



**Fiscal Policies & Procedures**

Approved by the LCPS Board of Directors  
as of: **JULY 28, 2021**

## Table of Contents

1. [Introduction](#)
2. [Accounting Procedures](#)
  - a. Basis of Accounting
  - b. Bank Reconciliations
  - c. Record Keeping
3. [Internal Controls](#)
  - a. Lines of Authority
  - b. Segregation of Duties
4. [Financial Planning & Reporting](#)
  - a. Budgeting Process
  - b. Internal Financial Reports
  - c. Audit
  - d. Tax Compliance
    - Exempt Organization Returns
    - Quarterly/Annual Payroll Reports
5. [Revenue & Accounts Receivable](#)
  - a. Cash Receipts
  - b. Deposits
6. [Expenses - Payroll](#)
  - a. Payroll
  - b. Time Sheet Preparation & Approval
  - c. Payroll Additions, Deletions, and Changes
  - d. Payroll Preparation & Approval
  - e. Pay Upon Termination
7. [Expenses – Accounts Payable](#)
  - a. Purchases & Procurement
  - b. Credit Cards
  - c. Debit Cards
  - d. Independent Contractors
  - e. Invoice Approval & Processing
  - f. Cash Disbursements
  - g. Petty Cash
  - h. Employee and Volunteer Expense Reimbursements
  - i. Travel Expenses
  - j. LCPS Board Expenses
8. [Asset Management](#)
  - a. Cash Management and Investments
  - b. Capital Equipment
  - c. Loans
  - d. Insurance
  - e. Parking Lot Liability
  - f. Operating Reserve
9. [Appendices](#)
  - a. Approval Threshold
  - b. Financial Reporting Matrix

## **Section 1: Introduction**

The Board of Lighthouse Community Public Schools (LCPS) has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of LCPS to support its mission and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

## **Section 2: Accounting Procedures**

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

### **A.) Basis of Accounting**

Policy:

The organization uses the accrual-basis of accounting at year-end. This means that revenues are recorded when earned within the year, and that expenses are recorded when a liability is incurred within the year 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. At the close of the fiscal year, all expenses that have been incurred but not paid are also accrued. This ensures 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 officially closed by December 15, the date by which the audit report must be submitted to the state controller and respective reporting agencies.

### **B.) Bank Reconciliations**

Policy:

Bank reconciliation and approval will occur on a monthly basis.

Procedures:

- LCPS' Staff Accountant will print the bank statements directly from the online banking system and enter into the accounting platform.
- LCPS' Senior Accountant will review and approve the bank reconciliation by initialing and dating the report.

### **C.) Record Keeping**

Policy:

Financial records will be retained for a minimum of seven years or as outlined in 990 requirements.

Procedures:

- LCPS 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.
- At the discretion of the LCPS Board or CEO, certain documentation may be maintained for a longer period of time.
- 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.

### **Section 3: Internal Controls**

LCPS 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 email confirmation, inked signature, or through a platform approved by the Director of Finance that provides sufficient user authentication (i.e., file sharing with user stamp).

LCPS employs various electronic systems and processes to complete the work associated with its fiscal operations (i.e., Netsuite, Paypal, Staples Advantage, etc.). The electronic systems that LCPS chooses to use may change over time and new electronic systems may be introduced. LCPS staff will configure the electronic systems to ensure they align to the internal controls defined in this policy.

#### **A.) Lines of Authority**

The LCPS Board is responsible for the following fiscal oversight:

- Approves the fiscal policies and procedures and delegates administration of the policies and procedures to the CEO
- Ensures that the fiscal policies and procedures are current, reviewing and approving them 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 or other forms of debt.
- Approves the opening of business credit cards.
- Reviews and approves the annual budget.
- Reviews annual and bi-monthly financial statements, including the monthly check registers, year-to-date income statement, and cash flows.
- Reviews the CEO's performance annually and establishes the salary.
- Reviews and approves all contracts over \$50,000.
- Approves the annual financial audit by December 15 each year.
- Appoints someone else to perform the duties of the CEO in the case of absence.

