



EL CAMINO REAL ALLIANCE

Fiscal Policies and Procedures Handbook

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FISCAL CONTROL POLICIES AND PROCEDURES

OVERVIEW

The Governing Board (“Governing Board”) of El Camino Real Alliance (“ECRA”), a charter management organization (“CMO”), has reviewed and adopted the following policies and procedures to ensure the funds of the CMO are appropriately budgeted, accounted for, expended, and maintained.

1. The Governing Board holds ultimate authority over all fiscal matters. The Executive Director of El Camino Real Charter High School (“ECRCHS” or the “Charter School”) shall report to the ECRA Board of Directors and, in particular, the ECRA Board Chair regarding all fiscal matters.
2. The Governing Board formulates financial policies and procedures, and delegates administration of the policies and procedures to the Chief Business Officer (CBO).
3. The Governing Board will commission a Back Office Services Provider (e.g. EdTec, ExED) who will report to both the administration and the Governing Board. The financial compilations presented to the Board will be compiled by the Back Office Services Provider, and may also include input from the ECRA staff.
4. The CBO has responsibility for all business operations.
5. The CBO and Back Office Services Provider (e.g. EdTec, ExED) will work with the CBO’s staff to enforce the financial policies and procedures.
6. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
7. All administrators involved with spending are required to relinquish their purchasing or authorizing role for at least 10 consecutive days during the school year.
8. All documentation related to financial matters must be completed by computer, word processor, typewriter, or ink.
9. The Governing Board will commission an annual financial audit by an independent third party auditor who will report directly to the Governing Board. The Governing Board will approve the final audit report, and a copy will be provided to the charter-authorizing entity. Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Governing Board and be in compliance with GAAP and/or related laws and regulations.
10. The Governing Board may appoint someone else to perform the CBO's responsibilities in the case of absence.
11. As used in the ECRA Fiscal Policies and Procedures, the term “Authorizing Personnel” includes: Executive Director, CBO, Assistant Principals, and Board Chair or Vice Chair.

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Safeguarding of Financial Assets

ECRA is committed to safeguarding public funds. ECRA's financials are overseen by the following entities:

1. Charter School Authorizer (i.e. LAUSD's Charter Schools Division) reviews financials annually
2. Independent Certified Public Accountant conducts annual financial audit
3. Back Office Services Provider (e.g. EdTec, ExED) ensures segregation of duties and fiscal compliance

In addition, ECRA does the following:

1. Presents monthly financial updates at Regular board meetings
2. Seeks board approval of check registers and all major financial documents (e.g. interim financials, budget, Local Control and Accountability Plan ("LCAP"), etc.)
3. Provides financial information to the staff through newsletters and presentations
4. Posts major board approved financial documents on ECRA's website, including Adopted Budget, Interim Reports, and Annual Audit.

Annual Financial Audit

1. The Governing Board will annually appoint an Audit Committee no later than the January board meeting; this committee is tasked with selecting an auditor no later than the March board meeting.
2. Audit Committee members, like all ECRA Directors, must be fiscally independent of ECRA.
3. The CBO will assist Audit Committee members.
4. The Audit Committee will contract annually for the services of an independent certified public accountant to perform an annual fiscal audit.
5. The audit shall include, but will not be limited to:
 - a. An audit of the accuracy of the financial statements
 - b. An audit of the attendance accounting and revenue accuracy practices
 - c. An audit of the internal control practices

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Key Personnel Financial Responsibilities

Approve Contracts

- Executive Director
- Chief Business Officer
- Assistant Principals with check signing authority

Approve Purchases for Payment

- Executive Director
- Assistant Principals with check signing authority

Approve Purchase Orders

- Executive Director
- Chief Business Officer
- Department Heads
- Assistant Principals

Record Transactions

- Accounting staff (non-senior)
- Analysts

Reconcile Transactions

- Back Office Services Provider

Role of Key Financial Staff (Segregation of Duties)

- Executive Director - Authorizing
- Chief Business Officer - Reporting and Analysis
- Chief Compliance Officer – Compliance with Policies and Procedures
- Back Office Services Provider - Recording, Reconciling and Reporting
- Assistant Principals - Purchasing, Authorizing and Custody
- Accounting Manager/Controller - Authorizing and Reconciling
- Analysts - Recording and Analysis
- Accountants - Recording, Purchasing and Custody

Financial Instruments

Debit Cards

- Use is not permitted

ECRA FISCAL CONTROL POLICIES AND PROCEDURES

Credit and Charge Cards

- Only one general card is authorized by the Board and it is issued in the name of ECRA and the Chief Business Officer or Executive Director. The credit card is stored in the Charter School's safe for staff use
- Must have established, Board-approved spending limits (currently, \$100,000 within a monthly statement period; textbook purchases are exempt from this limit, and shall not exceed \$250,000 within a monthly statement period)
- “Platinum” or similar luxury status credit cards cannot be taken out under ECRA’s account
- Vendor-specific credit cards for teachers (limited to Home Depot and Smart and Final) have a limit of \$500 within a monthly statement period
- Any additional, vendor-specific credit or charge cards must be approved by the ECRA Board with the same limits as above.

Bank Check Signers

- Board-approved personnel, as noted in Overview, item 11, including Executive Director, CBO, and Assistant Principals.

Check Stock

- Held in student store

Accounting /Enterprise Resource Planning (“ERP”) System(s)

- Overseen by Chief Information/Technology Officer

Prohibition on Purchase of Alcohol

- Charter School, state, and federal funds may never be used for the purchase of alcohol, or any items related to the consumption of alcohol

ECRA FISCAL CONTROL POLICIES AND PROCEDURES

PAYMENT / REIMBURSEMENT POLICIES

ECRA employees must receive pre-approval for all purchases. Pre-approvals can be received through the Charter School's ERP system, to which all employees have access. Any items purchased without pre-approval should be kept in new condition so that item(s) can be returned to the vendor in the event the approving administrator denies the purchase.

