

# **YPI Charter Schools Inc. (YPICS) Fiscal Policies & Procedures**

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## Introduction

The Governing Board of YPI Charter Schools Inc. (YPICS) has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of YPI Charter Schools Inc. to support its mission and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

YPICS has contracted with ExED for various business services including budgeting, financial reporting, and forecasting; accounting and bookkeeping; cash management; CALPADS reporting; and payroll processing and retirement reporting.

## Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

### Basis of Accounting

**Policy:** The organization uses the accrual-basis of accounting at year-end, meaning that revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of when the receipt or payment of cash takes place.

**Procedures:**

- Throughout the fiscal year, revenue is recorded in the month in which it is received and expenses are recorded in the month in which they occur.
- At the close of the fiscal year, all revenue earned in the fiscal year, but not received is accrued. All expenses that have been incurred but not paid are also accrued. This ensures that that the year-end financial statements reflect all revenue earned and all expenses incurred during the fiscal year.
- Year-end books, inclusive of adjusting journal entries, are closed by December 15, the date by which the audit report must be submitted to the state controller and respective reporting agencies.

### Bank Reconciliations

**Policy:** Bank reconciliation and approval will occur on a monthly basis.

**Procedures:**

- The ExED Accounting Associate or Senior Accounting Associate (AA/SAA) assigned to the organization will save the bank statements directly from the online banking system. If online banking is unavailable or ExED does not have access, the organization will make copies of the original statement available to ExED.
- The ExED AA/SAA will prepare the bank reconciliation using ExED's bank reconciliation workbook.

- The Accounting Manager or Vice President, School Finance assigned to the organization will review and approve the bank reconciliation workbook by completing the approval tab of the bank reconciliation workbook.

## Record Keeping

**Policy:** Financial records will be retained for a minimum of seven years or as outlined in the [990 organization's records](#) policy.

### Procedures:

- ExED will retain financial records, including transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll record, and any other necessary fiscal documentation at its site until the prior year audit has been completed.
- ExED will ~~deliver~~ [make the](#) financial records [available](#) to the organization for storage for the remaining years of the seven year retention period.
- At the discretion of the Governing Board or Executive Director, certain documentation may be maintained for a longer period of time.
- [Paper financial records, to the extent that they exist, will be shredded at the end of their retention period and the organization will keep a general record of what was destroyed.](#)
- ~~Financial records will be shredded at the end of their retention period.~~
- Backup copies of electronic and/or paper documentation should be stored in a secure location.

## Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

All documentation related to financial matters will be completed by computer, typewriter, or ink. Completion by pencil is not permitted. [The organization employs various electronic systems and processes to complete the work associated with its fiscal operations \(e.g., SpendBridge, Paycom, Nvoicepay\). The electronic systems the organization chooses to use may change over time and new electronic systems may be introduced. The organization will configure the electronic systems to ensure they align to the organization's internal controls.](#)

## Lines of Authority

### Governing Board

- Approves the fiscal policies and procedures and delegates administration of the policies and procedures to the Executive Director.
- Ensures that the fiscal policies and procedures are current, meaning that they have been reviewed and updated annually.
- Approves the opening and closing of bank accounts and the list of authorized signers and the organization address on record.
- Approves all third-party loans.
- Approves the opening of business credit cards.
- Reviews and approves the annual budget.

- Reviews annual and monthly financial statements, including the monthly check register and the ExED-prepared financial dashboard and budget-to-actual variance analysis.
- Reviews the Executive Director's performance annually and establishes the salary.
- Reviews and approves all contracts over \$50,000.
- Reviews and approves all non-budgeted expenditures over \$50,000 and any irregular expenditures.
- Commissions the annual financial audit by an independent third party auditor approved by the State of California.
- Reviews and accepts the annual financial audit before submission, when possible, but otherwise no later than by January 31, unless there has been an approved audit extension, in which case the audit will be accepted as soon as possible following completion. Approves the annual financial audit by December 15.
- Appoints someone else to perform the duties of the Executive Director in the case of absence, and/or approves the appointment of someone who has been so assigned by the Executive Director.

#### **Executive Director**

- Is responsible for all operations and activities related to financial management.
- Develops the annual budget with ExED.
- Reviews and approves all contracts under \$50,000.
- Reviews and approves all expenditures under \$50,000.
- Oversees the adherence to all internal controls.
- Appoints someone else to perform his/her duties in case of absence.

#### **Chief Operations Officer**

- Serves as the designee for the Executive Director.
- Assist with the development of the annual budget with Executive Director and ExED
- Approves payroll
- Oversees budgets

#### **Executive Administrator/Assistant Executive Administrator**

- Is responsible for the daily operations and activities related to financial management
- Manage site budgets
- Approve site payroll

### **Segregation of Duties**

**Policy:** The organization's financial duties shall be distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

#### **Procedures:**

- Procedures for each section of this document will identify the position responsible for carrying out each function so that no single person or entity has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.