The CEO is responsible for the following:

- Working with the Board of Directors to set LCPS's strategic priorities and facilitate strong organizational oversight, including over the fiscal and operational health of the organization
- Overseeing the execution of a robust and strategic fundraising program and allocating the resources and supports necessary to maintain the health of LCPS.

The LCPS Board authorizes the Approval Threshold for staff members, to establish proper control of LCPS finances, as outlined in Appendix 1.

#### **B.) Segregation of Duties**

Policy:

LCPS' 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:

On an annual basis, the Director of Finance will review and the existing Segregation of Duties. In that, he/she is to 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.

## **Section 4: Financial Planning & Reporting**

### **A.) Budgeting Process**

#### Policy:

In consultation with the CEO, Finance Committee, and organizational leaders, the Director of Finance will prepare an annual budget for approval by the LCPS Board. The budget is to be approved by the LCPS Board prior to the start of each fiscal year.

#### Procedures:

- The Director of Finance will work with the CEO and all Budget Managers to ensure that the annual budget is an accurate reflection of programmatic and organizational goals for the coming year.
- The Director of Finance will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- The Director of Finance, in consultation with the Finance Committee and CEO, will set a target net income goal to meet strategic goals and/or comply with existing loan covenants.
- The Director of Finance will present a draft budget to the Finance Committee prior to recommending approval by the LCPS Board.
- The Finance Committee shall review a recommended fiscal year budget and submit it for approval to the LCPS Board.
- The LCPS Board will review and approve the budget at its regularly-scheduled meeting in June.
- The Director of Finance will prepare financial statements displaying actuals relative to budget for presentation to the LCPS Board at each board meeting.

### **B.) Internal Financial Reports**

#### Policy:

The organization reviews regular financial reports on a monthly basis.

#### Procedures:

- The Director of Finance is responsible for producing the following year-to-date reports within 30 days of the end of each month: Income Statement including budget-to-actual variances, Balance Sheet and Cash Flow Projection.
- The Director of Finance will also present a check register at each board meeting.
- The Director of Finance is to present statements in accordance with the Financial Reporting Matrix (Appendix 2).

### **C.) Audit**

#### Policy:

The LCPS 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, in order to properly conduct the audit engagement.

The LCPS Board recognizes that "it is unlawful for a public accounting firm to provide audit services to a local educational agency if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local educational agency in each of the six previous fiscal years." (Ed Code 41020)

Procedures:

- The LCPS 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 LCPS staff. 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 LCPS Board will review and approve the audit no later than December 15.
- The audit firm will be responsible for submitting the audit to all reporting agencies no later than December 15.

**D.) Tax Compliance & Exempt Organization Returns**

Policy:

The audit firm contracted by the LCPS 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 for the previous year.

Procedures:

- The Director of Finance will work with the tax preparer to complete the organization's tax returns.
- The Form 990 will be available to the public via GuideStar, an information service specializing in reporting on U.S. nonprofit companies.

**E.) Quarterly/Annual Payroll Reports**

Policy:

The Director of Finance will ensure the preparation of the state and federal quarterly and annual payroll tax forms and will submit the forms to the respective agencies within established deadlines.

Procedures:

- The Director of Finance will prepare and make available employee W2s by January 31 each year.
- The Director of Finance will file quarterly payroll tax reports (941 and DE9) by the filing deadline.



## **Section 5: Revenue & Accounts Receivable**

### **A.) Cash Receipts**

#### Policy:

Cash receipts (including check or cash payments received via mail or in person and deposits received via ACH / EFT) shall be recorded completely and accurately to prevent the misappropriation of assets.

