenda Item #	II B - Consent Item
Date:	11/14/2019
To:	MPS Board of Directors
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Financial Officer
RE:	Approval of Financial Policy Revisions

Proposed Board Recommendation

I move that the MPS Board of Directors approves the revisions to the following Fiscal Policies and Procedures:

- CSH 105 and CSH 106 Financial Policy allowing the organization to use manual checks for issuing payroll related payments, such as off-cycle pay checks, termination checks and emergency payroll checks.
- INV 102 Fixed Asset Capitalization Policy and Procedure must state: Bulk computer, software and other technology purchases with aggregate value of \$5,000 or more are captured as capitalized fixed assets regardless of individual price of item.
- PUR 106 and G&A 103, 2.0 Expense Guidelines eliminate the submission of a separate expense report when submitting reimbursements using the current financial software.

Background

CSH 105 and CSH 106:

On June 13, 2019, the Board approved the 2019-20 MPS Financial Policies and Procedures Manual which states: “The Organization does not permit the use of manual checks.”

The policy change being requested will allow the Board approved check signors, Chief Executive Officer and Chief Financial Officer, to have manual check signing authority after the board approved fiscal policy for approval process has been followed. The attached revised financial policies have been drafted to reflect the proposed changes.

INV 102 Fixed Asset

Current policy was approved for aggregate value of \$25,000. Changing the amount to \$5,000 will be consistent with our fixed assets acquisition policy.

PUR 106 and G&A 103, 2.0 Expense Guidelines

Current policy requires submission of an additional Expense Report Summary when employees submit reimbursements. The revision will eliminate this extra step but still complies with the required procedure and supporting documents necessary to process payments.

Budget Implications:

There are no budget implications.

Name of Staff Originator:

Nanie Montijo, Chief Financial Officer

Attachments

CSH105 Check Signing Authority

CSH106 Check Matters

G&A 103 Travel and Entertainment (2.0 Expense Guidelines)

INV 102 Fixed Asset

Title: CSH105 CHECK SIGNING AUTHORITY

Policy: MPS Board of Directors appoints and approves employees authorized to sign checks. ~~A limited number of employees will be authorized to sign checks but there shall be no fewer than three individuals at all times.~~

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Purpose: To outline the check signing authority process.

Background: While a hired accountant, office manager, or accounting clerk may be responsible for entering bills, paying bills, and printing out checks, all printed checks and related documentation should be presented to a second individual for signing. No one person or employee should be allowed to enter invoices, select invoices for payment, then print and sign checks. At a minimum, this process requires at least two individuals to ensure the integrity of the accounting system remains intact.

Scope: This procedure applies to all regular bank checking accounts of the Organization.

Responsibilities:

Chief Executive Officer is responsible for adding and removing check signing authority. Any change made is subject to board approval.

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Chief Financial Officer is responsible for managing the check signing authority process and alerting all individuals and banks of any changes to authority.

Procedure:

1.0 AUTHORIZED CHECK SIGNERS

- 1.1 The Board of Directors and the Chief Executive Officer should approve authorized check signers in writing. All approvals should be forwarded to the Chief Financial Officer for processing.
- 1.2 The Chief Executive Officer and Chief Financial Officer should have check signing authority. ~~Additional individuals with or without dollar limitations may be authorized as necessary.~~
- 1.3 For back-up purposes, it is advisable to have at least three check signers authorized for each checking account. One should be the Chief Financial Officer or primary signer and the other should be the Chief Executive Officer or secondary check signer. The third should be a back-up signer. The back-up signer should be a trusted individual but not necessarily an employee. It could be a board member or another principal in the Organization. A back-up signer will ensure continuing operations in case both the primary and secondary signers become incapacitated for any period of time.

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1.4 If the check signer also authorizes purchase orders, their access to the QuickBooks accounting system should be limited to “read” access as to maintain proper segregation of duties.

2.0 CHANGING CHECK SIGNERS

2.1 The ~~Chief Financial Officer~~ Executive Assistant/Board Secretary receives all approval paperwork and should prepare and maintain a file record of all authorized check signers and CSH105 CHECK SIGNING AUTHORITY LOG.