## Financial Planning & Reporting

### Budgeting Process

**Policy:** In consultation with the Executive Director and Finance Committee, ExED will prepare the annual budget for approval by the Governing Board. The budget is to be approved by the Governing Board prior to the start of each fiscal year.

**Procedures:**

- The Executive Director will work together with the Chief Operations Officer and Executive Administrators/Assistant Executive Administrator to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- ExED will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- ExED, in consultation with the Governing Board, will set a target net income goal to meet strategic goals and/or comply with existing loan covenants.
- ExED will present a draft budget to the Finance Committee prior to the end of the fiscal year.
- The Finance Committee shall review and approve a recommended fiscal year budget and submit it for approval to the Governing Board.
- The Governing Board will review and approve the budget no later than its last meeting prior to the start of the fiscal year.
- ExED will prepare financial statements displaying budget vs. actual results for presentation to the Governing Board. ExED will work with the organization's leadership to prepare updated financial statements for presentation to the Governing Board in alignment with the Board's schedule of regular meetings.
- ~~ExED will prepare financial statements displaying budget vs. actual results for presentation to the Governing Board at each board meeting.~~

### Internal Financial Reports

**Policy:** The organization reviews regular financial reports at scheduled board meetings.

**Procedures:**

- ExED is responsible for producing the following year-to-date reports within 45 days of the end of each month (in August through June): Income Statement including budget to actual variances, Balance Sheet, Financial Analysis, and Cash Flow Projection.
- ExED will also present a check register at each board meeting.
- ExED and/or the Board Treasurer will present the financial reports to the Governing Board at each meeting.

### Audit

**Policy:** The Governing Board will contract annually with a qualified independent certified public accounting firm to conduct an audit of the organization'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, 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, related State of California and Charter School regulations, and the *Standards and Procedures for Audits of California K-12 Local Education Agencies Audit Guide* (which can be found at <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>), in order to properly conduct the audit engagement.

After six consecutive fiscal years, the organization will contract with a new audit firm or require a change/rotation in audit partners in the seventh year, unless a waiver is obtained from the Educational Audit Appeals Panel. (Education Code 41020).

**Procedures:**

- The Governing Board will appoint an Audit Committee of one or more persons by January 1 of each year.
- The Audit Committee may include persons who are not members of the board, but may not include any members of the staff of the corporation, including the president or CEO or the treasurer or CFO. In addition, any person with expenditure authorization or recording responsibilities within the organization may not serve on the committee.
- The Audit Committee will be responsible for contracting with an audit firm by March 1 of each year, unless the existing contract is a multi-year contract.
- The Audit Committee will be responsible for reviewing the results of the annual audit and developing a corrective action plan to address all relevant weaknesses noted by the auditor.
- The Governing Board will review and approve-accept the audit no later than ~~December~~ January 31<sup>15</sup>.
- The audit firm will be responsible for submitting the audit to all reporting agencies no later than December 15, unless an approved audit extension is in place.

## Tax Compliance

### Exempt Organization Returns

**Policy:** The audit firm contracted by the Governing Board to conduct the annual financial audit will prepare the annual Federal Form 990 and the California Form 199. The tax forms are to be filed no later than May 15 of each year.

**Procedures:**

- ExED will work with the tax preparer to complete the organization's tax returns.
- The Executive Director or designee will review the tax returns before submitting to the Governing Board for final approval review prior to May 15 submission. The tax returns will include an explanation of the method by which the Governing Board receives the returns prior to submission.
- The Form 990 will be available to the public via GuideStar, an information service specializing in reporting on U.S. nonprofit companies.

### Quarterly/Annual Payroll Reports

**Policy:** Paycom and ExED will prepare the state and federal quarterly and annual payroll tax forms and will submit the forms to the respective agencies within established deadlines.

**Procedures:**

- Paycom will prepare and file employee W2s by January 31 each year. If this date falls on a Saturday, Sunday, or legal holiday, the deadline will be the next business day.
- Paycom will deposit and file federal, state withholding and state disability taxes and quarterly tax returns.
- ExED will deposit and file state unemployment taxes and quarterly payroll tax reports by the filing deadline.
- For clients who are not members of SEF, Paycom will deposit and file all federal and state taxes and tax returns.
- ~~ExED will prepare employee W2s by January 31 each year.~~
- ~~ExED will file quarterly payroll tax reports (941 and DE9) by the filing deadline.~~

## Revenue & Accounts Receivable

### Cash Receipts

**Policy:** Cash receipts (including check or cash payments received via mail or in person and deposits received via Electronic Fund Transfer) shall be recorded completely and accurately to prevent the misappropriation of assets.

