



The Academy of Alameda Fiscal Policies & Procedures

Approved by the Board of Directors March xx, 2022

The Academy of Alameda Fiscal Policies & Procedures

Table of Contents

Introduction

Accounting Procedures **3**

Basis of Accounting 3

Bank Reconciliations 3

Record Keeping 4

Internal Controls **4**

Lines of Authority 4

Segregation of Duties 5

Financial Planning & Reporting **5**

Budgeting Process 5

Internal Financial Reports 8

Audit 8

Tax Compliance 8

Exempt Organization Returns 8

Quarterly/Annual Payroll Reports 9

Revenue & Accounts Receivable	9
Cash Receipts	9
Deposits	10
Expense & Accounts Payable	10
Payroll	10
Time Sheet Preparation & Approval	10
Payroll Additions, Deletions, and Changes	10
Payroll Preparation & Approval	11
Pay Upon Termination	11
Purchases & Procurement	11
Credit Cards	12
Debit Cards	14
Independent Contractors	14
Invoice Approval & Processing	14
Cash Disbursements	15
Petty Cash	15
Employee and Volunteer Expense Reimbursements	15
Travel Expenses	15
Governing Board Expenses	16
Asset Management	16
Cash Management and Investments	16
Capital Equipment	16
Loans	16
Insurance	17
Parking Lot Liability	17
Operating Reserve	17

Introduction

The Governing Board of The Academy of Alameda has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of The Academy of Alameda (also referred throughout as “the organization”) to support its mission and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

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 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 Executive Director and the Chair of the Finance Committee will have direct access to online bank statements .
- AoA's back office provider will have online access to The Academy of Alameda's bank statements.
- AoA's back office provider will prepare the bank reconciliation.
- The Executive Director will review and approve the bank reconciliation

Record Keeping

Policy: Financial records will be retained for a minimum of seven years or as outlined in AoA's Educational Records and Student Information Policy.

Procedures:

- The Academy of Alameda 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 Governing Board or Executive Director, certain documentation may be maintained for a longer period of time.
- Financial records will be shredded (by a secure shredding service or other documented secure method) at the end of their retention period.
- Backup copies of electronic and/or paper documentation will 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, or in blue or black ink. Completion by pencil is not permitted.

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's 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, credit card statement, and the budget-to-actual variance analysis.
- Reviews the Executive Director's performance annually and establishes the salary.
- Reviews and approves all contracts over \$20,000 that have not been approved in the fiscal budget for that year
- Commissions the annual financial audit by an independent third party auditor approved by the State of California.
- Approves the annual financial audit by December 15 or the date required by the state if the deadline has been delayed.
- Appoints someone else to perform the duties of the Executive Director in the case of absence.

Executive Director

- Responsible for all operations and activities related to financial management.
- Develops the annual budget with the Finance Committee
- Reviews and approves all new contracts, not approved in the annual budget, under \$20,000 that will be reported in the appropriate Board meeting’s consent agenda.
- Oversees the adherence to all internal controls.
- Assigns someone else to perform their duties in case of short-term absence. Duties must be specified in writing.

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

In consultation with the Finance Committee, the Executive Director working with its back office provider 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:

Month(s)	Activity	Person(s) Responsible
January - February	○ Reviews, in conjunction with AoA’s Executive Director and its back office provider, the Governor’s proposed state budget for the upcoming fiscal year, and identifies the likely range of revenues for the school’s upcoming fiscal year (July 1-June 30).	Executive Director Back Office Provider Finance Committee
	○ The Executive Director working with AoA’s back office provider and the Finance Committee develops a draft planning budget for the upcoming fiscal year, including projected enrollment and any proposed staffing changes.	Executive Director Finance Committee
	○ The Executive Director develops/refines strategic and growth plans, and conveys them to the back office provider for incorporation into a multi-year budget.	Executive Director