All staff members making financial choices on behalf of ECRA must factor in time and quantitative/qualitative factors before each purchase. Below are a few examples:

1. Staff members should not spend significant time to save the Charter School a de minimis amount. For example, s/he should not incur reimbursable mileage expenses from driving around to different stores to save the Charter School a few dollars on school supplies.
2. Staff should look beyond quantitative factors, such as cost, and evaluate the qualitative factors such as reliability, warranty, reputation, durability, environmental impact, maintenance costs, etc. For example, LED products may be more expensive initially, but they require less maintenance, use less energy and have a lower environmental impact.
3. Staff should look at total services provided, not just the product price. For example, some vendors will also assist with design and planning. This can save the Charter School additional time and money spent doing it ourselves, or from making costly mistakes.
4. Staff should consider the value of purchasing from local businesses, products made with union labor and products made in the USA.

ECRA FISCAL CONTROL POLICIES AND PROCEDURES

Purchasing Flow Charts

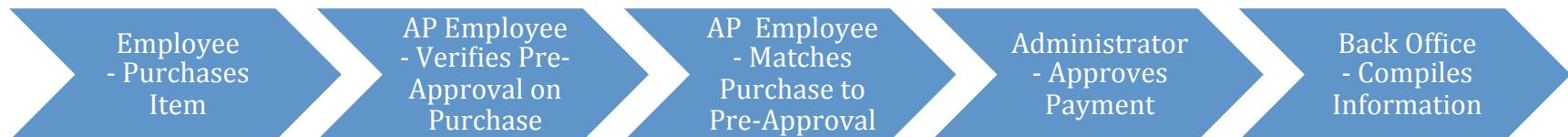
Regular Purchases

- Purchases done through the Enterprise Resource Planning (“ERP”) system



Open Purchase Order Purchases

- Items/Services are usually either approved by:
 - Signed contract
 - Individually listed vendor in the budget
- Purchases are done through the ERP, the credit card or the reimbursement process



Purchases w/o Approved Purchase Orders, Reimbursements and Travel Reimbursement

- Items are subject to review by an administrator. If purchase(s) are rejected, they are the responsibility of the employee



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FISCAL CONTROL POLICIES AND PROCEDURES

Employee Receipts/Substantiation

1. All purchases made by an employee must be accompanied by an original, itemized receipt. The individual making the charge or requesting reimbursement shall be held responsible for the amount if a receipt is not provided within 30 days. The only exceptions are for parking meters and gratuities given to taxi drivers (within the limit set herein).
2. When receipts are lost, employees must retrieve a copy of the receipt or provide a document with comparable detail. There are a few exceptions for which credit card receipts or cancelled checks may be considered sufficient. Below are a few examples:
 - a. Taxi fares incurred while traveling for ECRCHS
 - b. Parking fees incurred the day employee attended workshops or other work events
3. If a receipt is lost and an acceptable replacement is not provided, the employee will not be reimbursed.
4. For all meals, detailed receipts are a requirement (see “Meals” on the following page for more details).
5. The Accounting Manager/Controller or Assistant Principal or designee shall be responsible for enforcing this policy within 30 days from the charge being incurred.

Employee Lost Receipts

When receipts are lost or not provided, ECRA will not reimburse employee costs and will require employee payment of credit card or vendor-specific card charges.

Gratuity

Employees are allowed to tip up to 18% of the subtotal cost, rounded up to the nearest dollar, when gratuity is customary. Any incremental excess is the responsibility of the employee.

Employee Reimbursements and Expense Reports

1. Employees will be reimbursed for expenditures within fifteen (15) days of presentation of appropriate documentation.
 - a. Whenever possible, original, itemized receipts must be provided. (See “Employee Receipts/Substantiation” above)
 - b. Electronic receipts are considered original, itemized receipts.
 - c. In certain cases, supporting documentation like email confirmations may be accepted as a receipt

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2. Employees must submit all expense reports before June 30th of the fiscal year in which the expenditure was made to the Accounting Staff.
3. Receipts or other appropriate documentation will be required for the reimbursement of all expenses (see “Employee Receipts/Substantiation” above).
4. Employees shall submit, for each reimbursement request, a signed copy of the “Reimbursement Request Form” (Appendix V) substantiating:
 - a. Who the expenditure was for;
 - b. What the expenditure was for;
 - c. Where the expenditure was made;
 - d. Why the expenditure was made; and
 - e. When the expenditure was made
5. The employee must sign expense report to certify the expenditures.
6. Authorizing personnel must sign expense report for reimbursement.
7. Accounting Staff will email a copy of the Executive Director's expense report to the Board Chair when processed for payment.
 - a. For expense reports greater than \$300 in a month, the Board Chair and one other Board member, or Board Vice Chair and one other Board member must approve.

Personal Use of School Items

Personal use only applies to non-de minimis use consumption. For example, using an ECRCHS computer for personal use can be considered de minimis unless it creates noticeable wear and tear.

1. Employees will avoid the personal use of ECRCHS owned items without prior approval from a supervisor.
2. Employees will reimburse the Charter School for all ECRCHS-owned items that are consumed. For example, if the Charter School incurs additional expense as a result of personal telephone calls, employees must reimburse the Charter School for these calls.

Supplies

1. All ECRA employees are allowed to spend the following without pre-approval for items deemed essential to carry out assigned duties or related to curriculum, subject to administrative review when reimbursement is approved:
 - a. \$50/semester limit for non-classroom staff
 - b. \$100/semester limit for classroom staff

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Note, for higher thresholds, teachers/staff must submit a purchase requisition in the ERP system. As outlined in the 1st paragraph on Page 8: Any items purchased without pre-approval should be kept in new condition so that item(s) can be returned to the vendor in the event the approving administrator denies the purchase.

Only the Charter School address may be used on the sales order prior to processing payments. It is the responsibility of the finance office to ensure that this policy is followed. Supplies are defined as items classified in the California School Accounting Manual under the following codes: Object Code 4100, Textbooks, Object Code 4200, Other Books and Reference Materials, Object Code 4300, Materials and Supplies, and Object Code 4400, Noncapitalized Equipment as found in Procedure 770 – Distinguishing between Supplies and Equipment.