**Procedures:**

- For each fundraising or other event in which cash or checks will be collected, the Chief Operations Officer or Executive Administrator/Assistant Executive Administrator will designate a site administrator to be responsible for managing the process to collect and hold all cash and checks related to the event.
- A staff designee will record each transaction in a receipt book or document each item sold at the time the transaction is made in a log or similar.
- A staff designee shall give the cash, checks, deposit summary, and any related supporting documentation to the designated site administrator immediately.
- The designated site administrator and the staff designee will recount and reconcile the amount received with the supplied supporting documentation and each will sign for approval. The designated site administrator will immediately put the funds in a secure, locked location.
- Cash/checks dropped off in the classroom will be held by the teacher. Each morning, the teacher will collect all forms, payments, etc. that have been brought in by students that day and place them in a large envelope. Before the end of the work day, the teacher will bring the envelope from his/her classroom to the office where the cash/checks will be counted by the teacher and the designated site administrator.
- Mail (including anything official such as governmental notices, invoices and checks) received at the school must be opened by office staff members and stamped with a “received” stamp. If possible, the person opening the mail should not also be responsible for making bank deposits.
- Once a week, the Accounts Payable Department will log cash or checks received. Copies of Cash Receipt records should be sent to ExED for posting into the general ledger.



- When utilizing merchant or online web contribution services, appropriate segregation of duties shall be in place to ensure that no single person is able to perform incompatible functions (custody, recording, approving).

## Deposits

**Policy:** The Chief Operations Officer, Executive Administrator/Assistant Executive Administrator or designee is responsible for making bank deposits. Deposits will be made within ten business days.

### Procedures:

- The Accounts Payable Department will restrictively endorse each check received (e.g. For Deposit Only YPI Charter Schools, Bert Corona Charter School, Monseñor Oscar Romero Charter School, or Bert Corona Charter High School).
- The Accounts Payable Department or designated site administrator will prepare a deposit packet itemizing the amount, source, and purpose of each check or cash payment received. The deposit packet will include a copy of each check and a bank deposit slip.
- The Chief Operations Officer or Executive Administrator/Assistant Executive Administrator will review and approve the deposit packet.
- The Accounts Payable Department or designated site administrator will make the deposit and attach the deposit receipt to the deposit packet.
- The Accounts Payable Department will forward the deposit packet to ExED.
- ExED will reconcile the cash receipts to the deposit slip and the bank statement as part of the monthly close process.

## Expense & Accounts Payable

### Payroll

**Policy:** Employees are paid on a semi-monthly basis (15<sup>th</sup> and end of month). Under the supervision of the Executive Director or Chief Operations Officer, ExED will be responsible for processing payroll through a third-party provider.

### Time Sheet Preparation & Approval

**Policy:** For payroll, benefits tracking, and cost allocation purposes, all non-exempt employees are required to record time worked, holidays, and leave taken for each pay period. All employees are required to record time worked, holidays, and leave taken for payroll, benefits tracking, and cost allocation purposes.

### Procedures:

- Non-exempt ~~Ex~~ employees will be responsible for completing a timesheet, recording hours worked and vacation, sick or holiday time if applicable.
- Each employee will approve (verify) his/her timesheet via his/her signature or submission through the payroll system.

- Each supervisor will review and ~~provide final approval~~ Executive Administrator will approve of his/her employees' timesheets by signing each timesheet or approving each timesheet in the payroll system.
- Supervisors will return, either physically or via the payroll system, incomplete timesheets to the employee for revision.
- If an employee is unexpectedly absent and therefore prevented from working on the last day of the pay period or turning in his/her timesheet, the employee is responsible for notifying the signatory supervisor or for making other arrangements to submit the timesheet. The employee must still complete and submit the timesheet upon return. If no timesheet is submitted, the organization will pay the employee for the best estimate of hours worked and will update to the accurate hours as soon as possible.
- ~~If an employee is unexpectedly absent and therefore prevented from working on the last day of the pay period or turning in his/her timesheet, the employee is responsible for notifying the signatory supervisor or for making other arrangements to submit the timesheet.~~
- Employees are responsible for requesting leave, and supervisors are responsible for tracking leave taken by salaried employees.
- If a payday falls on a holiday or weekend, checks will be issued on the last working day before that weekend or holiday.

### Payroll Additions, Deletions, and Changes

**Policy:** The Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator is authorized to approve all payroll changes within the scope of his/her budget authority.

**Procedures:**

- Chief Operations Officer or ~~Coordinator of Human Resources Department Accounts Payable~~ will submit, either physically or electronically via payroll system, new hire or employee change paperwork to ExED prior to the payroll deadline.