	<ul style="list-style-type: none"> ○ Ongoing: Collaborates with AoA’s back office provider to monitor and revise the current year budget forecast. ○ Begin seeking input to update the LCAP. 	
March - April	<ul style="list-style-type: none"> ○ Working in conjunction with the back office provider and the Finance Committee prepares a formal budget plan for the upcoming fiscal year and reviews key topics with AoA the Board of Directors. ○ Solicits bids for the annual audit and selects an auditor. ○ Approves 2nd Interim Budget ○ Ongoing: Collaborates with the Back office provider to monitor and revise the current year budget forecast. ○ Input on LCAP by stakeholders and other committees. Budget committee reviews budget priorities for inclusion in the proposed budget. 	<p>Executive Director Back Office Provider Finance Committee</p> <p>Finance Committee</p> <p>AoA Board Executive Director</p> <p>Executive Director</p>
May – June	<ul style="list-style-type: none"> ○ Oversees the revision of revenue projections subsequent to the Governor’s annual “May Revise” budget figures, and revisions for the upcoming fiscal year budget to accommodate any changes, in collaboration with the school’s Executive Director and AoA Board. This budget will include monthly cash flow projections. The proposed budget for the upcoming fiscal year will be presented to the AoA Board. ○ AoA Board will review and formally adopt a budget for the upcoming fiscal year before June 30. A copy of the final budget is provided to the charter-granting agency. ○ AoA Board will review and formally adopt the LCAP for the upcoming fiscal year before June 30. A copy of the final LCAP is provided to the charter-granting agency. 	<p>AoA Finance Committee Back Office Provider Executive Director</p> <p>AoA Board</p> <p>AoA Board</p>
July – August	<ul style="list-style-type: none"> ○ The Back office provider closes the books from the prior fiscal year; all transactions are posted and records assembled for audit. ○ Budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made in 	<p>Back Office Provider</p> <p>Finance Committee</p>

	collaboration with the school’s Executive Director. ○ Approves the unaudited actuals for submission to the chartering agency by September 15th.	AoA Board
September - December	○ Reviews AoA’s actual attendance figures and notifies the AoA Board if actual attendance is below budget projections by more than 3%. If needed, the school’s budget is again revised to match likely revenues. ○ Reviews a copy of the audit. Any audit exceptions or adverse findings shall be addressed with the Executive Director and Finance committee. Audit reports and any follow-up plans are submitted to the charter-granting agency, the State Controller, County Superintendent of Schools, and California Department of Education. ○ Approves the 1st Interim Report for submission to the chartering agency and the County Superintendent of Schools by December 15. ○ Performs audit of just-closed fiscal year and prepares audit report for submission to the AoA Board by December 15.	Executive Director Finance Committee AoA Board Independent Auditor

- The Executive Director will work together with the School Principals and AoA’s back office provider or designee to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- The Executive Director in collaboration with the back office provider will ensure that the budget is developed using the organization’s standard revenue recognition and cost allocation procedures.
- The Executive Director in collaboration with the back office provider in consultation with the Governing Board, will set a target net income goal to meet strategic goals and/or comply with existing loan covenants.
- The Executive Director in collaboration with the back office provider 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 that will be submitted to the Governing Board for approval.
- The Governing Board will review and approve the budget no later than its last meeting prior to the start of the fiscal year.
- AoA’s back office provider will prepare financial statements displaying budget vs. actual results for presentation to the Governing Board at designated board meetings.

Internal Financial Reports

Policy: The organization reviews regular financial reports on a monthly basis.

Procedures:

- AoA’s back office provider 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.

- The Executive Director working with the back office provider will also present a check register and credit card register at each board meeting.
- The Executive Director, School Principals, and Board Finance Committee will review financial reports at designated times throughout the year.
- AoA's back office provider in collaboration with the Executive Director will present the financial reports to the Governing Board at designated meetings throughout the year.