#### Procedures:

- For each event (i.e., fundraiser, student trip) in which cash or checks will be collected, the appropriate Supervisor will designate a staff member to be responsible for managing the process to collect and hold all cash and checks related to the event.
  - The designee will record each transaction using the [LCPS Cash Counting sheet](#) and – if applicable - document each item sold at the time the transaction is made in a log or similar sheet.
  - The designee shall give the cash, checks, deposit summary, and any related supporting documentation to the site-based **Operations Associate** or **LCPS Finance Associate** immediately.
  - Upon transfer to the appropriate personnel, the designee and that individual will recount and reconcile the amount received with the supplied supporting documentation and each will sign for approval. The Operations Associate / Finance Associate will immediately put the funds in a secure, locked location.
  - For any cash/checks dropped off in a classroom, the teacher is to hold in a secure location. Within 24 hours, the teacher is transfer all cash, checks, and supporting documentation to the site Operations Associate.
- Mail (including anything official such as governmental notices, invoices and checks) received at the school must be routed to Shared Services. The Director of Finance or CEO is to delegate the appropriate personnel to open mail and route to the appropriate staff. The primary individual is the Finance Associate. In line with the Segregation of Duties, this designated individual opening mail is not to be the same person making deposits.
- On a weekly basis, the Staff Accountant will log cash or checks received using the LCPS Deposit log.
- 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, approval).

### **B.) Deposits**

#### Policy:

The Director of Finance will ensure that a team member makes bank deposits on a weekly basis. In line with the Segregation of Duties, this duty is assigned to the Staff Accountant.

#### Procedures:

- The Staff Accountant 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 Senior Accountant will review and approve the deposit packet.
- The Staff Accountant will make the deposit into the primary bank account and attach the deposit receipt to the deposit packet.
  - LCPS' primary account is held at First Republic Bank.
  - Checks are to be deposited via FRB's secure online platform. This platform is to be established by the CEO and Director of Finance with the appropriate security measures.

- o Cash is to be deposited to FRB via courier on a bi-weekly basis.
- The Senior Accountant will reconcile the cash receipts to the deposit slip and the bank statement as part of the monthly close process.

## **Section 6: Expenses – Payroll**

### **A.) Payroll**

Policy:

Employees are paid on a semi-monthly basis. The Director of Finance is responsible for approving payroll through a third-party provider.

Procedures:

- Payroll dates are on the 15<sup>th</sup> and final day of the month. If the regularly scheduled date occurs on weekend or holiday, the pay date is to move forward to the last workday prior to that date.
- The Staff Accountant is to prepare payroll no later than 72 hours prior to pay date, and submit to the Director of Finance for approval.

### **B.) Time Sheet Preparation & Approval**

Policy:

All non-exempt employees are required to record time worked, holidays, and leave taken for payroll, benefits tracking, and cost allocation purposes.

Procedures:

- Non-exempt employees will be responsible for completing a timesheet, recording hours worked and vacation, sick or holiday time if applicable.
- Each non-exempt employee will approve his/her timesheet via submission through the payroll system.
- Each supervisor will review and approve his/her employees' timesheets by approving each timesheet in the payroll system.
- Supervisors will return incomplete timesheets to the employee for revision through the payroll system.
- Salaried employees are responsible for requesting leave, and supervisors are responsible for tracking leave taken by salaried employees.

### **C.) Payroll Additions, Deletions, and Changes**

Policy:

The Director of Finance is authorized to approve all payroll changes within the scope of the approved budget.

Procedures:

- The Director of Talent/HR or his/her designee will submit, electronically via payroll system or internal file documentation, new hire or employee change paperwork to Staff Accountant prior to the payroll deadline for the first pay period in which the change or addition is to go into effect.

### **D.) Payroll Preparation & Approval**

Policy:

The Staff Accountant will prepare payroll in accordance with the organization's payroll calendar.

Procedures:

- The Staff Accountant will prepare payroll and submit the Check Register to the Director of Finance to review for accuracy and completeness.
- The Director of Finance will approve payroll through the 3<sup>rd</sup> party system.
- The 3<sup>rd</sup> party payroll provider will deliver the payroll packages to the organization's addresses prior to the check date.

- The Staff Accountant is responsible for opening the payroll package and distributing live checks and pay stubs to sites, for distribution to the employees on the check date.

### **E.) Pay Upon Termination**

#### Policy:

Employees who are discharged shall be paid all wages due at the time of termination, per 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, per Labor Code 202.