### Payroll Preparation & Approval

**Policy:** ExED will prepare payroll in accordance with the organization's payroll calendar.

**Procedures:**

- Five days prior to each check date, the Executive Director or Chief Operations Officer will review electronic timecards within the payroll system to ensure that they are complete and approved for that pay period.
- The ExED Associate assigned to the organization will prepare payroll upon notification from the Executive Director or Chief Operations Officer that payroll for that pay period is approved.
- ExED Associate will process payroll and send the final payroll register for approval by the Executive Director or Chief Operations Officer.
- The ExED Manager or Vice President will submit payroll to the 3<sup>rd</sup> party payroll provider for check or direct deposit processing.
- If applicable, the 3<sup>rd</sup> party payroll provider will deliver the payroll package to the organization address on the file one day prior to the check date. Human Resources will be responsible for opening the payroll package, reviewing reports for accuracy, and notifying

ExED of any missing check. The Human Resources Department will have live checks available for pick up by employees on the check date. Employees have access to pay stubs via Paycom system.

- ~~● Five days prior to each check date, the Executive Director or Chief Operations Office will:~~
  - ~~● Review electronic time cards within the payroll system to ensure that they are complete and approved for that pay period.~~
  - ~~● The ExED Accounting Analyst, Associate, or Senior Associate assigned to the organization will prepare payroll upon notification from the Executive Director or Chief Operations Officer that payroll for that pay period is approved.~~
  - ~~● Once processed, the payroll processor ExED Accounting Manager (AM) or Vice President (VP), School Finance will review the Payroll Review Report for accuracy and completeness and will review the Employee Change Report to verify the appropriateness of all changes.~~
  - ~~● The ExED Accounting Manager or Vice President, School Finance will submit payroll to the 3<sup>rd</sup> party payroll provider for check (if applicable) and direct deposit processing.~~
  - ~~● The 3<sup>rd</sup> party payroll provider will deliver the payroll package to the organization address on file one day prior to the check date (if applicable).~~
  - ~~● The Executive Director or Chief Operations Officer will be responsible for opening the payroll package, reviewing reports for accuracy, and notifying ExED of any missing check (if applicable).~~
  - ~~● The Executive Director or Chief Operations Officer will distribute pay stubs to employees on the check date (if applicable).~~

## Pay Upon Termination

**Policy:** Employees who are discharged shall be paid all wages due at the time of termination. (Labor Code § 201) Employees who quit without giving prior notice shall be paid wages within 72 hours (inclusive of weekends and holidays). If the employee gives at least 72 hours' notice, the wages must be paid on the last day worked. (Labor Code § 202)

### Procedures:

- The Executive Director or Chief Operations Officer will inform ExED of any involuntary termination immediately and will provide an accounting of the hours/days worked since the last payroll and any accrued Paid Time Off (PTO) to be paid.
- The Executive Director, Chief Operations Officer, or Coordinator of Human Resources will inform ExED of any voluntary termination immediately and will provide an accounting of the hours/days worked since the last payroll and any accrued Paid Time Off (PTO) to be paid.
- ExED will calculate the final check based on the hours/days worked and the employee's pay rate.
- ExED will prepare the final check and provide to the school in accordance with the timelines required by law. The organization is responsible for creating and obtaining the employee's signature on the final check acknowledgement.
- An employee who quits without 72 hours' notice may request that his or her final wage payment be mailed to a designated address. The date of mailing will be considered the date of payment. (Labor Code § 202)
- The final check may not be provided via direct deposit unless agreed to by the employee and the organization.

- The organization must provide ExED with a list of non-returning staff two weeks prior to the last day of instruction to ensure that final checks are distributed in accordance with labor law.

## Purchases & Procurement

**Policy:** All purchases must be authorized by the Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator. Any expenditure in excess of \$10,000 for the purchase of a single item should have bids from three (3) suppliers if possible. Any food contract that exceeds \$~~24~~50,000 (or the current small purchase threshold set by the US Department of Agriculture, if higher) shall follow a competitive bid process. Procurements for the organization's Nutrition Program will follow the policies, procedures and guidelines required under the applicable state or federal nutrition programs.

Goods or services purchased with federal funds must follow federal procurement guidelines as outlined in Education Department General Administration Regulations (EDGAR), Part 80—Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Sub-part C (Post Award Requirements), Section 80.36 (Procurement) located at: <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

The Governing Board must approve any contract over \$50,000.

### Procedures:

- All purchases over \$750 require a purchase requisition.
- The Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator will approve the purchase requisition after determining:
  - If the expenditure is budgeted.
  - If funds are available for the expenditure.
  - If the expenditure is allowable under the appropriate revenue source.
  - If the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures and any related laws or applicable regulations.
  - If the price is competitive and prudent and proper bidding procedures have been followed.
- The Governing Board will review expenditures during each board meeting through the review of a check register that will list all checks written since the Governing Board's last meeting and will include the check #, check date, payee, and check amount. Confidential payee information for employees may be redacted from publicly available documents.
- Purchases of individual items using federal funds, which exceed the threshold set under federal guidelines, will be inventoried appropriately.