Meals

1. Except in connection with out of town travel or Charter School-approved events where students are present, meals chargeable to or reimbursable by ECRA may not occur outside of the ECRCHS campus.
2. School-related meals occur on a regular basis. If the meal is not pre-approved, the employee runs the risk of bearing the full cost of the meal if it is ultimately denied. For meals to be charged to ECRA or reimbursable to an employee, the ECRA employee must provide the following information:
 - a. Purpose of the meeting or agenda;
 - b. Items ordered or a detailed receipt;
 - c. Number of individuals in the party; and
 - d. Names of the attendees or a sign-in sheet.
3. On professional development, non-school days, ECRCHS may purchase meals for staff for meetings lasting three or more hours.
4. Each department has a budget of \$50/employee/year for meals for team building and morale.
5. The Charter School may cater in food and snacks for ECRA Board meetings, community meetings, staff meetings, etc., but they require pre-approval by the CBO or Assistant Principal through the ERP system.

Mileage

1. Employees will be reimbursed for mileage when the event is school-related and requires employees to travel outside of their normal commute. Mileage will be reimbursed at the IRS-approved rate for the distance traveled. Reimbursable travel starting from or ending

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at a residence cannot include the normal commute miles to/from work. Below are some examples:

- a. Home to/from school is not reimbursable.
- b. Home to/from school event/meeting is partially reimbursable.
 - i. If the mileage to/from home to school-related event/meeting exceeds the regular commute to/from school, then employee can claim the incremental difference.
- c. School to/from school event/meeting is 100% reimbursable.
- d. Home to/from non-school event/meeting is not reimbursable. For example, driving around to purchase non-essential supplies, driving around to purchase essential supplies on a non-school day, or commuting to a non-school sponsored staff meeting.

Travel

1. Travel must receive the following approvals:
 - a. Employees requesting in-state travel must receive approval from the designated authorizing personnel with a summary of the purpose of travel, educational or professional benefit, number of employees attending and estimated cost.
 - b. Employees requesting out-of-state travel must also present the ECRA Board Travel Committee, which consists of two (2) ECRA Board members, with a summary of the purpose of travel, educational or professional benefit, number of employees attending, and estimated cost.
2. Following approval, the authorizing personnel must pre-approve all expenses associated with out-of-town travel for an event or meeting through the ERP system or an approved travel form. The approver cannot be the traveler. All supported documentation follows the specific rules in the Fiscal Policies and Procedures.
3. ECRA does not allow daily per diem rates.
4. The ECRA Board recommends that the Executive Director and CBO secure a Los Angeles-based travel agency/agent for ECRA. The travel agency/agent will be responsible for meeting all requirements of the ECRA Fiscal Policies and Procedures, and for providing documentation of the same under supervision of Executive Director and CBO. The Executive Director and CBO shall present 3 bids for travel agencies to the ECRA Board by January 1, 2017.
5. Chargeable and Reimbursable Expenditures:
 - a. Only pre-approved coach class, economy, “Wanna Get Away,” or promotional discounted airfare ticketing will be paid by ECRA/ECRCHS for documented school related travel. It is incumbent on all ECRA/ECRCHS employees, when

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arranging school related air travel, to seek the most reasonable and logical airfare accommodation available at the time of booking, and to provide contemporaneous documentation to substantiate the same.

- b. First class, business class, economy plus, and other similar fare classes will not be paid for or reimbursed by ECRA.
- c. Upgrade or non-emergency changes in flights are the exclusive responsibility of the ECRA employee. For non-medical/emergency changes or cancellations of a flight, the out-of-pocket cost is the responsibility of the employee.
- d. All employee-initiated changes to airfare ticketing that are made on an ECRA credit or charge card must be reimbursed by the employee within five (5) business days of the conclusion of travel. Personal charges are not permitted on ECRA credit or charge cards.
- e. Air travel requiring special accommodations due to a personal medical issue will require a signed note from the employee's treating physician attesting to the medical necessity of an upgraded airfare accommodation, which must be submitted prior to travel. ECRA/ECRCHS strongly respects the medical privacy of its employees. Therefore, the note from the treating physician does not need to disclose the specific medical ailment or injury of the employee. The medical note from the treating physician only needs to state the medical necessity for an accommodation and if the travel accommodation will need to be temporary or permanent.
- f. Upon release of the "Fiscal Best Practices Manual" (the "Manual") by the State of California Fiscal Crisis and Management Assistance Team, which is anticipated to occur in early 2017, ECRA may replace this policy with the policy in the Manual or amend this policy pursuant to the Manual.
- g. The ECRA Board of Directors shall annually review this policy to ensure consistency with state and federal reimbursement standards.
- h. Hotels/motels are allowable when the event is more than 50 miles from either the employee's residence or the school site and the requesting employee has received approval from ECRA/ECRCHS administration prior to booking the hotel. Specific rules include:
 - i. The hotel room selected must be the least expensive available room offered within the hotel.
 - ii. Hotels should be chosen for the following reasons:
 - 1. Total cost relative to the other nearby hotels near the venue. Total cost includes parking fees, wireless fees, free breakfast, and other relevant fees. These costs need to be considered because the total cost of a hotel stay with a less expensive room rate may end up being higher than the total cost of a hotel stay with a more expensive room rate.
 - 2. Qualitative costs should be considered, as these may impact the total travel costs and employee wellbeing. For example, access to public transportation, safety, and walkability to event location. However, these considerations should be balanced with prudence and reason.

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- iii. Hotel rates exceeding an average of \$200/night, not including taxes and fees, must be accompanied with an explanation as to why the specific hotel was chosen. If the reason is denied by the authorizing personnel, and the employee still chooses the room rate, then employee will be responsible for the incremental cost over \$200/night plus applicable taxes and fees. Pre-approval is required of all ECRA/ECRCHS employees for hotels over \$200/night.
 - iv. Upon release of the Manual, ECRA may replace this policy with the policy in the Manual or amend this policy pursuant to the Manual.
 - v. The ECRA Board of Directors shall review this policy annually to ensure consistency.
 - vi. Meals are reimbursed up to the published General Services Administration (“GSA”) rate for the event location, based on the receipt documentation provided. Employees must seek the applicable GSA rate from the CBO or designee.
 - i. Other customary and reasonable travel-related expenses, such as Internet, cab fares, rental car (with prior approval from Authorizing Personnel), and mileage for using an employee’s own car, gasoline are reimbursable.
 - j. The ECRA Board of Directors shall review and update these rates annually in accordance with the IRS and GSA schedules for Los Angeles County.
6. Below are approved travel days:
- a. The day before the event if it starts before 11am.
 - b. The day after the event if it ends after 12pm.
 - c. An additional non-event travel day may be permitted due to flight scheduling.
7. Travel advances, before the actual travel, may be permissible, but employee must show proof that travel actually occurred after the event.
- a. If the advance exceeds the amount of the receipts, the employee will pay the difference immediately in the form of a check.
 - b. If the advance is less than the amount of the receipts, the difference will be reimbursed to the employee in accordance with the expense report.
8. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Authorizing Personnel for approval.