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2.2 The CHECK SIGNING AUTHORITY LOG should be kept current of all individuals and their status to sign checks as soon as their status changes. The log should contain the following information:

- Recipient name / position or title
- Authority start date
- Authority end date
- Maximum expenditure authority level

2.2 Contact the bank that administers the checking account for details on adding, changing, or removing check signers from a checking account. Normally this is a simple process of presenting identification and signing a card to be placed on file at the bank.

Banks maintain an authorized check signer’s card for each checking account. Only those individuals listed on the authorized check signer’s card may sign checks.

2.3 The Chief Executive Officer or the Board of Directors may revoke check signing authority. Any person who is no longer entitled to sign Organization checks will be notified in writing. The Chief Financial Officer will oversee the proper notification of the Organization's banks whenever authorized signature changes are made.

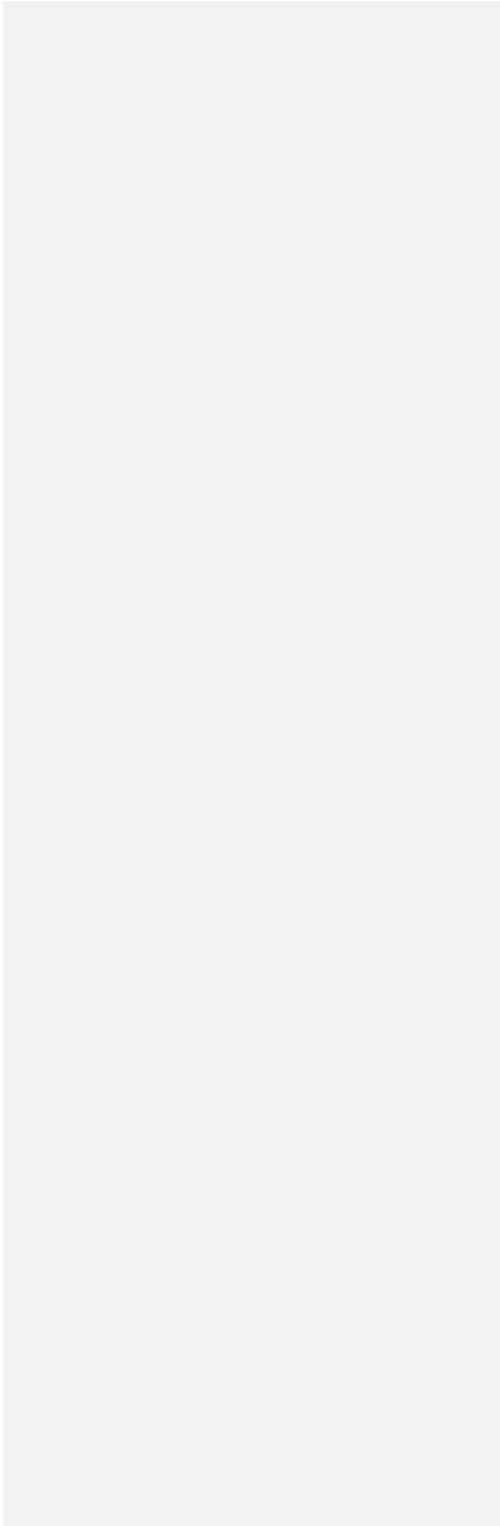
Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
<u>1</u>	<u>11/14/19</u>	<u>Authorized signers</u>	<u>Nanie Montijo, CFO</u>

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SOP # CSH106 Revision: 1
Effective Date: 9/5/17

Prepared by: Central Office
Approved by: BOD

Title: CSH106 CHECK MATTERS

Policy: To ensure efficient processing and record keeping all check matters will need to be handled and documented appropriately.

Purpose: To describe the process for matters relating to checks.

Scope: All checks.

Responsibilities:

Chief Financial Officer or Finance team is responsible for managing other check matters.