#### Procedures:

- Employee Supervisors must notify HR immediately upon employee resignation.
- HR will notify the Staff Accountant of the need for a final check, along with an accounting of the hours/days worked since the last payroll and any accrued Paid Time Off (PTO) to be paid.
- The Staff Accountant will calculate the final check based on the hours/days worked and the employee's pay rate, and submit to the Director of Finance for approval and check signing. The Staff Accountant will deliver the final check to HR.
- HR is to obtain the employee's signature acknowledging receipt of his/her final check.
  - 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, per Labor Code 202.
- The final check may not be provided via direct deposit.

## **Section 7: Expenses – Accounts Payable**

### **A.) Purchases & Procurement**

#### Policy:

All purchases must be authorized by authorized personnel, in accordance with Approval Thresholds (Appendix 1).

Any expenditure in excess of \$50,000 for the purchase of a single item should have bids from three (3) suppliers if possible. Any food contract that exceeds \$150,000 (the small purchase threshold set by the US Department of Agriculture) shall follow a competitive bid process.

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

#### Procedures:

All purchase decisions are to be made with the following guidance:

- All purchases require authorization of approved personnel, in accordance with the Approval Matrix (Appendix 1).
- The Budget Approver will approve a purchase request by staff, or by his/her sourcing, 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 LCPS Board will review expenditures during each board meeting through the review of a check register that will list all checks written since the LCPS Board's last meeting. This register will include the check #, check date, payee, and check amount.

Contracting for services is to adhere to the following guidelines:

- LCPS Staff will consider in-house capabilities to accomplish services before contracting for them.
- The Director of Finance will ensure that internal guidance is provided for any authorized staff member proposing a contracted service. That guidance will include:
  - The authorized staff is to solicit bids and maintain a file documenting the competitive bids obtained (if any were required) for any contract.
  - The authorized staff will request from LCPS' Human Resources staff that a contract be drawn up.
  - The Director of HR, or his/her designee, 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 Director of HR will keep a record of all searches.

- o The Director of HR 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).
- o 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. If in the vicinity of students or otherwise determined by the LCPS Director of HR, providers may also need to be fingerprinted, submit evidence of TB Testing, and submit evidence of CPR/First Aid clearance.
- o LCPS reserves the right to require that contract service providers list the school as an additional insured.
- Authorized LCPS staff, in accordance with Approval Matrix (Appendix 1), will approve proposed contracts and modifications in writing.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- The Director of Finance 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/or Member(s) of the LCPS Board with the conflict will excuse themselves from discussions and from voting on the contract.

## **B.) Credit Cards**

### Policy:

LCPS credit cards shall only be issued with the formal approval of the LCPS Board and may only be used by individual cardholders for organization-related expenditures.

### Procedures:

- LCPS authorized the opening of a Wells Elite Credit Card, administered through Wells Fargo Bank. The Director of Finance is to administer cards to authorized Budget Managers as described in Appendix 3.
- An itemized receipt should be turned in for all purchases.
- In the case of a missing receipt, a missing receipt form shall be submitted and approved by the Director of Finance. Should the Director of Finance be required to complete a "missing receipt" form, authorization must be granted by the CEO.
- Credit cards will bear the names of both the organization and the cardholder.
- 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 Director of Finance and should be used for the benefit of the organization. Unless otherwise directed by the LCPS Board, any available "cash back" is to be applied as revenue for the benefit of the LCPS program.
- Upon termination, the employee shall immediately return the credit card and all receipts to the Director of Finance, or his/her designee.

## **C.) Debit Cards**

### Policy:

Organization debit cards are not permitted.

### Procedures:

- If a debit card is automatically issued by the bank, the Director of Finance will:
  - o Contact the bank to deactivate debit card service from the account.

- Destroy the physical debit card.

## **D.) Independent Contractors**

### **Policy:**

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

### **Procedures:**

- The CEO, Director of HR, or Director of Finance may establish a contract with an independent contractor and is 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 above personnel 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.
- At the close of the calendar year, the Director of Finance will ensure that LCPS issues a Form 1099 to all eligible independent contractors in accordance with IRS regulations.

## **E.) Invoice Approval & Processing**

### **Policy:**

The Director of Finance must approve all invoices. Any invoice over \$50,000 must also receive approval from a member of the LCPS Board, if not previously authorized through Board Approval. The following procedures will be performed either manually or electronically.