Audit

Policy: The Governing Board will contract for a minimum of one year and a maximum of three years 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 Executive Director working with the Finance Committee will be responsible for recommending an audit firm by March 1 of each year, unless the existing contract is a multi-year contract.
- The Finance 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 the audit no later than December 15 or the state approved date if later.
- The audit firm will be responsible for submitting the audit to all reporting agencies no later than December 15 or the state approved date if later.

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:

- AoA's back office provider will work with the tax preparer to complete the organization's tax returns.
- The Executive Director will review the tax return in collaboration with the Finance Committee prior to the May 15 submission date.
- The Form 990 will be available to the public via GuideStar, an information service specializing in reporting on U.S. non-profit companies and posted on The Academy of

Alameda's Website.

Quarterly/Annual Payroll Reports

Policy: The payroll provider 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:

- The payroll provider or designee will prepare employee W2s by January 31 each year.
- The payroll provider will file quarterly payroll tax reports (941 and DE9) by the filing deadline.

Revenue & Accounts Receivable

Cash Receipts

Policy:

- The Main Office will maintain a petty cash balance of \$200. On a weekly basis, anything over that amount collected during the week will be deposited each Friday into The Academy of Alameda's checking account.
- Cash receipts (including check or cash payments received via mail or in person and deposits received via Electronic Fund Transfer) for school related functions (T-shirts, fundraisers, etc.) shall be recorded completely and accurately to prevent the misappropriation of assets.

Procedures for collecting, recording, depositing cash receipts:

- For each fundraising or other event or transaction in which cash or checks will be collected, the Executive Director or designee 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 and document each item sold at the time the transaction is made.
- The designee shall give the cash, checks, deposit summary, and any related supporting documentation to the Executive Director or designee.
- The School Operations Manager or designee will recount and reconcile the amount received with the supplied supporting documentation.
- Copies of cash receipt records should be sent to AoA's back office provider 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 Executive Director will designate the employee responsible for making bank deposits. Deposits totaling less than \$5,000 will be made weekly. Deposits totaling more than \$5,000 will be deposited within 48 hours.

Expense & Accounts Payable

Payroll

Policy: Employees are paid on a semi-monthly basis. The Executive Director and Human Resources Manager, working with its back office provider will review each payroll report prior to being processed.

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 his/her signature or submission through the payroll system.
- Each supervisor will review and approve 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.
- Salaried employees are responsible for requesting leave, and supervisors are responsible for tracking leave taken by salaried employees.

Payroll Additions, Deletions, and Changes

Policy: The Executive Director or designee is authorized to approve all payroll changes within the scope of their budget authority.

Procedures:

- The Executive Director or designee will submit, either physically or electronically via the payroll system, new hire or employee change paperwork to the Director of Human Resources prior to the payroll deadline for the first pay period in which the change or addition is to go into effect.

Payroll Preparation & Approval

Policy: AoA's back office provider will prepare payroll in accordance with the organization's payroll calendar.

Procedures:

- Five days prior to each check date, Principals will review electronic time cards within the payroll system to ensure that they are complete and approved for that pay period.
- AoA's back office provider will prepare payroll upon notification from the Director of Human Resources that payroll for that pay period is approved.
- Once processed, the Executive Director 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 Executive Director or designee will submit payroll to the 3rd party payroll provider for check or direct deposit processing.

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 School Principals will inform the Executive Director and Human Resources Manager of any voluntary or involuntary termination immediately who will then provide the back office provider an accounting of the hours/days worked since the last payroll and any additional pay owed to the employee.
- The back office provider will calculate the final check based on the hours/days worked and the employee's pay rate.
- The back office provider will prepare the final check and provide it to the HR Manager in accordance with the timelines required by law.
- An employee who quits without 72 hours' notice may request that their final wage payment be mailed to a designated address. The date of mailing will be considered the date of payment. (Labor Code § 202)
- The HR Manager will provide the back office provider 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 or designee. Any expenditure in excess of \$10,000 that has not been approved in the annual budget.

The Governing Board must approve any contract over \$20,000 that has not already been approved in the annual budget.