Procedure:

1.0 CHECK ORIGINATION

1.1 The Organization ~~does not permit the use of manual checks for payroll related payments after the board approved process is followed.~~

1.2 In no instance can the payee of a check be made to "Cash".

2.0 CHECK STOP PAYMENT

2.1 It is important to place the stop payment information on the account as quickly as possible to prevent losses. The following information should be obtained and recorded on the bank's Stop Payment Form or address online:

- Requester's name and department
- Account number
- Check number
- Date of the check
- Who the check is made payable to
- Amount of the check
- Reason for the stop payment

2.2 The stop payment information above should be forwarded to the Finance team or Chief Financial Officer who will contact the bank to put a stop on the check.

2.3 An authorized check signer may need to sign the bank's Stop Payment Form or address online, typically within ten business days. Normally, stop payments are placed on the account for approximately six months.

2.4 To release the stop payment, an authorized check signer may need to contact the bank and sign a release. Note: signing the release allows the check to be paid.

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Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	9/5/17	Revision to clarify processes and positions	
<u>2</u>	<u>10/14/19</u>	<u>Revision to permit use of manual checks</u>	<u>Nanie Montijo, CFO</u>

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SOP # CSH107 Revision: 1—Prepared by: Central Office
~~Effective Date: 2/8/18—Approved by: BOD~~

~~Title: CSH107 BANK ACCOUNT RECONCILIATIONS~~

~~Policy: To ensure the accuracy of the Organization's bank account records by proving the monthly balance shown in the bank's Account Register.~~

~~Purpose: To outline the practices for preparation of a Monthly Bank Reconciliation~~

~~Scope: This applies to all bank accounts maintained by the Organization.~~

~~Responsibilities:~~

~~Chief Financial Officer or designee is responsible for review and approval of all reconciliations.~~

~~Back-office service provider is responsible for reconciling each site's respective checking account.~~

~~Background: Errors or omissions can be made to the Organization's bank account records due to the many cash transactions that occur. Therefore, it is necessary to prove the monthly balance shown in the bank account register. Cash on deposit with a bank is not available for count and is therefore proved through the preparation of a reconciliation of the Organization's record of cash in the bank and the bank's record of the Organization's cash that is on deposit.~~

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CSH107 Bank Account Reconciliations—page 1 of 3

Accounting Policies, Procedures and Forms<object>

Procedure:

BANK STATEMENT PREPARATION

After receipt of the monthly bank statement and/or online printing of the monthly bank statement, back-office accountant should prepare the monthly bank reconciliation as follows:

By the 15th of the following month for MSA 1, MSA 2, MSA 3 and MSA 5 and;

By the 20th of the following month for MSA 4, MSA 6.. [1]

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SOP # G&A103 Revision: 2
Effective Date: 9/5/2017

Prepared by: Central Office
Approved by: BOD

Title: G&A103 TRAVEL AND ENTERTAINMENT

Policy: All reservations required for business travel and entertainment will be made through the Supervisor or designated staff. Expenses are to be within established Organization guidelines and will be reimbursed with proper documentation. Employees are expected to spend the Organization's money as carefully and judiciously as they would their own.

The Organization recognizes that employees who travel far from home to represent the Organization's business interests must forego their living accommodations and may forfeit personal time. Accordingly, the Organization will make efforts to provide comfortable and secure accommodations for lodging, meals and travel for employees. The Organization reserves the right to deny reimbursement of expenses that are considered lavish or extravagant.

Purpose: To provide guidelines for travel and entertainment expenses as they were actually spent, account for all advances promptly and accurately and to communicate the procedures for reimbursement.

Scope: This procedure applies to all departments and individuals who travel or entertain for the Organization.

Responsibilities:

Responsible Party: The individual employee and Supervisor When the Supervisor does not make travel arrangements, each employee is responsible for making arrangements needed for business travel.

- The Supervisor may make travel arrangements when requested, provided that arrangements are made at least 15 days in advance.

The Finance Department will receive and review the expense report documentation and Back-office provider process necessary employee reimbursement. (See PUR106, Reimbursements, for more detailed information.)