### Contracts

- The Executive Director or Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator will consider in-house capabilities to accomplish services before contracting for them.
- The Chief Operations Officer or Executive Administrator/Assistant Executive Administrator will keep and maintain a contract file evidencing the competitive bids obtained (if any were required) and the justification of need for any contract over \$10,000.
- The Chief Operations Officer or Executive Administrator/Assistant Executive Administrator will confirm that the contractor is not listed in the US government's Suspended or Disbarred

list via a search of the System for Award Management ([www.sam.gov](http://www.sam.gov)). The Chief Operations Officer or Executive Administrator/Assistant Executive Administrator will keep a record of all searches.

- The Chief Operations Officer or Executive Administrator/Assistant Executive Administrator will ensure that a written contract clearly defining work to be performed is on file for all contract service providers (i.e. consultants, independent contractors, subcontractors).
- Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and workers' compensation insurance currently in effect. The Executive Director may also require that contract service providers list the school as an additional insured.
- The Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator will approve proposed contracts and modifications in writing.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- The Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator will be responsible for ensuring the terms of the contracts are fulfilled.
- Potential conflicts of interest will be disclosed upfront, and the Executive Director and Member(s) of the Governing Board, as well as any other employee participating any procurement decision, will abide by all relevant Conflict of Interest laws, including insuring that those with the conflict will excuse themselves from discussions and from voting on the contract~~Potential conflicts of interest will be disclosed upfront, and the Executive Director and/or Member(s) of the Governing Board with the conflict will excuse themselves from discussions and from voting on the contract.~~

## Credit Cards

**Policy:** Organization credit cards shall only be issued with the formal approval of the Governing Board and may only be used for organization-related expenditures.

### Procedures:

- Purchase requisition and other documentation requirements apply to credit card purchases.
- The bank and/or consumer credit card (Amazon, Home Depot, Staples, etc.) will be kept under the supervision of the card holder.
- An itemized receipt should be turned in for all purchases.
- If receipts contain an inappropriate expense, the individual making the charge will be held responsible for payment.
- In the case of a missing receipt, a missing receipt form shall be submitted and approved by the Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator.
- Should the Executive Director be required to complete a "missing receipt" form, authorization must be granted by a member of the Governing Board. Should the Chief Operations Officer be required to complete a "missing receipt" form, authorization must be granted by the Executive Director. Should an Executive Administrator/Assistant Executive Administrator be required to complete a "missing receipt" form, authorization must be granted by the Executive Director or Chief Operations Officer.
- Credit cards will bear the names of both the organization and the cardholder as authorized by the Governing Board.

- No personal charges are permitted.
- All reward points or discounts are property of the school. Use of such points or discounts is at the discretion of the Executive Director and should be used for the benefit of the organization.
- Upon termination, the employee shall immediately return the credit card and all receipts to the Executive Director or Chief Operations Officer.

## Debit Cards

**Policy:** Organization debit cards are not permitted.

**Procedures:**

If a debit card is automatically issued by the bank, the Executive Director or Chief Operations Officer will:

- Contact the bank to deactivate debit card service from the account.
- Destroy the physical debit card.

## Independent Contractors

**Policy:** The organization will comply with all applicable federal and state laws relative to the use of independent contractors.

**Procedures:**

- The Executive Director and the Chief Operations Officer have the authority to establish a contract with an independent contractor and are responsible for verifying that the person is appropriately classified as an independent contractor and not as an employee and for obtaining a Form W-9.
- School employees may not serve as independent contractors.
- Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and workers' compensation insurance currently in effect. The Executive Director may also require that contract service providers list the school as an additional insured.
- All services performed by independent contractors will be processed as accounts payable.
- The organization is responsible for collecting current information relevant to what is required on the Form 1099 and providing it to ExED no later than December 15 each year.
- At the close of the calendar year, ExED will issue a Form 1099 to all independent contractors in accordance with IRS regulations~~At the close of the calendar year, ExED will issue a Form 1099 to all independent contractors in accordance with IRS regulations.~~

## Invoice Approval & Processing

**Policy:** The Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator may approve all invoices within the scope of their respective budget authorities. The following procedures will be performed either manually or electronically.