Contracts

- The Executive Director or designee will consider in-house capabilities to accomplish services before contracting for them.
- The Executive Director, Director of Operations or designee will keep and maintain a file of all current and past contracts.

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 are not available, missing or 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 or designee. Should a credit card holder be required to complete a “missing receipt” form, authorization must be granted by a member of the Governing Board or designee.
- Credit cards will bear the names of both the organization and the cardholder as authorized by the Governing Board.
- No personal charges are permitted.

Current Credit Card Policy

Policy: The Academy of Alameda’s (“AoA” or “Academy”) preferred payment method for goods and services is through vendor invoices and Academy checks. However, in some cases, this is not feasible for a variety of reasons. As such, the following personnel is specifically authorized by the Executive Director to be provided with Academy credit cards at the following limits:

Position	Credit Line	Additional Approval required from the Executive Director
● Executive Director	\$20,000	
● Elementary School Principal	\$10,000	Goods or equipment above \$2,500 not approved in the annual budget
● Middle School Principal	\$10,000	Goods or equipment above \$2,500 not approved in the annual budget
● Director of Operations	\$10,000	Goods or equipment above \$2,500 not approved in the annual budget

Procedures:

Allowable Uses

Academy credit cards are only intended for business purposes related to The Academy of Alameda (“AoA”).

Academy credit cards are not intended for personal use or purchases that can otherwise be paid for using Academy checks. Instead they are intended for vendors that do not accept Academy checks, purchases during travel, or emergency purchases. If the Academy's credit card earns points or other membership rewards, those points and/or rewards belong to AoA and may only be used for AoA business purposes.

Under no circumstances may Academy credit cards be used for cash advances or to purchase any of the following:

- Alcohol;
- Personal items, services, or expenses;
- Automotive gasoline and oil for personal car use; or
- Facility improvements

All purchases with Academy credit cards are to be expressly approved by the cardholder, subject to oversight by the Executive Director. No purchases shall be made for amounts not included in AoA's budget without approval in writing from the Executive Director. In addition, individual cardholders will have a maximum credit limit of \$10,000, with the exception of the Executive Director who will have a maximum credit limit of \$20,000.

Employees must sign and return the "Academy Credit Card – Company Pay Policy Acknowledgement" (**Attachment A**) to the Executive Director or designee before Academy credit cards will be issued.

Card Number Security

Every cardholder is responsible for keeping backup documentation for each purchase made by their credit card, evidencing a legitimate school purpose that meets all the requirements of this policy. The credit cardholder will be held personally liable for all inappropriate charges and personally responsible for settling any dispute over a purchase from a vendor. As such, the cardholder shall not share their card number with anyone. In addition, the credit card may not be stored in an online account. When using a credit card for online purchases, cardholders should ensure that the website uses socket layer encryption (such websites' addresses will start with https:). All cardholders should report the loss or theft of their Academy credit card immediately to the credit card company and the Executive Director or Designee, even if the loss or theft occurs on a weekend or holiday. If a credit card is stolen, the cardholder should file a police report, and a copy of the report should be maintained for insurance purposes.

Receipts

The Academy credit cardholder is responsible for receiving, printing and retaining all receipts related to credit card purchases. This includes receipts related to online purchases and restaurant purchases. The cardholder shall label all receipts with a description of what the purchase is for to ensure proper coding by the Executive Director or their designee. All receipts must contain an itemized description of what was purchased.

All receipts must be submitted to the Executive Director or designee each month.

Statements

Credit card statements can be accessed directly by the Executive Director and Chair of the Finance Committee. The Executive Director or designee will also have online access to all accounts to monitor and reconcile the credit card activity on a monthly basis.

Separation from Employment

Upon the termination of employment of a cardholder for any reason, all cards must be canceled and

returned to the Executive Director, or their designee, along with any other company owned items.