Procedure:

1.0 TRAVEL ARRANGEMENTS

1.1 All arrangements required for business travel are to be made individually or through the Supervisor. When possible, the Supervisor can solicit better corporate discounts and rates for hotels, airlines, car rental agencies and travel agencies. Employees benefit because they do not have to spend their own time comparing rates and making their own arrangements. If making your own arrangements, the employee must find the best possible travel pricing.

1.2 For maximum savings on airfares, this form should always be completed at least 15 days in advance unless an emergency trip is required.

1.3 It is preferable that all employees travel during non-working hours to maximize efficiency. The Supervisor will make arrangements for the trip as required and will return a travel itinerary and any tickets or reservation forms to the employee.

1.4 **Cash Advances** - The Organization generally **discourages** cash advances unless special circumstances apply.

If an employee requires a cash advance, a formal request must be made as a check request. The advance request will then be forwarded to accounting for processing upon approval. Travel advance amounts are approved on an as needed basis.

When a cash advance is received, the employee will reduce their expense reimbursement by the amount of the cash advance. In the case where the cash advance exceeds the expenses for the report submitted, the remaining cash must be turned into the Finance Team with the expense report. Amounts owed the Organization cannot be carried forward to future expense reports. Any advance outstanding will be deducted from the employee's paycheck.

1.5 **Direct Billings** - Direct billings to the Organization from motels, restaurants, etc. are not permitted unless previously authorized.

2.0 EXPENSE GUIDELINES

2.1 Air Travel - Airline reservations are based on the following criteria:

- Expediency: Getting the employee to their destination in an expedient way. (Direct flights when possible or connecting flights if necessary for faster flight schedules).
- Cost: Employees will fly coach class unless extenuating circumstances apply.
- Air Carrier: An employee's preferred airline can be utilized as long as expediency and cost factors are equal. In most cases, airfare will be directly billed to the Organization's credit card account.

On occasion, employees may have no alternative but to book their own flight. If this is the case, employees must use regularly scheduled airlines and obtain the lowest (discount) fare available. This may mean that employees will fly at times that are not always the most convenient for them.

2.2 Lodging - Lodging arrangements are based on value, convenience for the traveler and according to what is usual and customary Organization guide lines.

Whenever multiple employees are traveling to the same location, employees will be required to share accommodations if possible (i.e. male/male or female/female). Lodging accommodations will then be made for double rooms accordingly. If an employee is accompanied by a non-employee such as family or a friend, and therefore requires

separate accommodations, the employee will be responsible for payment of any excess lodging accommodations.

- 2.3 Meals - Employees on Organization business will be reimbursed for the actual cost of their meals or the allowable Federal Per Diem rate for the locality (in accordance with the US General Services Administration), whichever is lower.

Officers may include reimbursement of pre-approved guest meals under the same guidelines noted above.

See form PUR104 Accounts Payable and Cash Disbursements and PUR106 Reimbursements for additional information regarding Meals.

- 2.4 Car Rentals – When possible, advance arrangements should be made by the Supervisor if a car is required at the destination, otherwise the employee is required to make their own car rental arrangements. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment.

Supplemental auto insurance coverage offered by car rental agencies must be purchased and will be reimbursed.

- 2.5 Personal Vehicles - An employee who uses their own automobile for business will be reimbursed according to IRS mileage reimbursement guidelines. The employee must provide on the expense report, documentation including dates, miles traveled and purpose of each trip.

The Organization assumes no responsibility for personal automobiles used for business. Further, any parking or speeding violation is the sole responsibility of the employee and each employee must have valid minimum automobile liability insurance as required by state law.

- 2.6 Telephone - Telephone charges from the hotel are not allowed unless it is an emergency.

- 2.7 Entertainment - Entertainment expenses are not allowed.

- 2.8 Miscellaneous Expenses - Any additional business expenses (including but not limited to Wi-Fi access), that are not categorized above should be pre-approved and listed under miscellaneous expenses, and documented with all pertinent information to substantiate the expense.