Governing Board Expenses

- 1. The individual incurring authorized expenses while carrying out the duties of the Charter School will complete and sign an expense report.
- 2. The Executive Director will review the expense report, and if s/he approves the report, will submit it to the Accounting Staff or Back Office Services Provider for payment.

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Tuition Costs for Non-Teaching Staff

The tuition reimbursement program aims to encourage staff to gain new workplace skills.

1. Classes must be pre-approved.
2. Tuition will be subsidized for staff who do not receive additional compensation tied to units when s/he takes approved courses in education, business, or technology.
 - a. 100% for up to one class per quarter (for a total of four courses per year) at UCLA Extension. Employee may request reimbursement for up to two classes in any one quarter during a calendar year. As ECRA has a special agreement with UCLA Extension, ECRA pays for these classes directly and there is no employee reimbursement required.
 - b. \$700/class for non-UCLA Extension courses with a \$1,400 cap for any one academic period and a \$2,800 cap per calendar year. Employees must submit an expense report with supporting documentation (e.g. tuition bill).
3. All classes must be taken for a grade or pass/fail. A grade must be provided at the end of the course.
 - a. A failing grade, or the failure to report a grade, will prevent the employee from taking another subsidized class for 12 months.

Classes/Conferences/Workshops/Seminars ("Course") for All Staff

All staff is encouraged to take advantage of opportunities to improve their craft. If the Charter School is subsidizing any of the cost, the employee cannot use the attained credit for salary advancement other than for a degree differential (e.g. master's degree).

1. Course must be pre-approved by an administrator.
2. Employee must complete an Expense Report and provide all receipts.
3. Employee will not be compensated for his/her time if employee made the request to attend the class/conference/workshop/seminar.

Tuition Costs for BTSA

ECRA provides Beginning Teacher Support and Assessment ("BTSA") through Ventura County Department of Education. For those employees who would like to complete their BTSA elsewhere, ECRA will reimburse up to \$4,000. Employee will be required to do the following:

1. Employee must notify an administrator that BTSA is being completed elsewhere.

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2. Upon completion of BTSA, employee must go through the reimbursement process (i.e. expense report).
 - a. Substantiation must include the copy of tuition paid since ECRA will only reimburse up to \$4,000/employee.

Professional Dues and Costs

ECRA encourages all employees to maintain membership in professional organizations. If the dues and costs are associated with the employee's job responsibilities, the employee may seek reimbursement from an administrator through the Expense Report process.

Student Awards

For ECRA school sponsored activities, the Charter School is authorized to spend up to \$300/student/activity/year for individuals and teams that win city, state and/or national athletic or academic competition(s).

1. A school sponsored activity is any activity that a school employee receives compensation to oversee.
2. The recommendation process will be based on input from the relevant staff and Assistant Principal(s). The Executive Director will make the final decision.
3. For teams, the \$300/student/activity/year limit can be used for flowers, candy, awards (e.g. trophies, rings, etc.), ceremonies w/up to two guests per student, etc.
4. For individuals, the \$300/student/activity/year limit can also be used for a cash equivalent award that can be used on educational related expenses.
 - a. Financial need will be strong consideration for cash equivalent awards.
 - b. A signed release form stating the cash equivalent will go towards education related expenses must be signed by the student and parent/guardian (see Appendix I – Student Gift Acknowledgement).

Policy for Use of Credit Cards

1. Credit cards are held by Board-approved personnel only. The Board will approve only one general school credit card issued in the name of ECRA and the Chief Business Officer or Executive Director. It will be kept in the Charter School's safe.
2. Prior to issuance of a credit card to an employee, the employee shall review and sign the "Credit Card Responsible Use Form." (Appendix II.)
3. The credit card and vendor-specific charge cards must be board approved before being issued to an employee. Below is a list of outstanding credit and store charge cards, by departments, as of November 1, 2016:
 - a. Home Depot for Woodshop and Drama

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- b. Smart and Final for Home Economics
 - c. American Express
- 4. The ECRA Board of Directors shall review a list of all credit card Charter School-authorized users and associated expenditures monthly.
- 5. Board-approved spending limits are currently, \$100,000 within a monthly statement period (textbook purchases are exempt from this limit, and shall not exceed \$250,000 within a monthly statement period) for American Express and \$500 for vendor-specific credit cards (e.g. Home Depot and Smart and Final). The Charter School-authorized user shall be responsible for verifying that limits are not exceeded.
- 6. ECRA uses American Express as its credit card vendor. Credit card charges in excess of \$50,000 require approval of the expense by two Board members. Such approval is required as part of the supporting documentation prior to payment processing.
- 7. Threshold amounts include: \$.99 (online subscriptions)
- 8. The types of transactions to be charged on the credit card include: advance purchase or arrangement of approved employee travel and accommodations, school supplies, instructional materials, pupil transportation, technology, assistive technology, furniture, athletic equipment, school food, dues, subscriptions, and other items related to Charter School operations. Authorized expenses that do not fall under this Credit Card Use Policy shall be submitted and paid through the check disbursement process.
- 9. Credit card points accrued by ECRA employees using the CMO's credit cards are the property of ECRA.
 - a. Credit card points can be converted only and exclusively for the benefit of the Charter School and with the permission of the Executive Director and Board of Directors.
 - b. Prior to the conversion of any specific school-related use of accrued points, ECRCHS shall provide a memorandum to the ECRA Board of Directors for approval.
 - c. Records of how the converted credit card points were used must be maintained.
- 10. Personal use of the CMO's credit cards is prohibited. State laws prevent the unauthorized loaning and/or misappropriation of public funds. Accidental personal use of the CMO's credit card must be brought to the immediate attention of the employee's direct administrative supervisor and will be dealt with on a case-by-case basis. In all cases, reimbursement for accidental charges shall be paid in full within 30 days of the purchase. Reimbursement of the personal expense in this manner is required, but shall not prevent ECRA from taking further action against the employee. Interest charges will accrue at the then-applicable IRS-established rate when reimbursement is not made in 30 days from the personal charge.
- 11. Employee is responsible for maintaining all receipts. If a receipt is missing, then the employee must request copies of the receipt from the credit card company at his/her

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expense. See "Employee Receipts/Substantiation" for exceptions to the receipts requirement.

