

Board Policy #3100

## Financial Policies and Procedures

It is the intent of these Financial Policies and Procedures to implement both the letter and spirit of all applicable State and Federal regulations regarding the expenditure of and accounting for public funds. These Policies and Procedures may need to be modified as the School develops and regulations change. The Board of Executive Directors ("Board") should approve these financial policies, and revisit them periodically.

### **PURCHASES**

#### *Authorization of Expenditures*

All purchases of goods and services shall be consistent with the Board-approved budget. These purchases shall not require Board-approved/executed contracts, with the exception of expenditures in total fiscal year annual amounts greater than \$15,000. All other proposed expenditures must be approved by the Head of School, Director of Finance and Operations, or Operations and Compliance Manager who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request and purchase order forms (if applicable).

#### *Execution of Expenditures*

Employees authorized to obtain invoices and/or make purchases on behalf of the school are: Office Manager, Operations and Compliance Manager, Director of Finance and Operations, Assistant Head of School, and Head of School. These employees may do so according to the Board-approved budget and within the authorization limits as set forth below under Commitments, Invoices and Purchase Orders.

#### *Contracts*

All professional consulting services over \$1,500.00 shall be provided for under a contract. Contracts for other goods and services exceeding \$15,000.00 on an annual basis shall be presented to the Board for approval prior to commitment and/or signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$15,000.00 shall be let after a bidding process of sufficient duration to ensure competition

#### *Commitments, Invoices and Purchase Orders*

Commitments, invoices, and/or purchase orders up to and including \$1,000.00 must be approved by one of the following authorized positions: Head of School, Assistant Head of School, Director of Finance and Operations, Operations and Compliance Manager, or Office Manager, and must be in line with the board-approved budget.

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Commitments, Invoices, and/or purchase orders of \$1,000.01 to \$5,000.00 must be approved by one of the following authorized positions: Head of School, Assistant Head of School, 1. Director of Finance and Operations, or the Operations and Compliance Manger and must be in line with the board-approved budget.

Commitments, invoices, and/or purchase orders of \$5,000.01 to \$15,000.00 must be approved by the Head of School and the Director of Finance and Operations and must be in line with the board-approved budget.

Commitments, invoices, and/or purchase orders of \$15,000.01 or more must be approved by the Board. All commitments, invoices and/or purchase orders will be reviewed by the Director of Finance and Operations or Operations and Compliance Manager for initial budget compliance.

### *Accounts Payable*

The school shall abide by CSCE's back-office provider's accounts payable policies and procedures set forth separately.

### *Credit and Debit Card Usage*

The School shall have only one credit card account with a limit up to \$10,000.00. The authorized users of the credit card shall be the Head of School, Assistant Head of School, Director of Finance and Operations, and the Office Manager. The Director of Finance and Operations may delegate specific usage of credit card funds as deemed fit to additional users on an emergency, as needed basis. The use of the Credit Card shall be consistent with the board-approved budget. It should be used for emergency purposes only. CSCE's preferred method of vendor payment is via check through its back-office provider. CSCE shall not obtain or use a debit card.

### *Other Electronic Payments*

Other electronic methods (wire, ACH, transfer between bank accounts, etc.) shall not be permitted for payment of any expenses or reimbursements except for Kaiser, CoPower, Vision Service Plan (VSP), East Bay Municipal Utility District (EBMUD), Pacific Gas & Electric (PG&E), Waste Management, and Divvy.

### *Employee Reimbursements*

Business use of telephones or cell phones shall be reimbursed. Business use of personal telephones for reimbursement must be approved in advance. Business meals shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed. In the rare occasion that an employee needs to purchase supplies on behalf of

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CSCE, the employee must have written approval from the Director of Finance and Operations or Head of School prior to making the applicable purchase. The employee must then submit an original receipt along with a fully executed reimbursement request with appropriate approval(s).

The Head of School and Director of Finance and Operations must obtain a Board member's authorization on reimbursement requests payable to the Head of School's or Director of Finance and Operation's name.

*Petty Cash – Purpose and Usage*

The School does not have a Petty Cash Account.