- 2.9 Non-Reimbursable Expenses - Some expenses are not considered valid business expenses by the Organization, yet may be incurred for the convenience of the traveling individual. Since these are not expenses for the business then they are not reimbursable. (The following can be used as a guide of expenses, which are not reimbursable)

Examples include:

- Airline or travel insurance
- Airline or travel lounge clubs
- Shoe shine or Dry-cleaning (except for extended travel beyond 5 days)

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- Movies or personal entertainment
- Books, magazines or newspapers
- Theft or loss of personal property
- Doctor bills, prescriptions, or other medical services
- Parking tickets, traffic tickets or Car towing if illegally parked
- Health club memberships
- Baby sitter or Pet care fees
- Barbers and Hairdressers

3.0 EXPENSE REPORT PREPARATION AND REIMBURSEMENT

3.1 All business reimbursement expenditures incurred by employees of the Organization are reimbursed through the current financial system. Reimbursement receipts must be submitted monthly and any receipt that is older than 60 days will be reimbursed at the discretion of the Chief Financial Officer.

~~Expense report forms must be filled out completely. All required receipts for items charged must accompany all reimbursement documentation as well as uploaded into the existing financial system for approval and reimbursement payment process. In order to expedite reimbursement, the employee should ensure that the request is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented.~~ Any questions regarding completion of the report should be directed to the employee's supervisor or the Finance Team.

~~Upon completion, the expense report along with all attachments should be submitted to the employee's appropriate supervisor for approval. After approval, the expense report is submitted to the Finance Team for processing and reimbursement. In order to expedite reimbursement, the employee should ensure that the report is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented.~~

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Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Inclusion of back-office provider process	Oswaldo Diaz, CFO
2	9/5/17	Revision	
3	9/12/19	Revision	
4	11/14/19	Revision	Nanie Montijo, CFO

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SOP # INV102 Revision: 1
Effective Date: 11/12/15

Prepared by: Central Office
Approved by: BOD

Title: **INV102 FIXED ASSET CAPITALIZATION & DEPRECIATION**

Policy: Asset acquisitions with a useful life expectancy of greater than one year and with a minimum threshold amount as specified by the Chief Financial Officer should be capitalized by the Organization and depreciated.

Purpose: The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.

Scope: All acquisitions of capital assets for the Organization.

Definitions: Capitalization - Capitalization is the method chosen to record the purchase of a fixed asset on the Organization's accounting books. If an asset is capitalized then it is not expensed in the same year the asset is purchased. Instead the asset is generally recorded on the balance sheet and individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles. The asset is expensed each year as depreciation.

Depreciation - is an annual income tax deduction that allows the write-down or write-off of the cost of the asset over its estimated useful life to recover the cost or other basis of certain property over the time the property is used. It is an allowance expense for the wear and tear, age, deterioration, or obsolescence of the property.

As an asset ages and is used by the Organization, its value declines. It, in effect, becomes worth less and less over time. The declining value or usefulness of the asset over time is represented as a discount that is applied to the original purchase price. At the end of the asset's depreciation period, (and/or useful life), its value on the balance sheet will be zero, or fully-depreciated. At the same time, the individual depreciation expenses will have all been recorded on the income statement.

Note: Land is not depreciated because land does not wear out, become obsolete, or get used up. But, the building on the land is depreciated. Land is generally viewed as an appreciating asset while all other capital assets are generally viewed as depreciating over time, with use. But, unlike depreciation, an asset's appreciation is not recorded on the books until the asset is sold, which is when the assets appreciation is realized.

Cost basis – The total amount paid for the asset, in cash or kind, is considered the "cost-basis". This should include all charges relating to the purchase, such as the purchase price, freight charges and installation, if applicable. The cost basis is not the market value or list price of the

asset. It is the total amount invested in the purchase or the total amount paid.

Procedure:

1.0 CAPITALIZATION

1.1 All assets with a useful life of greater than one year and costing more than \$5,000 will be capitalized and (except for land) will be recorded in the depreciation records.

Bulk computer, software, and other technology purchases with an aggregate value of \$5,000 \$25,000 or more are captured as capitalized fixed assets regardless of individual price of item.