**Procedures:**

- When receiving tangible goods from a vendor, the Accounts Payable Department will trace the merchandise to the packing list and note any items that were not in the shipment.
- For invoices that are received manually (e.g., via email or mail)
  - The Accounts Payable Department will open and review invoices and bills and will notify the Executive Director or Chief Operations Officer of any unexpected or unauthorized expense.
  - The Accounts Payable Department will code invoices to the correct budget line.
- For electronic invoices that are sent directly from the vendor to the procurement system
  - The procurement system will automatically receive the electronic invoice against the purchase order.
  - The procurement system will copy the coding from the purchase order to the electronic invoice.
  - The procurement system will create an E-Invoice document to reflect the electronic invoice data it received from the vendor.
- Invoices are then routed to the Executive Director or Chief Operations Officer for payment approval.
- ExED will review the invoice for sufficient supporting documentation, verify the coding, and process payment.
- If the vendor is a sole proprietor or a partnership (including LP, and LLP) providing a service, the Accounts Payable Department will obtain a W-9 from the vendor prior to submitting any requests for payments to ExED.
- ~~● The Accounts Payable Department will open and review invoices and bills and will notify the Executive Director, Chief Operations Officer of any unexpected or unauthorized expense.~~
- ~~● When receiving tangible goods from a vendor, the designated office staff at the school will trace the merchandise to the packing list and note any items that were not in the shipment.~~
- ~~● The Accounts Payable Department will code invoices to the correct budget line.~~
- ~~● Invoices are then routed to the Executive Director or Chief Operations Officer for payment approval.~~
- ~~● If the vendor is a sole proprietor or a partnership (including LP, and LLP) providing a service, the Accounts Payable Department will obtain a W-9 from the vendor prior to submitting any requests for payments to ExED.~~
- ~~● ExED will review the invoice for sufficient supporting documentation, verify the coding, and process payment.~~

## Cash Disbursements

**Policy:** Vendor payments will be issued upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.).

**Procedures:** Two methods are used to issue vendor payments:

### Bank Check

- Once an invoice is approved by the Executive Director or Director of Operations for payment, the ExED Accounting Analyst will prepare an in-sequence check and will submit the check to the ExED AM or VP.

- The ExED AM or VP will review the supporting documentation for completeness and the check for accuracy and will sign the check with the Executive Director’s facsimile signature stamp, which is maintained in a secured location when not in use.
- ExED will distribute the check as follows:
  - Original – mailed or delivered to payee
  - Duplicate or voucher – saved electronically by an ExED accountant.
- Should a check need to be voided, “VOID” will be written in ink on the signature line of the check or added digitally to the check image, if the check was not yet printed.
- Bank Checks will be considered stale dated in alignment with the timeline for Nvoicepay, which is currently 180 days. The organization will provide ExED with direction regarding re-issuing payments for each stale dated item in a timely manner, and will complete any steps required to void the bank check, such as a Stop Payment order with the bank. Should a check need to be voided, “VOID” will be written in ink on the signature line of the check.

**Nvoicepay/Corpay (outsourced payment provider)**

- Once an invoice is approved by the Executive Director or Chief Operations Officer for payment, the ExED Accounting Analyst will submit the invoice to Nvoicepay for payment. The ExED AM or VP will review the payments submitted to Nvoicepay and will approve or reject each vendor payment.
- After ExED AM or VP has approved a vendor payment, Nvoicepay will electronically withdraw funds from the organization’s bank account and transfer the funds to a Nvoicepay trust account. Each vendor payment will be a separate bank withdrawal and a separate line on the bank statement. Nvoicepay will then issue payments to the organization’s vendor. The payments are disbursed from Nvoicepay’s trust account via one of three payment methods: Check, ACH, or payment card. The payments will include a Reference ID that ExED will record as the transaction number in ExED’s accounting system. The Reference ID will not be in sequence as it is based on Nvoicepay’s numbering system.
- Nvoicepay will save an electronic check copy for any paper checks issued and Nvoicepay will save vendor remittances for any ACH or payment card payments issued.
- Nvoicepay will stale date payments after 60-180 days. When this situation happens, Nvoicepay will void the payment and credit the funds back to the organization's bank account. ExED may also direct Nvoicepay to reissue a payment prior to the 60-180-day deadline. In this case, Nvoicepay will void the original payment and issue a new payment. The new payment will be recorded as a payment modification and will be linked to the original payment in Nvoicepay. The new payment will have a new Reference ID for tracking purposes, however, the new Reference ID will not be updated in ExED’s accounting system where the original Reference ID is recorded as the new transaction is only impacting Nvoicepay’s account.

**Wire Transfers**

Policy: Wire transfers initiated by the organization will be executed upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.).

Procedures for organization initiated and executed wire transfers:



- Someone other than the Executive Director shall prepare all supporting documentation for the wire transfer.
- Executive Director or authorized bank signatory will review all supporting documentation and request the wire transfer to be completed by the bank.
- YPICS will send all documentation to ExED promptly.

## Petty Cash

**Policy:** The Executive Administrator will keep a petty cash box not to exceed \$1000. Petty cash will be kept in a lockbox that is stored in a secure location. Access to the cash box should be limited to authorized personnel. Petty cash shall only be used for reasonable and allowable school purposes (No personal use).