*Personal Use of School Funds*

Use of School funds for personal use is prohibited. Violation of this policy shall result in discipline up to and including dismissal or removal, including from the Board.

**BANKING**

*General Checking Account*

The Board shall authorize the establishment of commercial bank accounts for the purposes of School operations. Funds will be deposited in non-speculative accounts including federally-insured savings and/or checking accounts and/or invested in non-speculative federally-backed instruments and/or standard money market accounts.

The General Checking Account, or "Operating Account," shall be the primary account for School needs. Authorized signatories to this account shall be the Head of School, the Director of Finance and Operations, and the chair of the Board of Directors. Checks above \$25,000.00, and checks payable to an authorized signer, must be signed by two authorized people. Authorized signers for checks above \$25,000.00 from this account shall be the chair of the Board of Directors, Head of School, and Director of Finance and Operations.

The General Checking Account shall be reconciled monthly by an outsourced accountant, employed by CSCE's back-office provider. The outsourced accountant, shall cut and send checks but is not the signor. The back-office provider does not have the ability to approve expenses nor to manage funds in any CSCE account. The monthly Bank Reconciliations shall be reviewed and approved by the Finance Committee or a representative of the Board that does not have access to the account.

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*Deposits of Receipts*

The School will deposit all funds received as soon as practical upon receipt. The Office Manager will receive, open, date stamp, and distribute all incoming mail on a daily basis. As funds are received, such as checks, money orders, or cashier's checks, they should be forwarded to the Operations and Compliance Manager or Director of Finance and Operations. The Operations and Compliance Manager or Director of Finance and Operations should stamp all checks with restrictive endorsement and make two copies of each check.

Anyone who wishes to pay the School in cash for any service, fundraiser donation, or other reason should be directed to the Office Manager, Operations and Compliance Manager or Director of Finance and Operations, who should issue a receipt and record the received amount in a cash receipts log when received. At the end of each day, the cash receipts log amounts should be matched to the individual receipts accompanying the cash, and to the cash count. The count should be performed and confirmed by two people (also known as witnesses), one of whom may be the individual who collected the cash.

Bank deposits should be made on a regular weekly basis by the Operations and Compliance Manager and/or the Director of Finance and Operations, as applicable. At the time of deposit, all cash and checks should be collected and a bank deposit slip prepared. A copy of the deposit slip should be attached to the deposit, and all backup should be attached to and filed with the monthly bank statement.

If any funds are remitted to anyone other than the Office Manager, Operations and Compliance Manager or Director of Finance and Operations, the handler should follow the receipting and handling procedures described above, including keeping the funds in a locked, fireproof safe in a secure location until the funds can be delivered to the Office Manager, Operations and Compliance Manager or Director of Finance and Operations. At that time, funds should be counted, confirmed, and receipted by the person with the funds and the business office person.

**TRAVEL POLICIES**

*Employee Mileage Reimbursement*

All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for business related travel pre-approved by their supervisor. In addition, parking fees and tolls paid are reimbursable if supported by receipts.

All employees requesting such mileage reimbursement are required to furnish an Expense Report containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date, and supported by receipts or statements, as applicable.

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**OTHER PRACTICES**

*Budget Adoption*

A budget shall be adopted by the Board no later than June 30 prior to the start of each new fiscal year, or earlier if required by the authorizing entity. During the course of the year, the Board may adopt an amended budget as expenses and revenue projections change.

*Audit*

An annual audit by an outside firm shall be performed each year on the close of the prior year's books. The audit shall be performed in advance of the December 15 statutory audit deadline. The audit shall include, but not be limited to, (1) an audit of the accuracy of the School's financial statements, (2) an audit of the School's attendance accounting and revenue claims practices, and (3) an audit of the School's internal controls practices.

If the School receives over \$750,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The audit firm shall be on the State approved list of School auditors.

At the conclusion of the audit, the Director of Finance and Operations will review the audit with the Finance Committee and propose any changes necessary in operating procedures to comply with audit findings. The audit shall be reviewed by the Board and approved for submission to CSCE's authorizer.