In addition, remodeling modifications and replacement costs of integral structural components are only capitalized when such costs incurred exceed \$50,000.

Depreciation or amortization is computed on the straight-line basis over the useful lives of the assets.

Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.

1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.

1.3 Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office or site. Expenditures incurred in connection with maintaining an existing facility in good working order should be expensed as a repair.

1.4 The cost of buildings should include all expenditures related directly to its acquisition or construction. This cost includes materials, labor and overhead incurred during construction, and fees, such as attorney's and architect's and building permits.

1.5 Maintain proper files on the details to all acquisitions, expenditures, and maintenance performed on all assets. These records are vital for proper tax preparation and are used during yearly tax reporting and planning.

2.0 DEPRECIATION

2.1 The depreciation methods/lives for assets must be selected at the time the asset is first placed into service in order to ensure consistent financial reporting and tax compliance.

The Organization uses the straight-line method of depreciation.

The following represents a sample of the useful lives that the Organization may use for financial reporting purposes:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor	20
Buildings		20 - 50
HVAC systems	Heating, ventilation, and air systems	10 - 20
Roofing		20
Interior construction	Leasehold improvements	20 - 25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, tanks	20
Machinery & tools	Shop & maintenance equipment,	3 - 15
Custodial equipment	Floor scrubbers, vacuums, other	7 - 15
Furniture & accessories	Classroom & other furniture	10 - 20
Business machines	Fax, duplicating & printing	3 - 10
Copiers		3 - 10
Communication equipment	Mobile, portable radios	3 - 7
Computer hardware	PCs, printers, network hardware	3 - 5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	5 - 10
Athletic equipment	Wrestling mats, weight machines	7 - 10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	5 - 10

- 2.2** The lowest life permitted by tax regulations for asset classes should be selected to optimize depreciation deductions.
- 2.3** Regardless of the depreciation rate required an Organization can elect to use a different method for financial statement purposes. Such method should be justified based on the expected useful life of the asset.
- 2.4** Depreciation will be recorded in the accounting system at the end of the fiscal year.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	11/12/15	Revision of capitalization policy relating to technology aggregate purchases	Oswaldo Diaz, CFO
2	9/5/17	Revision to clarify processes and positions	

SOP # PUR106 Revision: 3
Effective Date: 9/5/17

Prepared by: Central Office
Approved by: BOD

Title: PUR106 REIMBURSEMENTS

Policy: Internal controls are required to ensure that only valid and authorized reimbursements are recorded and paid. Accounting procedures should be implemented to ensure the accuracy of amounts, coding of General Ledger accounts and appropriate timing of payments.

Purpose: To explain the practices for documenting, recording and issuing payments for reimbursement transactions.

Scope: This procedure applies to all reimbursements.

Responsibilities:

The Principal at each school site is responsible for reviewing and approving payments under \$5,000 in the purchasing software, in accordance with the approved budget.

The Chief Financial Officer is responsible for reviewing and approving payments up to \$10,000 in accordance with the approved budget. The Chief Executive Officer may assign the Chief Academic Officer, the Chief of Staff, the Chief External Officer or Regional Directors the authority to approve expenditures up to \$10,000.

The Chief Executive Officer is responsible for reviewing and approving payments over \$10,000 in accordance with the board approved budget, as well as up to \$10,000 for non-budgeted items.

Back-office provider Accounts payable is responsible for payment of reimbursements in a timely manner. A timely manner is defined as within two weeks of submission.

Background: Properly recording reimbursements is generally a three-step process.

The first step is accurately submitting reimbursement receipts along with a ~~proof of pre-approval, reimbursement authorization form~~.

The second step is obtaining the appropriate authorization to process payment.

The third step involves the preparation, issuance of reimbursement payment in a timely manner, and subsequent filing of all paperwork for easy retrieval.

Procedure Overview:

Reimbursements are generally made for:

1. Travel and conferences
2. Mileage

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3. Meals
4. School/classroom supplies
5. Allowable academic expenses
6. Student awards
7. Other expenses

Reimbursement checks are processed on three-week cycle or sooner.