Policy Violations

All cardholders who make unauthorized purchases shall be liable to AoA for the amount of the purchase, plus any interest accrued on the credit card as a result of the unauthorized purchase. Should a cardholder fail to timely reimburse AoA in the amount of the unauthorized purchase, AoA may commence legal action against the cardholder.

Violations of this policy may also result in a warning, or cancellation of the card and suspension/termination of credit card use privileges, depending on the severity of the violation. Further, while AoA does not intend to alter the at-will nature of employment, abuse of credit card privilege may result in disciplinary action up to and including termination.

Debit Cards

Policy: Organization debit cards are not permitted.

Independent Contractors

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

Invoice Approval & Process

Policy: The Executive Director or designee/s must approve all invoices.

Procedures:

- The School Operations Manager or designee will open and review invoices and bills and will notify the Principals, Director of Operations, or Executive Director of any unexpected or unauthorized expense.
- When receiving tangible goods from a vendor, the School Operations Manager or designee will trace the merchandise to the packing list and note any items that were not in the shipment.
- The School Operations Manager or designee will code invoices to the correct budget line.
- Invoices are then routed to the Principals or Executive Director for payment approval.
- If the vendor is a sole proprietor or a partnership (including LP, and LLP) providing a service, the School Operations Manager or designee will obtain a W-9 from the vendor prior to submitting any requests for payments to AoA's back office provider.
- The Executive Director in collaboration with the back office provider will review the invoice for sufficient supporting documentation, verify the coding, and process payment.

Cash Disbursements

Policy: Bank checks will be issued upon receipt of appropriate documentation (e.g. vendor invoice,

purchase order, packing slip, etc.).

Petty Cash

Policy: The use of petty cash is permitted up to \$200.

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 Organizational Leadership Leaders 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 a School Principal or designee.
- Employees will submit signed expense reports monthly, as necessary, to a School Principal or the Executive Director for approval. Original receipts or other appropriate documentation (e.g. email receipt) must be attached to the expense report.
- The Executive Director's expense reports must be approved by a member of the board.
- The School Operations Manager or designee will submit the approved expense report and supporting documentation to AoA's back office provider.
- The back office provider will issue a reimbursement check within five business days of receipt of appropriate and complete documentation to non-employees.
- The back office provider will issue a reimbursement check via payroll in alignment with the payroll calendar and receipt of appropriate and complete documentation to employees.
- 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.

Travel Expenses

Policy: The Executive Director or designee must pre-approve all school related travel. Mileage will be reimbursed at 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 (<http://www.gsa.gov/portal/category/100120> - US Government Rates) for any breakfast, lunch, dinner, or incidental expense that is not included as part of the related event unless previously approved by the Executive Director or designee.
- 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

ride sharing services may be more economical. Employees should choose between long-term parking or a taxi 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 report, attach original receipts, and submit it to a School Principal or the Executive Director or designee for approval and then to the back office provider 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 will approve and sign the expense report, and submit it to the back office provider or designee for payment.

Asset Management

Cash Management and Investments

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

Procedures:

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

Capital Equipment

Policy: The organization will capitalize any item, purchased or donated, with a value of \$1,000 or more, subject to the recommendation of the accounting firm and/or back office provider.
the back office provider.

Loans

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 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.

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

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

Procedures:

- The Executive Director or designee 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 Executive Director will forward all insurance policies and related documents to the Director of Operations (e.g. certificates of insurance, claim forms, etc.) to keep in its administrative storage filing system.

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.

Operating Reserves

Policy: The organization will ensure adequate cash balances to meet annual cash flow needs. The target minimum reserve fund is recommended to be no less than 20% of operating expenses based on the annual budget. The amount of operating reserves will be calculated each year after approval of the annual budget and the Board and Finance Committee will be updated on a regular basis.

Procedures:

- The Board Finance Committee will monitor the organization's reserve level and will report the reserve level to the Executive Director and the Governing Board on a regular 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 or designee or 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.

Adopted: March 15, 2011

Revision Date: [INSERT]