12. Employee shall submit, prior to the purchase being charged on the credit card, for each credit card transaction, a signed copy of the "Credit Card Expenditure Form" substantiating:
 - a. Who the expenditure was for;
 - b. What the expenditure was for;
 - c. Where the expenditure was made;
 - d. Why the expenditure was made; and
 - e. When the expenditure was made.

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ACCOUNTING

Key Accounting Thresholds

1. Checks over \$10K require two signatures.
 - a. Note, credit card transactions over \$10K do not require two signers since paying the monthly statement will require two check signatures.
2. Non-budgeted contracts that exceed \$50K during a calendar year and last beyond an academic year require Governing Board approval.
3. Request for Proposals are required for projects that will be financed with bond funds that are subject to Public Contract Code 20111(a) and (b).

Purchasing in the Enterprise Resource Planning System (ERP)

1. School will use an ERP system to store all financial transactional data.
2. Employees will make purchase requisitions in the ERP. Purchase Requisitions can be created using the following information provided by the vendor:
 - a. An invoice or estimate prepared by the vendor, but which has not yet been processed for sale by the vendor.
 - b. Sales quotation provided by the vendor for use by the employee to assist in decision making and subsequent creation of a purchase requisition in the ERP system.
3. Accounting Staff will review the purchase requisition to check whether the Charter School has adequate resources (i.e. cash).
4. If the expenditure is in the approved budget, or the Charter School has adequate resources to make the purchase, the Accounting Staff will forward the purchase requisition to the authorized supervisors (e.g. department head and authorizing administrator). The authorized supervisors must:
 - a. Determine if the expenditure is allowable under the appropriate revenue source.
 - b. Determine if the expenditure is appropriate and consistent with the Charter School's mission, approved charter petition, school policies and procedures, and any related laws or applicable regulations.
 - c. Determine if the price is competitive and prudent. All purchases over \$100,000 must be Board approved and must include documentation of a good faith effort to secure the lowest possible expected cost¹ for comparable goods or services. If the

¹ Expected cost considers the product's price, quality, life, future maintenance costs, salvage value, environmental impact, school's mission, source and materials.

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purchase does not represent the lowest cost option, a business purpose must be provided.

5. If the purchase order is approved, the purchase can be made by the employee through the reimbursement process or by the Charter School on behalf of the employee.
6. When the supplier/vendor submits to ECRA the final invoice, or when an employee submits an expense report, the Charter School will make the payment by requesting a check or by paying by credit card.
7. Since goods and services are sometimes received after payment, the employee making the purchase or shipping and receiving staff must certify that the product has been received, or that service has been provided, before closing the purchase in the ERP.
8. Some payments may be delayed if the vendor is a sole proprietor or a partnership, and it has not provided the Charter School with a valid W-9 form.
9. The board approved credit card holders may authorize an individual to use the school credit card to make an authorized purchase on behalf of the Charter School, consistent with guidance provided by the Fiscal Policies and Procedures Handbook.
 - a. The Charter School's business personnel will keep the school's credit card in the Charter School's safe. Any authorized person who uses this credit card must return it to the Charter School's safe within three (3) hours of use, unless authorized otherwise by the card holder.
 - b. The other school vendor-specific charge cards will be kept under supervision of the board approved card holders
 - c. If receipts are not available or are "missing", the individual making the charge will be held responsible for payment.
 - d. Credit and vendor-specific charge cards will bear the names of both EL CAMINO REAL ALLIANCE and the board approved card holder(s).

Petty Cash

1. The Accounting Staff will manage the petty cash fund from the student store.
2. The petty cash fund will be capped at \$1,000 at the school site, but it will typically hold \$500. This does not include cash held for school events.
3. All petty cash will be kept in the Charter School's safe. Only the Accounting Staff will have access to the petty cash box.
4. All disbursements will require a completed and signed petty cash slip, as well as a register receipt for all purchases.

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5. The Accounting Staff will insure that the petty cash slip is properly completed and that a proper receipt is attached.
6. At all times the petty cash box will contain receipts and cash totaling \$500. A register receipt must support the petty cash slip. The individual using the petty cash to make a purchase is responsible for submitting the receipt for the petty cash slip to the Accounting Staff within 48 hours of withdrawing the petty cash.
7. When expenditures total \$300 (when cash balance is reduced to \$200), the Accounting Staff will total the disbursements, complete a petty cash reimbursement form, and obtain the approval of the Assistant Principal. This should be done on at least a quarterly basis. The petty cash slips and supporting receipts will be attached to the reimbursement request form and forwarded to the Accounting Staff.
8. Petty cash fund reimbursement checks will be made payable to ECRA.
9. Any irregularities in the petty cash fund will be immediately reported in writing to the Chief Business Officer.
10. Loans will not be made from the petty cash fund.
11. The CBO or designee may conduct surprise counts of the petty cash fund.

Contracts

1. The following may sign school-related contracts within the approved budget:

- Authorizing Personnel

The Governing Board must also approve the following contracts:

- Non-Public Contracts - \$50,000 or more for construction, equipment, materials, supplies, non-professional services and repairs
 - Public Contracts (i.e. public bonds):
 - Bid limit under Public Contract Code 20111(a) of \$50,000 or more for equipment, materials, supplies, services and repairs.
 - Bid limit under Public Contract Code 20111b) of \$15,000 or more for construction contracts.
2. Consideration will be made of in-house capabilities before contracting for outside services. Below are considerations:
 - a. Whether the services needed is for a limited time period.