Requests for cash disbursements are submitted to Finance Department through the current financial software purchasing software. Documentation for all requests can be in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All reimbursement requests must be approved by the appropriate authorized staff prior to being submitted to accounts payable. Accounts payable will determine review the account code for each invoice.

Every employee reimbursement or purchase request must be documented in the purchasing financial software with travel ef evidence of pre-authorization, receipts, nature of business, program allocation, and funding source. (If applicable) before approving for reimbursement as follows:

Travel and Conferences - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose. This includes itemized receipts for parking, tolls and bridges, car rentals, taxis, and conference receipts not to exceed the current Government Services Administration (GSA) per diem rates. Current rates are available at www.gsa.gov/perdiem. (See G&A103, Travel and Entertainment policy for more detailed information.)

Car Rentals – When possible, Advanced approvals are required recommended. The employee is required to may make their own car rental arrangements. Vehicle selection will be based upon the most cost-effective class that satisfies requirements for the employee(s) and any demonstration equipment. Supplemental auto insurance coverage offered by car rental agencies must be purchased and will be reimbursed.

Mileage/Personal Vehicles - An employee required to use their own automobile for business will be reimbursed in accordance with the current IRS mileage reimbursement rate. The employee must provide on the expense report mileage reimbursement form, documentation including dates, miles traveled and purpose of each trip.

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The Organization assumes no responsibility for personal automobiles used for business. Further, any parking or speeding violation is the sole responsibility of the employee.

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Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose. Entertainment expenses are disallowed. Meals are reimbursed based on actual receipt amounts not to exceed the following; Breakfast: \$7.00, Lunch: \$13.00, Dinner: \$20.00

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Meal and Entertainment tips are limited to 15% (unless automatically assessed by the eating establishment) of the pre-tax meal total cost and any tip that is in excess of the pre-tax meal total cost will not be reimbursed. For example, a meal that costs \$10 may have an 8% sales tax bringing the total meal price before tip to \$10.80. Figure the tip on the \$10 amount at 15% or \$1.50 and that amount of tip or less is reimbursable. If you tipped more than a \$1.50, that difference is not reimbursable. You are always allowed to tip less than 15% should you choose to do so.

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School/Classroom Supplies, Allowable Academic Expenses, and Student Awards – these expenditures are subject to the approval of the Principal. Gifts of any kind are never allowed. Student awards may only be paid from non-ADA and unrestricted sources. In other words, student awards may be paid from unrestricted fundraising or from other unrestricted sources of income, subject to approval of the Principal and/or ~~Central~~ Home Office.

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Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

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Non-Reimbursable Expenses - Some expenses are not considered valid business expenses by the Organization, yet may be incurred for the convenience of the traveling individual. Since these are not expenses for the business then they are not reimbursable. (The following can be used as a guide of expenses, which are not reimbursable)

Examples include:

- Airline or travel trip interruption insurance
- Airline or travel lounge clubs
- Shoe shine or Dry-cleaning (except for extended travel beyond 5 days)
- Movies or personal entertainment
- Books, magazines or newspapers
- Theft or loss of personal property
- Doctor bills, prescriptions, or other medical services

- Parking tickets, traffic tickets or Car towing if illegally parked
- Health club memberships
- Baby sitter or Pet care fees
- Barbers and Hairdressers

Requests for reimbursement payments are reviewed in the ~~purchasing~~ financial software by the Principal, Account Analysts, Chief Financial Officer, or Chief Executive Officer, dependent on purchase amount. The appropriate personnel:

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1. Verifies and matches expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Finance team for processing Accounts

~~Payable~~ Back Office Provider processes all payments and:

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1. Immediately enters them into the Accounts Payable module, ~~unless paid upon receipt on the same day~~
2. Prints checks according to allocation and payment date provided by the approving party
3. Submits checks, with attached backup documentation, to Chief Financial Officer for approval and signature
4. Stamps invoice "paid"
5. Mails checks and appropriate backup documentation
6. Files all backup documentation in the appropriate file
7. Monitors accounts payable throughout the month

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Procedure:

1.0 DOCUMENTING REIMBURSEMENTS

All business reimbursement expenditures incurred by employees of the Organization are reimbursed through the ~~purchasing~~ Financial system software. All reimbursement receipts must be submitted monthly and any receipt (except tuition reimbursement) that is older than 60 days will not be reimbursed. Employee may submit written justification for the late submission and will be processed at the discretion of the Chief Financial Officer.