### **Procedures:**

- The Finance Associate will open and review invoices and bills and will notify the Director of Finance of any unexpected or unauthorized expense.
- When receiving tangible goods from a vendor, the Finance Associate or Front Desk personnel at sites trace the merchandise to the packing list and note any items that were not in the shipment.
- The Finance Associate will code invoices to the correct budget line.
- Invoices are entered by the Finance Associate, and submitted to the Senior Accountant for review. An approval request is submitted to the Director of Finance, and approval is made through LCPS accounting system.
- If the vendor is a sole proprietor or a partnership (including LP, and LLP) providing a service, the Finance Associate will obtain a W-9 from the vendor prior to submitting any requests for payments.
- The Senior Accountant will review the invoice for sufficient supporting documentation, and verify the coding. Upon final review, and consequent approval from the Director of Finance, the Finance Associate will process payment.

## **F.) Cash Disbursements**

### **Policy:**

Bank checks will be issued upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.).

Procedures:

- Once an invoice is approved by the Director of Finance, the Finance Associate will be authorized to print checks from the LCPS Accounting System.
- The Finance Associate will apply the Director of Finance's signature via stamp, which is maintained in a secure, locked location when not in use.
- The Finance Associate will mail the check to the address provided.
- Should a check need to be voided, "VOID" will be written in ink across the check, scanned for record-keeping, and shredded.

## **G.) Wire Transfers**

Policy:

Wire transfers initiated by LCPS will be executed only upon: 1) recognition of appropriate documentation for the intended transfer, 2) written initiation by CEO or Director of Finance, directed to the other party, and 3) confirmed verbal receipt of that initiation by the receiving party.

Any wire transfer over \$50,000 must additionally receive approval from a member of the Finance Committee.

Procedures:

All executed wire transfers will adhere to the following procedures:

- CEO or Director of Finance will review all supporting documentation and approve, via written email to the opposite party. The receiving party will confirm receipt via both writing and verbally, to safeguard against any attempted wire fraud.
- The Director of Finance will execute the wire transfer with LCPS' bank.

## **H.) Petty Cash**

Policy:

Site-based Operations Associates will keep a petty cash box not to exceed \$300. 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 (Operations Associates, Finance Staff). Petty cash shall only be used for reasonable and allowable school purposes (not advances, personal uses, reimbursements, etc.) and only when a check may not be provided on the timeline required.

Procedures:

- The Operations Associate will manage the petty cash fund.
- The Operations Associate 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 Operations Associate and the petty cash recipient.
- Within 48 hours of the petty cash withdrawal, the petty cash recipient will submit an original receipt to the Operations Associate 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 that account for the original deposit to petty cash (\$300).
- When the petty cash balance is low the Operations Associate 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 Director of Finance will review and approve the petty cash reimbursement form and supporting documentation.



- The Operations Associate will forward the petty cash reimbursement form and original supporting documentation to Finance Associate.
- The Senior Accountant will record the petty cash disbursements in the general ledger and issue a check made payable to the Office Manager in the amount of the total petty cash disbursement.
- It is the responsibility of the Operations Associate 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.
- The Director of Finance and/or Senior Accountant may conduct periodic, unannounced counts of the petty cash fund.
- Loans will not be made from the petty cash fund.

## **I.) Employee and Volunteer Expense Reimbursements**

### **Policy:**

LCPS will reimburse pre-authorized, school-related expenses that are accompanied by an original receipt or other appropriate documentation. Only approved personnel, as defined by the Approval Matrix (Appendix 1), may incur school-related expenses without pre-approval.

### **Procedures:**

- An employee or school volunteer seeking to make a school-related purchase must obtain pre-approval from their Supervisor. If that Supervisor does not have approval authority, he/she is to direct the requesting individual to that Authorized Approver.
- Employees will submit signed expense reports no later than 1 month after the expense was incurred, to their Supervisor, for approval. Original receipts or other appropriate documentation (i.e., e-mailed receipt) must be attached to the expense report.
- Employees will submit expense reports within the fiscal year in which the expenses were incurred.
- The organization reserves the right to refuse reimbursement for any inappropriate expenses made.