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- b. Whether the contract service provider has expertise not otherwise available to the Charter School.
 - c. Whether the current staff has capacity to do the work.
 - d. Whether the contract service provider's core competency would lead to long-term savings.
 - e. Whether the utilization of the contract service provider would cost less than a comparable employee with benefits.
- 3. The Accounting Staff will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$100,000.
- 4. Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).
 - a. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The CBO or designee may also require that contract service providers list ECRA as an additional insured.
- 5. If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the Accounting Staff will obtain a W-9 from the contract service provider prior to submitting any requests for payment.
- 6. The Executive Director or Chief Business Officer will approve proposed contracts and modifications in writing.
- 7. Contract service providers will be paid in accordance with approved contracts as work is performed.
- 8. The Chief Business Officer and/or Assistant Principal will be responsible for ensuring the terms of the contracts are fulfilled.
- 9. Potential conflicts of interest will be disclosed upfront, and the Executive Director, Chief Business Officer, Assistant Principal(s) and/or Member(s) of the Governing Board with the conflict will not participate in any manner in the preliminary discussions, negotiations, compromises, reasoning, planning and solicitation for applications for the contracts. If an ECRA Board member is financially interested in a contract, the entire Board is prohibited from voting on the contract. Financially interested employees shall disclose the conflict in writing and are prohibited from participating in, influencing, or attempting to influence the making of the contract.

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ACCOUNTS PAYABLE

Bank Check Authorization

1. All original, itemized invoices will immediately be forwarded to the Accounting Staff for scanning and then sent to the Authorizing Personnel for approval.
2. The authorizing personnel will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received. When receiving tangible goods from a vendor, the person designated to receive deliveries should trace the merchandise to the packing list and note any items that were not included in the shipment. The packing list should be submitted with the invoice. Accounting Staff will adjust the invoice for any missing items noted on the packing list before processing for payment. In the case goods are received after payment, or documentation showing receipt is missing, the Accounting Staff will verify with the employee that goods have been received.
3. Once approved by the Authorizing Personnel, Accounting Staff will trace by use of the ERP in most cases, all documentation from the invoice to either the original purchase requisition or budget item. Then s/he will prepare the vendor report for signature by the Authorizing Personnel for payment.
4. The student store personnel will prepare the checks from the approved vendor report and send a copy to the Back Office Services Provider for the bank reconciliation.

Bank Checks

1. The Governing Board will approve, in advance, the list of authorized signers on the Charter School's account. The Executive Director, and any other employee/board member authorized by the Governing Board, may sign bank checks within established limitations.
2. The Governing Board will be authorized to open and close bank accounts.
3. The student store personnel will be responsible for all blank checks and will keep them under lock and key.
4. When there is a need to generate a bank check, the Authorized Personnel will send appropriate approved documentation to the Accounting Staff.
5. Once approved by the Authorizing Personnel, Accounting Staff processes the check for signatures.

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- a. Two authorized check signers will co-sign checks in excess of \$10,000 for all non-recurring items.
 - b. All checks less than \$10,000 require the signature of only one authorized check signer.
 - c. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
6. Accounting Staff will record the check transaction(s) into the ERP system.
7. Accounting Staff will distribute the checks and vouchers as follows:
 - a. Original – mailed or delivered to payee
 - b. Duplicate or voucher – attached to the invoice and filed by vendor name by Accounting Staff
 - c. Cancelled Checks – filed numerically with bank statements by the Back Office Services Provider
 - d. Voided checks will have VOID written in ink.

Bank Reconciliation

1. Bank statements will be received directly or printed directly from online banking by the Back Office Personnel.
2. Back Office Personnel will examine all paid checks for date, name, cancellation, and endorsement. Any discrepancies regarding the paid checks or any checks over 90 days will be researched and if applicable deleted from the accounting system.
3. Back Office Personnel will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. Back Office Personnel will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the Financial Leader at Back Office Services Provider assigned to the Charter School and the Chief Business Officer.

Timely Payment of Credit and Store Charge Card Statements

1. Timely payment of statements is required in order to avoid the imposition of late fees or other penalties by the card issuer. The employee responsible for providing any necessary documentation for payment (receipts, etc.) is required to pay any applicable late fees and/or interest.

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2. Accounting personnel will access the school's account on the card issuer's website and register for electronic statements using an ECRA email address coordinated in the Business Office. If only one email address may be the recipient of the monthly statement, that employee will set up an email forwarding rule to automatically copy another key employee on the statement.
3. On the day the statement is received, the assigned employee will note the due date and begin matching available documentation for the included charges. All documentation will be generated from the ERP system and employee receipts.
4. Accounting personnel will work diligently to obtain all necessary documentation supporting charges prior to paying each statement by its due date.
5. If unsubstantiated charges remain on the statement when it is paid, accounting personnel will keep and maintain a log of these charges. The Chief Business Officer and Executive Director will review the list and follow the procedure under "Employee Receipts/Substantiation".

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ACCOUNTS RECEIVABLE

1. Documentation will be maintained for accounts receivable and forwarded to the Back Office Personnel.
2. Accounts receivable will be recorded by the Back Office Personnel in the general ledger and collected on a timely basis.

Cash Receipts (Cash and Checks)

1. For each fundraising or other event in which cash or checks will be collected, a coordinator will be designated, who will be responsible for collecting and holding all cash and checks for the purpose of the fundraising activity.
 - a. The Accounting Staff will record each transaction in a receipt book at the time the transaction is made, with a copy of the receipt provided to the donor.
 - b. The cash, checks, receipt book, and deposit summary must be given to the ECRA Accounting Staff, who will immediately put the funds in a secure, locked location.
 - c. Both the Event Coordinator and either the Accounting Staff(s), volunteer, or Assistant Principal will count the deposit and verify the amount of the funds in writing.
2. Cash/checks dropped off at the Charter School office will be placed directly into the student store safe by the person dropping off the cash/checks.
 - a. All funds are deposited into the safe in a sealed envelope, along with any notes, forms, or other descriptions of how the funds are to be used.
 - b. The Accounting Staff(s) or Assistant Principal and Executive Director will open the safe to verify the cash/check amounts, and sign off on the amounts received.
 - c. The safe will be emptied at least two times per week when school is in session, corresponding to days when deposits are made. When school is not in session, the safe will be emptied within 48 hours when cash and checks exceed \$5K.
3. Cash/checks dropped off in the classroom will utilize the classroom envelopes. Each morning, the homeroom teacher assigned to that classroom will collect all forms, payments, etc. that have been brought in by students that day and place them in a large envelope. Before lunchtime, an office staff member and a second staff member (who may be an office staff member or an aide) shall collect all envelopes from each classroom and bring them to the student store, where they will be processed following the guidelines used for cash receipts, outlined above.

