



Fiscal Policies and Procedures

El Camino Real Charter High School

July 23, 2020



Presentation Topics

- Why do we have fiscal policies?
 - The primary answer is to authorize payments to others and to know who is empowered to make those decisions on behalf of the school
- What are the key responsibilities of the Board?
 - Some fiscal responsibilities lie solely with the Board as documented in policy, organizational documents, and law



Recent Policies Updates

- November 2019
 - Updated reimbursement procedures, including digital payment method
 - Added Scope of Work to contract requirements along with caution on use of “after the fact” contracts and prohibition on contract splitting
- May 2020
 - Added Investment Policy to section on Safeguarding Financial Assets



Why Do We Have Fiscal Policies?

- Protect the assets of the school
- Establish responsibilities among staff members and the Board
- Internal Control
- Control over spending
 - How do we approve purchases?
 - Who decides at what dollar level a purchase is approved?
- Provide for the annual audit
- Manage authorization and use of credit cards
- Authorize bank accounts and check signers with dollar limits

A decorative graphic of a feather, rendered in a light beige color, is positioned on the left side of the slide. It has a central rachis with numerous barbs extending outwards, creating a fan-like shape.

Why Do We Have Fiscal Policies? (cont.)

- Authorize travel – procedures, limits, approvals
- Enable staff professional development
- Authorize student awards
- Manage a petty cash account
- Approve contracts – scope and dollar amount



Protect the Assets of the School

- Obey Federal, State, and local laws and regulations that govern the expenditure of public funds
- Review of financial reports by Charter Authorizer, Independent Audit, and Business Services Provider
- Monthly financial reports presented at Board meetings
- Board approval of check registers and all major financial documents
- Disseminate financial information to staff
- Insure that spending decisions are reviewed and approved by a second party
- Acknowledge and follow the Investment Policy



Establish responsibilities among staff members and the Board

- Allow for orderly management of purchasing and financial decisions
- Delegate responsibilities to staff
- Board review and approval of designated expenditures
- Establish the Chief Compliance Officer to work along with the ED, CBO, and Business Office staff to enforce the FPP



Internal Control

- No one person has sole control over receipts and expenditures
 - Prevent embezzlement – examples
 - Legal expenditure of funds to benefit the school
 - All expenditures are reviewed and approved by a more senior administrator or Board member
- Support from Business Services Provider to implement fiscal controls



Recent Embezzlement Cases

- \$3.2 million taken from Santa Ana charter school
- \$350,000 taken from Desert Hot Springs HS
- Torrance Catholic school loses over \$3 million
- Sweetwater UHSD Employee takes fingerprint money orders
- Former President of Riverside County School Boards Association charged
- Temecula Valley HS bookkeeper accused of stealing \$330K from student clubs



Control of Spending

- What is the most effective procedure for purchasing school supplies and equipment?
 - Larger expenditures use a purchase order with invoicing and payment upon receipt of goods
 - Smaller expenditures use other options
 - *Credit cards – ease of use on and off campus*
 - *Petty cash – advance or reimburse payments around campus*
 - *Employee reimbursement – authorize small purchases in advance for specific purposes*
- How do we make the best spending decisions based on cost and time spent?



Provide for an Annual Audit

- Annual audit is required by state law and the charter with LAUSD
- Firms are approved by the State Controllers Office
 - This is also a compliance audit
 - State laws and the K-12 Audit Guide
- Attest to accuracy of financial statements and procedures
- Review of internal control procedures
- Fraud review
- Auditors test selected transactions and procedures to determine if data supports the accuracy of the completed financial statements
- Test transactions and policies for compliance with State and Federal laws/regs



Manage Credit Cards

- Who is authorized to have a credit card? What kinds of credit cards are allowed?
 - Two general cards in name of school / CBO and school / ED
 - Vendor specific cards for CTE supplies
- What are the spending limits for each card?
 - General - \$100,000/month; textbooks only - \$250,000
 - Vendor specific - \$500/month (Home Depot) and \$1,000/month (Smart & Final)
- Timeliness of presentation of receipts and statement for payment
- Review of transactions to determine if purchases are appropriate; if not, card holder/user must reimburse school



Authorize and Manage Bank Accounts

- Board approves opening and closing of bank accounts – usually a board/bank resolution is approved and then signed by the Board secretary
- Board designates employees to administer those accounts and sign checks
- Two signers required on amounts over \$10,000
- No one signs a check payable to him/herself
- Bank account reconciliation performed by Business Services Provider
 - Reconcile all bank transactions with entries in the General Ledger
 - Further review of electronic receipts and expenditures



Travel – procedures, limits, approvals

- All travel must be approved in advance
 - In-state – by designated authorizing personnel
 - Out-of-state – ECRA Board Travel Committee
 - All expenses are pre-approved. Approver cannot be the traveler
- No daily per diem rate; receipts required for all reimbursements/charges
- Hotel allowed if event is more than 50 miles away
- Mileage reimbursed at the IRS approved rate for business travel
- Completed expense report required at end of trip



Staff Professional Development

- Attendance at class/course must be approved before class begins
- Tuition costs are subsidized for staff who do not receive additional compensation tied to Professional Development units
- Classes/conferences/workshops/seminars for all staff members
- Tuition costs for Beginning Teacher Support and Assessment (BTSA)
- Reimbursement may be appropriate for membership in a professional association associated with the employee's job responsibilities



Authorize Student Awards

- Must be authorized by fiscal policies
- If appropriate, these awards are not considered a gift of public funds
- For ECRA school sponsored activities and supporting individuals and teams that win city, state and/or national athletic or academic competition(s)



Petty Cash

- Cash on hand (\$500 - \$1,000) to fund small payments to vendors and staff reimbursements
- Advance or reimbursement procedures
- Reconciled when depleted or quarterly, whichever occurs first
- Payment to replenish records approved expenditures to the general ledger
- Usually closed and reconciled at fiscal year end and reopened in the new year
- Accounting Staff appointed as Custodian and is responsible to insure the accuracy and timeliness of all payments



Contracts

- Authorizing Personnel may sign school-related contracts within the approved budget
- Board approval required on contracts:
 - Non-public - \$50,000 or more for construction, equipment, materials, supplies, non-professional services and repairs
 - Public - \$50,000 or more for equipment, materials, supplies, services and repairs
 - Public - \$15,000 or more for public construction contracts
- ED or CBO will approve proposed contracts and modifications in writing
- Potential conflicts of interest will be disclosed upfront by anyone



What Are the Key Responsibilities of the Board?

- Appoint key administrators (or hire outside firms) and determine how certain purchasing procedures flow
- Approve check registers (usually by ratifying after the fact) and key financial reports
- Contract with an approved firm to audit the school's financial statements and procedures annually
- Authorize and administer credit cards
- Board travel committee authorizes any out-of-state travel by staff/students in advance



What Are the Key Responsibilities of the Board? (cont.)

- Approve opening and closing any bank accounts and relationships with financial services firms
- Approve non-budgeted contracts over \$50,000 in a calendar year for materials or services and public construction contracts over \$15,000
- Disclose any potential conflicts of interest up front and refrain from approving any contract where any Board member has a financial interest
- Approve/disapprove any recommended loan from an outside party to the school
- Insure that approved budgets and financial reports maintain any required fund balance reserves