Expense report forms must be filled out completely. All required original receipts for items charged must accompany all reimbursement documentation as well as uploaded into the financial system purchasing software for approval and reimbursement payment process.

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Accounting Policies, Procedures and Forms

In order to expedite reimbursement, the employee should ensure that the report is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented. Any questions regarding completion of the report should be directed to the employee's supervisor or the Finance Team.

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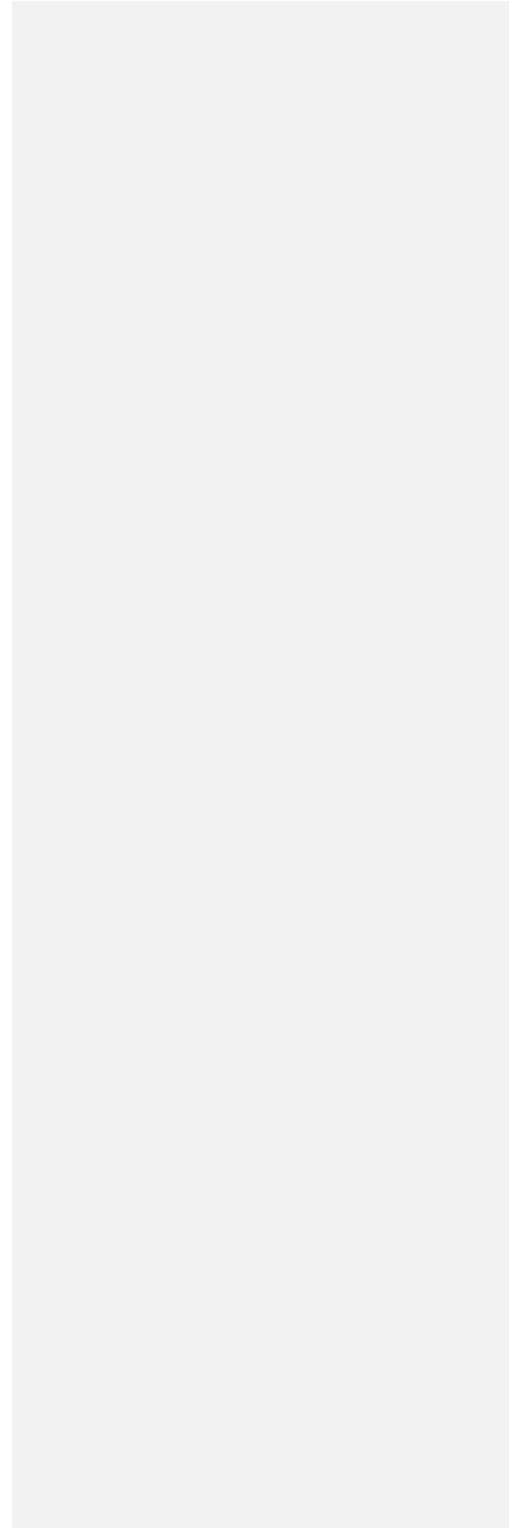
~~Upon completion, the expense report along with all attachments should be submitted to the employee's appropriate supervisor in the purchasing software for approval. After approval, the expense report is submitted to the Finance Team for processing and reimbursement. In order to expedite reimbursement, the employee should ensure that the report is completed properly, required documentation is attached, proper authorization is obtained, and any unusual items properly explained and documented.~~

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Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/13/15	Amount limit changes. Mileage reimbursement rate.	Oswaldo Diaz, CFO
2	11/12/15	Inclusion of back office service provider and amount limit changes.	Oswaldo Diaz, CFO
3	9/5/17	Revision to clarify processes and positions	
4	9/12/19	Revision	

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