## **J.) Travel Expenses**

### **Policy:**

Employees must receive authorized approval prior to all work-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 when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates will be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available.
- Employees will be reimbursed up to the established per diem rate found at the US General Services Administration ([link here for Oakland, CA](#)) for any breakfast, lunch, dinner, or incidental expense that is not included as part of the related event. Employees will be responsible for any excess expenses beyond the established per diem rate.
- Transportation expenses such as airfare will be purchased at the lowest rate available.

- Employees should utilize bus/shuttle service whenever possible. When traveling in groups, taxis or rideshares may be more economical. Employees should choose between long-term parking or a taxi/rideshare based on whichever is the more economical for the organization.
- After the trip, the employee must enter all of the appropriate information on an expense reimbursement form, attach original receipts, and submit it to their supervisor for approval, per the prescribed Reimbursement process.

#### **K.) LCPS Board Expenses**

Policy:

An individual board member who incurs authorized expenses while carrying out the duties of LCPS will obtain pre-approval from the CEO and Board Chair. If the Board Chair is seeking approval, he/she is to obtain pre-approval from the CEO and Board Treasurer. Once the expense is incurred, he/she will complete and sign a Reimbursement Form and attach original receipts.

The Reimbursement Form is to be processed in the procedure outlined in the “Reimbursements” section.

## **Section 8: Asset Management**

### **A.) 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 CEO or Director of Finance will obtain LCPS Board approval before opening or closing a bank account.
- LCPS Board will adopt an investment policy before funds are to be invested.

### **B.) Capital Equipment**

Policy:

The organization capitalizes any item, purchased or donated, with a value of \$5,000 or more and with a useful life of more than one year.

Procedures:

- The Senior Accountant 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.
- LCPS 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 Director of Finance will be notified of all cases of theft, loss, damage or destruction of assets.
- The Senior Accountant is to maintain written notification of plans for disposing of assets with a clear and complete description of the asset and the date of the disposal.

### **C.) Loans**

Policy:

The LCPS Board will approve all loans from third parties.

Procedures:

- The CEO and Director of Finance shall review and sign the promissory note before funds are borrowed or drawn down.
- 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.

### **D.) 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

Procedures:

- The Director of Finance will 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 Director of Finance or their designee will maintain records of all insurance policies and related documents (e.g. certificates of insurance, claim forms, etc.).

### **E.) 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.

### **F.) Operating Reserves**

Policy:

LCPS will ensure adequate cash balances to meet annual cash flow needs. The target minimum operating Cash Balance is set as 60 Days of Cash on Hand\*. The amount of cash will be calculated by LCPS Finance Staff each month, and reported out to the board at each of its regularly held meetings.

\* Day of Cash on Hand is defined as: Ending Cash, divided by Annual Operating Expenses, divided by 365. Annual Operating Expenses are to include expenses incurred across LCPS (either by charter sites or the home office), excluding depreciation.

Procedures:

- The Director of Finance will monitor the organization's cash balances and will report the amount to the CEO on a monthly basis and the LCPS Board on a bi-monthly basis.
- It is the responsibility of the LCPS Board to regularly review the organization's cash needs and projections.
- It is the responsibility of the LCPS Director of Finance to regularly monitor cash flow and prioritize payments based on available cash.

Schedule:

- If LCPS maintains less than 60 Days of Cash on Hand (as measured by its Board-reported financial projections, measured annually on June 30), the LCPS Board will approve a budget based on the Targeted Days of Cash on Hand below.

FY	Targeted Days of Cash on Hand
FY22	60
FY23	60
It's recommended to update and approve this schedule annually.	
These figures have been updated in accordance with LCPS' board-approved budget in June 2021.	

○ **Contingencies:**

- If LCPS is ***behind*** the Targeted Days in the above schedule:
  - In the event that LCPS does not meet these targets due to unforeseen circumstances, LCPS Board will approve a budget that enables LCPS to return to this schedule.
  - **For any unrestricted, unbudgeted revenues**, LCPS will contribute the full amount to cash reserves.
  