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4. Mail (including anything official such as governmental notices, invoices and checks) received at the Charter School must be opened and converted into an electronic document for the Back Office Personnel.
 - a. For any cash or checks received in the mail, the funds will be deposited into the Student Store. The personnel there will follow the guidelines used for cash receipts.
5. All checks will be immediately endorsed with the Charter School deposit stamp, containing the following information: "For Deposit Only; El Camino Real Alliance; Bank Name; Bank Account Number."
6. A deposit slip will be completed by the Accounting Staff and initialed by the Assistant Principal for approval to deposit. The deposit slip will be duplicated and documentation for all receipts (copy of check, letter, etc.) will be attached to the duplicate deposit slip.
7. The deposit receipt will be attached to the deposit documentation and forwarded to the Back Office Personnel.

Returned Check Policy

1. A returned-check processing fee will be charged for checks returned due to non-sufficient funds (NSF). Unless otherwise pre-approved by Authorizing Personnel, payment of the NSF check and processing fee must be made by money order or certified check.
2. In the event that a second NSF check is received by any individual, the Charter School will no longer accept checks from that individual. Payment of the NSF check, the processing fee and any subsequent payment(s) by that individual must be made by money order or certified check.
3. In the case of NSF checks written by parents of students, failure to pay may result in the withholding of report cards/transcripts at the end of the semester and/or school year until payment is received, unless other mutually agreeable arrangements are approved by the Executive Director and/or Governing Board.
4. If unsuccessful in collecting funds owed, the Charter School may initiate appropriate collection and/or legal action at the discretion of the Executive Director and/or Governing Board.

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PAYROLL

Personnel Information

1. The business personnel will maintain all employee information in ECRA's ERP system.
2. An employee's hiring is not effective until the employment application, form W-4, and I-9 form have been completed.
3. An employee's hiring date is the first day the employee works, not when s/he has been offered the position.
4. The Accounting Staff will maintain a position control list and notify the Governing Board of any variances to the position control throughout the year.

Stipend Volunteers

1. These individuals are ECRA volunteers who earn a small stipend for assisting with school programs (e.g. Athletics).
2. These volunteers receive stipends through the Charter School's payroll system. The stipends are either paid out in a lump sum or in even amounts by pay periods for the scheduled period of service.

Timesheets

1. All employees will be responsible for completing a timesheet including vacation, sick, and holiday time (if applicable). The employee and the appropriate supervisor will sign the completed timesheet.
2. The completed timesheets will be submitted to the Accounting Staff by the payroll period deadline designated by the Back Office Services Provider.
3. Incomplete timesheets will be returned to the signatory supervisor and late timesheets may delay payroll into the next period. No employee will be paid until a correctly completed timesheet is submitted.
4. If an employee is unexpectedly absent and therefore prevented from working the last day of the pay period or turning in the timesheet (such as an employee calling in sick), the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. However, the employee must still complete and submit the timesheet upon return.

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Overtime

1. All employees should seek pre-approval of unscheduled time (e.g. overtime) from their authorized supervisor in the Charter School's payroll system (i.e. Stratus Time).
2. Overtime only applies to non-exempt employees and is defined as hours worked in excess of eight hours a day and/or forty (40) hours within a five-day period of time. Any hours worked in excess of an employee's regular work schedule must be pre-approved by the supervisor, unless it is prompted by an emergency. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Executive Director or Chief Business Officer for further guidance.

Payroll Processing

1. Hourly employees must sign timesheets to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The authorized supervisor will approve these timesheets. No overtime hours should be listed on timesheets without proper authorization or explanations as to why they occurred. The signatory supervisor will submit a summary report of timesheets to Back Office Services Provider who will verify the calculations for accuracy.
2. Salaried employees must sign into time clock system or use timesheets to verify working days for accuracy. A person from the business office will provide the designated school employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time.
3. The Accounting Staff will notify Back Office Services Provider of all authorizations for approved stipends and the hourly or daily rate.
4. Back Office Services Provider will prepare the payroll worksheet based on the summary report from the designated school employee.
5. The payroll checks (if applicable) will be delivered to the Charter School. Accounting Staff will document receipt of the paychecks and review the payroll checks prior to distribution.

Payroll Taxes and Filings

1. Back Office Services Provider will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries.
2. Back Office Services Provider will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Chief Business Officer or Executive Director, and submit the forms to the respective agencies.

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Record Keeping

1. The designated school employee will maintain written records of all full time employees' use of sick leave, vacation pay, and any other unpaid time.
 - a. The designated school employee will immediately notify the authorized supervisor if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences.
 - b. Records will be reconciled when requested by the employee. Every employee must maintain personal contemporaneous records.

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FINANCE/RESERVES /INSURANCE/LIABILITIES/ASSETS

Financial Reporting

1. In consultation with the Chief Business Officer and Finance Committee, Back Office Services Provider will prepare the annual financial budget for approval by the Governing Board.
2. Back Office Services Provider will submit a monthly balance sheet and monthly revenue and expense summaries to the Chief Business Officer including a review of the discretionary accounts and any line items that are substantially over or under budget. The report will be reviewed at the scheduled board meeting and action will be taken, if appropriate.
3. Back Office Services Provider will provide the Chief Business Officer and/or Governing Board with additional financial reports, as needed.

Financial Institutions

1. All funds will be maintained at high quality financial institution(s).
2. For CD accounts, at least 80% of funds will be maintained in CDs with a maturity of less than five (5) years. The remaining 20% can be held in high quality CDs with between five (5) years to ten (10) years to maturity.
3. Physical evidence will be maintained on-site for all financial institution transactions.