Form 990 Federal Tax Return: The selected audit firm will prepare the Form 990 tax return and send a copy to the school staff responsible for the audit. The school staff will review and send a copy to the Board of Head of Schools for its review and approval before filing. Once approved by the Board, the school will notify the audit firm who will then prepare the final return for filing.

*Board Meetings*

The Board shall review financial statements at periodic Board meetings. The Board shall also review and approve the First Interim, Second Interim, and Unaudited Actuals reports on an annual basis.

*Conflict of Interest*

Any Board member with a financial interest in a matter presented to the Board shall fully disclose such interest prior to Board discussion on the issue and shall recuse themselves from the discussion and voting on the matter. The Board shall develop a separate more comprehensive policy on conflict of interest, hiring of relatives, and compliance with Government Code 1090 and the Fair Political Practices Act.

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*Payroll*

New Employees: Requests for new employees shall be initiated by the Head of School and the Director of Finance and Operations and be consistent with the approved annual personnel budget. The Director of Finance and Operations and Operations and Compliance Manager shall handle the new hire and onboarding process, ensuring that personnel files are complete and forwarded to CSCE's back-office provider as appropriate. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. Fingerprint and TB clearance must be received by the School before any employee may start work.

Employees shall accrue vacation and sick leave time based on the policy as outlined in the current Employee Handbook of the School. The Handbook shall be amended from time to time by the Board.

The Director of Finance and Operations shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.

Authorized timesheets shall be forwarded to CSCE's back-office provider according to the back-office provider's policies and procedures set forth separately. Payroll processing and payment shall take place according to the back-office provider's policies and procedures set forth separately.

Payroll registers shall be approved by the Director of Finance and Operations, as long as payments are consistent with approved At Will Agreements and the approved annual personnel budget.

*Independent Contractors*

The School shall only engage independent contractors if all of the following practices are followed:

- I. The expense is within the approved budget or separately approved by the Board;
- II. The contractor provides proof of adequate insurance and IRS form W-9;
- III. IRS rules are followed regarding classification of staff as contractors versus employees; and
- IV. The work is done under contract.

*Capitalization and Depreciation*

The School will capitalize and depreciate all assets costing \$5,000.00 or more. All other assets are charged to expense in the year incurred.

Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:

- Leasehold Improvement – Lease term or 5 years, whichever is shorter
- Equipment – 3 years
- Furniture – 5 years

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Repair and maintenance costs, which do not extend the useful lives of the assets, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the asset accounts, and any resulting gain or loss is included in the earnings in the year.

### *Disposal of Surplus Property and Donations*

Surplus property shall mean property that is no longer in use, is damaged beyond repair, or that the School feels will have no future value to the School's program, and that is declared to be surplus property by the Board. If the School wishes to dispose of equipment or other surplus property, the Board shall declare the property surplus and shall direct the staff on the actual means of disposal of the property, such as sale, donation, or destruction and disposal.

If the School wishes to sell equipment or other surplus property, the Board shall direct the staff by giving specific guidance regarding the manner in which such property is to be sold.

If the School wishes to donate equipment or other surplus property, the Board shall declare the property surplus and authorize the donation. Requirements for potential donee organizations shall include: (1) the donee organization is fully independent of the School, with none of the School's Board members or key personnel involved in the donee organization; and (2) the donee organization shall be a non-profit or governmental entity related to education. In addition, the School shall secure a receipt from the donee organization for the donated property, and shall remove the asset from the School's books and record the donation as required by state and federal audit guidelines.

### *Property Acquired with Federal Grant Funds*

If the property in question cost \$5,000 or more at the time of acquisition and was acquired with federal grant funds, the School shall notify the federal contract administrator prior to donating or disposing of such property as provided above.

### *Board Member Expense Reimbursement*

Board members may be reimbursed for expenses incurred in the course of their corporate duties, including but not limited to local mileage and tolls at the IRS rate for participation in Board meetings, other meetings and visits to the school on official business, and attendance at conferences authorized by the Board. Board members shall submit itemized expense reports with the stated corporate purpose of each expense and receipts or statements, as available, to the school administration for approval not more frequently than monthly or less than quarterly.