- If LCPS is ***ahead*** of the Targeted Days in the above schedule:
  - LCPS Board may choose to approve a budget for a given fiscal year that includes a lower Operating Surplus but remains on track to meet the Targeted Days of Cash on Hand.
  - For any unrestricted, unbudgeted revenues, LCPS staff will bring a proposed plan for board approval.



## **Appendices**

- Appendix 1: Approval Matrix
- Appendix 2: Financial Reporting Matrix
- Appendix 3: Authorized Credit Card Users

**Appendix 1:**  
Approval Matrix

The following guidelines are set for approvals of financial commitments. All transactions are to be compared against budget, and approved according to these thresholds only if within budget.

Note that this matrix covers the approval of financial obligations, but not individual checks. That is addressed in Section 7e.

<b>LCPS Approval Matrix: Contracts, Purchase Orders, Invoices</b>			
LCPS authorizes the following roles to approve financial commitments, in the form of <b>Contracts, Purchase Orders, or Invoices</b> , according to the following thresholds.			
Level	Threshold	Approval Required	Signature
I	\$5,000 or under, with commitment of 2 years or less AND NOT including any Special Exceptions (Transportation, overnight trips, insurance or indemnification)	Budget Manager*	Budget Manager*
II	\$5,000 or under, with commitment of >2 years OR including any Special Exceptions (Transportation, overnight trips, insurance or indemnification)	Requires written approval from CEO or DOF	Budget Manager*
III	Over \$5,000 but not exceeding \$50,000	Requires written approval from CEO or DOF	CEO / DOF, or delegate by written authorization
IV	Over \$50,000	Requires Board Approval	CEO / DOF

\* LCPS Budget Managers are designated by the Director of Finance. As of July 1, 2021, those roles are the following:

- Site-based: Principal, Operations Associate, After School Coordinator
- Shared Services: Chief Academic Officer (CAO), Chief of Staff (COS), Directors of Talent/HR, Operations, Development, Technology, Special Education

<b>Contracts (initiated at sites)</b>			
<b>Threshold</b>	<b>Preparer</b>	<b>Reviewer</b>	<b>Signer</b>
Max \$5,000 (total outlay) and short term (Max 2 yrs.)	Principal / Ops Assoc.	CAO / Dir. Ops	Budget Manager
Over \$5,000 (total outlay) or long term (>2 yrs.)	Principal / Ops Assoc.	CAO / Dir. Ops	Dir. of Finance or CEO
Over \$50,000 (total outlay)	Varies	Approver: LCPS Board	Dir. of Finance or CEO
Special Exceptions: Transportation, overnight trips, any agreement requiring LCPS as an add'l insured or LCPS is indemnified	Principal / Ops Assoc.	CAO / Dir. Ops	Dir. of Finance or CEO
<i>*If any Signer / Reviewer is point person for contracting, arrange for a 2nd reviewer.</i>			
<b>Contracts (initiated by Shared Services, or covering across sites)</b>			
<b>Threshold</b>	<b>Preparer</b>	<b>Reviewer</b>	<b>Signer</b>
Max \$5,000 (total outlay) and short term (Max 2 yrs.)	Director / Staff	CAO / Dir. Ops	Budget Manager
Over \$5,000 (total outlay) or long term (>2 yrs.)	Director / Staff	CAO / Dir. Ops	Dir. of Finance or CEO
Over \$50,000 (total outlay)	Director / Staff	Approver: LCPS Board	Dir. of Finance or CEO
Special Exceptions: Any agreement requiring LCPS as an add'l insured or LCPS is indemnified	Director / Staff	CAO / Dir. Ops	Dir. of Finance or CEO
<i>*If any Signer / Reviewer is point person for contracting, arrange for a 2nd reviewer.</i>			
<b>Check Requests / Purchase Orders</b>			
<b>Threshold</b>	<b>Preparer</b>	<b>Reviewer</b>	<b>Signer</b>
Max \$5,000 (total outlay)	Fin. Asst.	Budget Manager	Budget Manager
Over \$5,000 (total outlay)	Fin. Asst.	Budget Manager	Dir. of Finance or CEO
Over \$50,000 (total outlay)	Fin. Asst.	Approver: LCPS Board	Dir. of Finance or CEO
<b>A/P Invoices &amp; Check Signing</b>			
<b>Threshold</b>	<b>Preparer</b>	<b>Reviewer</b>	<b>Signer</b>
Under \$50,000	Fin. Asst.	Sr. Accountant	Dir. of Finance
Max \$50,000 (total outlay) and not previously approved by Board via contract	Fin. Asst.	Approver: LCPS Board	Dir. of Finance
<b>Payroll</b>			
<b>Threshold</b>	<b>Offer</b>	<b>Preparer</b>	<b>Signer</b>
Employee Agreements	HR Generalist	HR Generalist	Dir. of Talent
Semi-Monthly Payroll	N/A	Staff Accountant	Dir. of Finance