### Procedures:

- The Executive Administrator or designee will manage the petty cash fund.
- The Executive Administrator or designee will maintain a log of all disbursements made from the petty cash fund and will use a petty cash slip for all disbursements. The petty cash slip must be signed by the Executive Administrator/Assistant Executive Administrator and the petty cash recipient.
- Within 48 hours of the petty cash withdrawal, the petty cash recipient will submit an original receipt to the Executive Administrator who will attach the receipt to the petty cash slip and store in the petty cash box.
- At all times the petty cash box must contain receipts, petty cash slips, and cash totaling \$1000.
- When the petty cash balance is low the Executive Administrator will prepare a petty cash reimbursement form, totaling all the petty cash disbursements and attaching the original petty cash slips and receipts to the form. The Executive Director or Chief Operations Officer will review and approve the petty cash reimbursement form and supporting documentation.
- The Accounts Payable Department will forward the petty cash reimbursement form and original supporting documentation to ExED.
- The ExED Accounting Analyst will record the petty cash disbursements in the general ledger and issue a check made payable to the Program Coordinator in the amount of the total petty cash disbursement.
- It is the Executive Administrator's responsibility to cash the check and to keep track of funds in the box. Reconciliation must occur when funds are replenished, and/or at a minimum, annually.
- ExED will conduct surprise counts of the petty cash fund.
- Loans will not be made from the petty cash fund.

## Employee and Volunteer Expense Reimbursements

**Policy:** The organization will reimburse pre-authorized school-related expenses that are accompanied by an original receipt or other appropriate documentation. Only the Executive Director, or Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator may incur school-related expenses without pre-approval. Items purchased without pre-approval are not guaranteed to be reimbursed.

### Procedures:

- An employee or school volunteer seeking to make a school-related purchase must obtain verbal or written pre-approval from the Executive Director, Chief Operations Officer, or Executive Administrator/Assistant Executive Administrator.
- The organization reserves the right to refuse reimbursement for any inappropriate expenses made. (Items purchased without pre-approval are not guaranteed to be reimbursed.)
- Employees will submit signed expense reports monthly, as necessary, to the Chief Operations Officer or Executive Administrator/Assistant Executive Administrator for approval. Original receipts or other appropriate documentation (e.g. email receipt) must be attached to the expense report.
- All expense reports must be submitted within the fiscal year in which the expense is incurred.
- Executive Administrator/Assistant Executive Administrator expense reports must be approved by the Executive Director or Chief Operations Officer.
- Chief Operations Officer expense reports must be approved by the Executive Director.
- Executive Director expense reports must be approved by a member of the board.
- The Accounts Payable Department will submit the approved expense report and supporting documentation to ExED.
- ExED will issue a reimbursement during the next regular check run following receipt of appropriate and complete documentation~~check within 15 business days of receipt of appropriate and complete documentation.~~
- Employees and volunteers will submit expense reports promptly, and in all cases, within the fiscal year in which the expenses were incurred.
- The organization reserves the right to refuse reimbursement for any inappropriate expenses made or for any expenses which are not submitted with complete documentation within the expected time frames.

### Travel Expenses

**Policy:** The Executive Director must pre-approve all school related travel. Mileage will be reimbursed at the organization-approved mileage rate, not to exceed the current IRS reimbursement rate.

### Procedures:

- For the purposes of mileage reimbursement, where a trip is commenced or terminated at the employee's home, the distance traveled shall be reduced by the employee's home-to-office commute distance.
- Employees will be reimbursed for overnight ~~stays at hotels/motels~~lodging when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Overnight lodging during a multi-day conference can be considered for reimbursement when pre-approved. ~~Hotel~~Lodging rates will be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available.
- Transportation expenses such as airfare will be purchased at the lowest rate available.
- A per diem will be provided at the per diem rate found at ([http://www.gsa.gov/portal/category/100120-US Government Rates](http://www.gsa.gov/portal/category/100120-US%20Government%20Rates)) for any breakfast, lunch, dinner, or incidental expense for items not included in the fee for the event.

Employees will be responsible for any excess expenses beyond the established per diem rate.

- Employees should utilize bus/shuttle service whenever possible. When traveling in groups, taxis may be more economical. Employees should choose between long-term parking or a taxi based on whichever is the more economical for the organization. Reimbursements will be provided for ground transportation travel expenses directly related to the event, ~~not~~ except including transportation from home to airport. For transportation from home to airport employees will be reimbursed at IRS mileage reimbursement rate, the distance traveled shall be reduced by the employee's home-to-office commute distance.
- After the trip, the employee must enter all of the appropriate information on an expense report, attach original receipts, and submit it to the Chief Operations Officer or Executive Administrator/Assistant Executive Administrator for approval and then on to ExED for processing.

#### **Governing Board Expenses**

- The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report and attach original receipts.
- The Executive Director and/or another board member will approve and sign the expense report, and submit it to ExED for payment.

## **Asset Management**

### **Cash Management and Investments**

**Policy:** All funds will be maintained in high quality financial institution or invested with the following objectives in order of priority; preservation and safety of principal, liquidity, and yield.

#### **Procedures:**

- The Executive Director will obtain Governing Board approval before opening or closing a bank account.
- Governing Board will adopt an investment policy before funds are to be invested.

### **Capital Equipment**

**Policy:** The organization capitalizes any item, purchased or donated, with a value of \$15,000 or more and with a useful life of more than one year.