Loans

1. The Executive Director and 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 charter-granting agency in accordance with the terms of the charter petition and/or other lenders in accordance with the loan documents.
2. Once approved, a promissory note will be prepared and signed by the Executive Director before funds are borrowed.
3. Employee loans, including salary advances, are not allowed.

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Retention of Records

1. Financial records will be maintained indefinitely in original or electronic format.
2. Financial records will be shredded once they are converted into electronic format.
3. Appropriate back-up copies of electronic and paper financial and attendance accounting data will be regularly prepared and stored in a secure on-site location.

Funds Balance Reserve

1. The following minimum fund balance reserve must be maintained:
 - a. Economic Uncertainties - At least 5% of the total unrestricted General Funds; as of June 2016, this is ~\$1,800,000.
 - b. LAUSD Insurance Deductible - \$1,000,000
2. The CBO may also set aside additional reserves for other reasons, such as:
 - a. Capital Expenditures
 - i. The national average is ~10% of the entire annual budget each year; this money is spent on capital outlay and interest on school debt (http://www.nea.org/assets/docs/NEA_Rankings_And_Estimates-2015-03-11a.pdf)
 - b. Retiree Benefits
 - i. ECRA is setting aside funds to meet its ~\$47MM unfunded liability.
 - c. State Revenue Deferrals
 - i. As of June 1, 2016, the state revenue deferral is not significant.
3. Back Office Services Provider will provide the CBO with balance sheets on a monthly basis. It is the responsibility of the CBO and the Governing Board to understand the Charter School's cash situation. It is the responsibility of the Authorizing Personnel to prioritize payments as needed. The Executive Director and CBO have responsibility for all operations and activities related to financial management.

Insurance

1. Back Office Services Provider will work with the Chief Business Officer to ensure that appropriate insurance is maintained at all times with high quality insurance providers.
2. The Accounting Staff will maintain the files of insurance policies, certificates of insurance, insurance policies and procedures, and related claim forms.

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3. The Chief Business Officer and Back Office Services Provider will carefully review insurance policies on an annual basis, prior to renewal. A request for proposal must be done at least every five years.
4. Insurance will include general liability, worker's compensation, student accident, professional liability, and directors' and officers' coverage. Supplementary coverage will cover the after-hours and weekend activities. Coverage will be in line with the limits listed in the Charter School's approved charter petition.

Asset Inventory

1. An asset is defined as all items, purchased or donated, with a value of \$5,000 or more and with a useful life of more than one year.
2. Accounting Staff will file all receipts for purchased asset.
3. Reconciling Personnel will maintain an inventory or log of all assets. The log will include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.
4. The Charter School will take a physical inventory of all District and ECRA assets, separately, within 90 days of the end of each fiscal year, indicating the condition and location of the asset.
5. The Assistant Principal(s) will immediately be notified of all cases of theft, loss, damage or destruction of assets.
6. The Assistant Principal(s) will submit to Reconciling Personnel written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.

Parking Lot Liability

1. Parking lot related incidences are not covered under any insurance policy unless there is a witness. The Charter School assumes no liability for damage to cars:
 - a. Parked in the parking lot during school hours
 - b. Parked in the parking lot before and after school hours
2. Otherwise, liability is as follows:
 - a. If a student willfully causes damage (i.e. not an accident as described above), the student's parent or guardian is responsible.
 - b. If a parent or other visitor causes damage, that individual is responsible for the damage.

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- c. If an employee causes damage, the employee is responsible for the damage.
- d. If an unknown person causes damage and there is no witness, the affected individual would determine if they have applicable coverage through his/her individual insurance policies.

APPENDIX I – STUDENT GIFT ACKNOWLEDGEMENT

El Camino Real Charter High School
Student Gift Acknowledgement and Release of Liability

El Camino Real Charter High School (“ECRCHS” or the “Charter School”) supports and encourages student participation in extracurricular activities and believes in recognizing exemplary individual achievement when appropriate. Therefore, on occasion, ECRCHS rewards individual students for accomplishments in extracurricular activities by presenting the student with a monetary reward (e.g., a gift card) intended to be used for educational purposes.

Student Agreement

As a condition of receiving of a monetary equivalent reward, I acknowledge that (please initial):

_____ I am receiving a monetary equivalent reward for an individual accomplishment.

_____ I intend to use the reward for educational purposes.

_____ I voluntarily waive, release, and discharge any and all claims for damages against ECRCHS, El Camino Real Alliance, its officers, employees, and agents which I may have, or which hereafter may accrue, arising out of or related to use of this reward.

Parent/Legal Guardian Agreement

As a condition my student receiving of a monetary equivalent reward, I acknowledge that (please initial):

_____ My student is receiving a monetary equivalent reward for an individual accomplishment.

_____ I understand that my student shall use the reward only for educational purposes and I will help ensure this occurs.

_____ I voluntarily waive, release, and discharge any and all claims for damages against ECRCHS, El Camino Real Alliance, its officers, employees, and agents which I may have, or which hereafter may accrue, arising out of or related to use of this reward.

Reward Recipient Name: _____

Purpose of Reward: _____

Reward Description and Amount: _____

Student Signature: _____ Date: _____

Parent/Guardian Signature: _____ Date: _____

ECRCHS Representative Signature: _____ Date: _____

APPENDIX II – CREDIT CARD RESPONSIBLE USE FORM

ECRA SCHOOL's CREDIT CARD RESPONSIBLE USE FORM

Usage Term _____ (academic year)

For Credit Card _____ (last four numbers only)

Employee Information:

- Name _____
- Position _____

By signing below, you agree that you have read, reviewed and will abide by the terms of the Credit Card Responsibility Use Form. User agrees to the following:

- Employee must receive pre-approval before using the card for a specific purpose.
- If credit card is taken out of the safe or school premises, employee must return the credit card as soon as it is used for a specific purpose. It may not be taken out for more than 24 weekday hours.
- Employee may not make any personal charges.
- Employee is responsible for maintaining all receipts. Along with the receipts, an appropriate description of each purchase must be provided.
- Employee is responsible for any late fees and/or interest the credit card company charges for failing to provide document within 10 days of the credit card statement's closing date.
- Employee must report any fraudulent, lost or stolen card immediately to the credit card company and ECRA.

Employee Signature

Employee Name

Executive Director's Signature

Executive Director's Name