Annual Reviews	<p>Twice annually, the Finance Committee Chair will review the payroll register for reasonability (checks for: 1. total from register matching total reported out, and 2. compensation paid to senior management)</p> <p>This is to occur early in each school year (i.e., Sept. payroll), and once more at a randomized time, at the request of the Finance Committee chair.</p>		
<b>Credit Cards</b>			
See Appendix 3	-	-	-

**Appendix 2:**  
Reporting Matrix

<i>Financial Reporting Matrix</i>		
<b>Audience for Financial Reviews</b>	<b>Frequency</b>	<b>Scope of Financial Statements</b>
LCPS Board	Bimonthly (2nd Wednesdays of even months)	<b>YTD:</b> LCPS Consolidated for Summary & ADA <b>Cash Flow:</b> Current and following year <b>Balance Sheet:</b> LCPS Consolidated + Finance Committee Memo, modified as needed
LCPS Finance Committee	Bimonthly (prior to Board Meetings)	<b>YTD:</b> LCPS Consolidated for Summary, ADA, by Budget Category <b>Cash Flow:</b> Current and following year <b>Balance Sheet:</b> LCPS Consolidated + Memo
CEO / CAO	Monthly	<b>YTD:</b> LCPS Consolidated for Summary, ADA, Line Item detail <b>Cash Flow:</b> Current and following year <b>Balance Sheet:</b> N/A
Principals		<b>YTD:</b> for their respective site, showing Summary, ADA, Line Item detail <b>Cash Flow:</b> N/A <b>Balance Sheet:</b> N/A
Operations Associates	Quarterly	<b>YTD:</b> for their respective site, showing Line Item detail for Operational budgets <b>Cash Flow:</b> N/A <b>Balance Sheet:</b> N/A
Shared Service Directors (3)	Quarterly	<b>YTD:</b> for LCPS, showing Line Item detail for their respective budgets <b>Cash Flow:</b> N/A <b>Balance Sheet:</b> N/A

**Appendix 3:**

## LCPS authorized Credit Card Users

<b>Position</b>	<b>Monthly Credit Limit is not to exceed: *</b>	<b>Current Individual(s), as of: 7/31/2020</b>
CEO	\$10,000	Rich Harrison
CAO Principals	\$5,000	Shannon Wheatley Tina Hernandez Kelly Lara Robbie Torney Jeff Camarillo
Shared Service Directors (Ops, HR/Talent, Development, Technology)	\$2,500	Arlene Aldrette Anna Martin Karen Fee Manisha Patel
Operations Associates	\$2,500	Eleazar Madrid Franklin Zuniga
Finance Associate **	\$10,000	Gertrude Agbontaen
Director of Finance	\$100,000 ***	Brandon Paige

\* No user should maintain a monthly credit limit in excess of their Approval limit for invoices.

\*\* The Finance Associate is not an individual with Approval authorization. She/he is authorized to hold a card. She/he is authorized only to use this card at the direction of, and with express written approval, of an authorized Approver, as dictated in the LCPS Approval Matrix.

\*\*\* LCPS maintains a board-approved credit line of \$100,000. The Director of Finance is approved up to \$10,000 for emergency purchases requiring a card. The \$100,000 listed indicates overall oversight for the Wells Elite credit card.