#### **Procedures:**

- ExED will maintain a ledger of all capitalized items. The ledger will include the original purchase price and date and a brief description of the asset.
- The organization will take a physical inventory of all assets within 90 days of the end of each fiscal year, indicating the condition and location of the asset.
- The Executive Director and Chief Operations Officer will be notified of all cases of theft, loss, damage or destruction of assets.
- The Chief Operations Officer or Director of Technology will submit to ExED written notification of plans for disposing of assets with a clear and complete description of the asset and the date of the disposal.

- The organization is responsible for maintaining compliant inventory lists of all items required under state or federal program guidelines, including items which fall below the capitalization threshold listed above.



## **Leases**

**Policy:** All contracts that meet the following criteria shall be reported as a lease in accordance with ASC 842:

1. The contract conveys the right to control the use of an identified asset (land, buildings, equipment) for a period of time greater than 12 months in exchange for payment.
2. The net present value (NPV) of the leased asset over the term of the lease, including any options to renew, exceeds the organization's capitalization threshold **(\$5,000)**

Leases are classified as either finance or operating. The lease classification determines the accounting requirements. If the organization is not sure whether a contract contains a lease, it will seek guidance from legal counsel and/or their audit firm to make the determination.

### **Procedures:**

- The Chief Operations Officer will notify ExED of leases that meet the requirements listed above as they arise, but no later than the **quarter end**, by completing the ExED Lease Data Collection Form. The form assists in determining if a lease is a finance or operating lease.
- ExED will recognize and initially measure all leases as of the lease commencement date by recording a right-of-use asset and a lease liability on the balance sheet.
- To determine the (NPV) of the lease asset, the organization will:
  - use the rate implicit in the lease when readily determinable.
  - In cases where the implicit rate is not readily determinable, employ a risk-free discount rate corresponding to the lease term, referencing SLGS Daily Rate Table for the risk-free determination.
- ExED will record all subsequent entries as required by the type of lease (operating or finance) on a monthly or annual basis.
- Annually, each August the organization will take an inventory of all contracts and work with ExED to be sure that all appropriate contracts have been identified and included when appropriate. A record will be created that indicates that the annual inventory took place and who conducted it.

## **Loans & Lines of Credit**

**Policy:** The Governing Board will approve all loans from third parties. In the case of a long-term loan, approval may also be required from the chartering authority in accordance with the terms

of the charter and/or other lenders in accordance with the loan documents. Employee loans, including salary advances, are not allowed.

**Procedures:**

- The Executive Director and/or Governing Board designee shall review and sign the promissory note before funds are borrowed.
- Loan agreements should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.
- Loan covenants and reporting requirements are to be acknowledged by the board at the time of adoption.
- Any draw of funds from a Line of Credit shall require written approval from the Executive Director and the Board Treasurer.
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## Insurance

**Policy:** The organization will maintain insurance with a high quality insurance agency at all times for:

- General Liability
- Property
- Workers' Compensation
- Professional Liability
- Directors' and Officers' Coverage
- Cyber Insurance

Umbrella and student accident policies are considered prudent add-ons.

**Procedures:**

- The Executive Director will carefully review insurance policies with the Broker on an annual basis prior to renewal to determine compliance with Charter authorizer and any applicable loan covenant requirements.
- The Chief Operations Officer or Coordinator of Human Resources will forward to ExED all insurance policies and related documents (e.g. certificates of insurance, claim forms, etc.).

## Parking Lot Liability

**Policy:** Parking lot related incidences are not covered under any school insurance policy. The organization assumes no liability for damage to cars unless a student is observed by an adult accidentally causing damage to a vehicle while engaged in a school activity.

**Procedures:**

- If a student willfully causes damage the student's parent or guardian is responsible.
- If a parent or other visitor causes damage, that individual is responsible.
- If an employee causes damage, the employee is responsible.
- If an unknown person causes damage and there is no witness, the affected individual would determine if he/she has applicable coverage through his/her individual insurance policies.

## Operating Reserves

**Policy:** The organization will ensure adequate cash balances to meet annual cash flow needs. The target minimum operating reserve fund is recommended to be equal ~~to 5%.~~

- ~~• the greater of 5% or \$55,000 for a school with 0-300 ADA~~
- the greater of 4% or \$55,000 for a school with 301-1,000 ADA

The amount of Operating Reserves will be calculated each year after approval of the annual budget and included in monthly financial reports.

### Procedures:

- ExED will monitor the organization's reserve level and will report the reserve level to the Executive Director and the Governing Board on a monthly basis.
- It is the responsibility of the Executive Director and the Governing Board to understand the organization's cash situation and it is the responsibility of the Executive Director to prioritize payments as necessary to manage cash flow.
- The Governing Board may restrict a portion of the operating reserve fund for strategic goals.
- The Governing Board may develop an additional Operating Reserve Policy to specify use of the Operating Reserves.