



Forest Ranch Charter School

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Board Policy – Fiscal Control

1. Purpose

The governing board of Forest Ranch Charter School has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds available to support the mission of the school and to ensure that funds are budgeted, accounted for, expended, and maintained appropriately.

2. Delineation of Duties

- a. The Governing Board shall determine financial policies and procedures, delegate administration of the policies and procedures, and review operations and activities on a regular basis.
- b. Together, the Executive Director and the Chief Business Officer shall ensure that funds are allocated and spent within the board-approved budget and according to policy and procedure.
- c. The Chief Business Officer shall be responsible for all operations and activities related to financial management.
- d. Financial duties and responsibilities shall be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
- e. All documentation and communication related to financial matters shall be in writing.

3. Financial Code of Ethics

All Governing Board members and employees of Forest Ranch Charter School shall:

- Act with honesty and integrity, including handling actual or apparent conflicts of interest between personal and professional relationships in an ethical manner;
- File complete, accurate, timely, and understandable disclosure statements as required by applicable laws, rules, or policies;
- Comply with applicable federal or state laws and local ordinances, and with other applicable rules;
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing one's independence of judgment to be subordinated;
- Share knowledge and maintain skills important and relevant to job requirements;
- Respect the confidentiality of information acquired in the course of work and made confidential by law; and

- Proactively promote ethical behavior in all financial dealings and other activities within Forest Ranch Charter School.

4. Annual Financial Audit

- a. The Governing Board shall commission an annual financial audit by an independent third party auditor who shall report directly to them.
- b. The Governing Board shall annually appoint an audit liaison or committee by January 1 to select an auditor by March 1.
- c. Any persons with expenditure authorization or recording responsibilities within the school may not serve as the liaison or on the committee.
- d. The liaison or committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit.
- e. The audit shall include, but not be limited to:
 - i. An audit of the accuracy of the financial statements;
 - ii. An audit of the attendance accounting and revenue accuracy practices;
 - iii. An audit of the internal control practices.
- f. The Governing Board shall approve the final audit report and a copy shall be provided to Chico Unified School District as the chartering authority, the County Superintendent of Schools, the State Controller and the CDE.
- g. The Charter School's Chief Business Officer along with an audit committee will review any audit exceptions and deficiencies and report to the Governing Board with recommendations on how to resolve them.
- h. Any audit exceptions and/or deficiencies shall be resolved to the satisfaction of the Governing Board and the chartering authority.

5. Purchasing

- a. The Executive Director or the Chief Business Officer may authorize expenditures and may sign related contracts within the approved budget up to \$5,000 without prior Board approval. Any such expenditures or contracts must be presented to and subsequently ratified by the Board subsequent to authorization of expenditure or execution of contract. The accounting information shall be available at all meetings for the Board to review any and all expenditures.
- b. All expenditures over \$5,000 must be approved by the Board prior to execution. No School employee may verbally or otherwise obligate the school prior to Board approval of such expenditures.
- c. The Executive Director or the Chief Business Officer must approve all purchases. When purchase orders are used they shall be submitted to Accounts Payable attached to the related invoice. Purchase orders authorizing the purchase of items over \$500 must be signed by the Executive Director.

- d. Prior to approving a purchase it must be determined:
 - i. if the expenditure is budgeted;
 - ii. if funds are currently available for expenditures;
 - iii. if the expenditure is allowable under the revenue source;
 - iv. if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations; and
 - v. if the price is competitive and prudent.
- e. All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services.
- f. Individuals other than the Office Manager, the Chief Business Officer, or the Executive Director are not authorized to make purchases without written pre-approval. This includes members of the Board and subcommittees of the Board.
- g. The Executive Director or Chief Business Officer may authorize an individual to use a school credit card to make an authorized purchase on behalf of the school.
 - i. The school card shall be kept under locked supervision within direct control of the Executive Director or Chief Business Officer. Authorized individuals must sign the credit card out and must return the credit card and related documentation of purchases within 24 hours of the purchases, unless otherwise authorized.
 - ii. Each charge to the credit card must be supported by a receipt of the expenditure and a concise description of the cost or activity and its school-related purpose. The receipt must contain detail of the item(s) purchased. If receipts are not available or are missing the individual making the charge will be held responsible for payment.
 - iii. Credit cards will bear the names of both Forest Ranch Charter School and the School employee.
 - iv. Credit cards may not be used for cash advances or withdrawals at any time, even if the cash is to be used for a school-related purpose.
 - v. Credit cards may not be used for personal charges at any time, even if the intention is to reimburse the school for those charges.
 - vi. All receipts or other evidence of credit card purchases for each month must be provided to Accounts Payable within seven (7) business days of the expense. In the case of a business trip, this date shall be seven (7) business days from the date the employee returns to the office.
 - vii. Debit cards are not allowed.

6. Contracts

- a. Consideration shall be made of in-house capabilities to accomplish services prior to contracting for them.
- b. All contracts over \$5,000 must be approved by the Board prior to execution. School employees may not verbally or otherwise obligate the school prior to Board approval of such contracts.
- c. The Office Manager shall keep and maintain a contract file showing the competitive bids obtained (if any) and the justification of need for any contracts over \$5,000. While charter schools are not bound by the Public Contracts Code requiring multiple bids, all contract decisions made on behalf of the School must be in the best interests of the School, and multiple bids shall be solicited in those situations deemed appropriate and with the potential to obtain substantially similar or identical goods or services at a lower cost.
- d. Written contracts clearly defining work to be performed will be maintained for all contract service providers.
 - i. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance for employees. Forest Ranch Charter School shall be named as an additional insured on these policies.
- e. If the contract service provider is a sole proprietor or a partnership (including LP and LLP) the Office Manager shall obtain a W-9 from the contract service provider prior to submitting any invoices to Accounts Payable. A copy of the W-9 shall accompany the first invoice submitted to Accounts Payable.
- f. All contracts and contract modifications shall be approved in writing.
- g. Contract service providers shall be paid in accordance with approved contracts as work is performed.
- h. Potential conflicts of interest shall be disclosed immediately, and the Executive Director, Chief Business Officer and / or members of the Governing Board with the conflict shall excuse themselves from discussion and from voting on the contract in accordance with the FRCS Conflict of Interest Policy.

7. Bank Check Authorization

- a. The Office Manager shall be responsible for immediately forwarding all original invoices for approval, ensuring that all supporting documentation in the Office Manager's possession is attached.
- b. The approving Administrator shall carefully review each invoice, attach any further 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 shall trace the merchandise to the packing list and note any items that were not received on the packing list. The packing list shall be attached to the invoice and accompany it to Accounts Payable so that missing items may be adjusted for prior to payment.

- c. Invoice approval shall be indicated by the words “okay to pay”, the date, and the initials or signature of the approving Administrator. Only then shall the invoice and its supporting documentation be forwarded to Accounts Payable.
- d. The Chief Business Officer may authorize Accounts Payable to pay regular, recurring expenses such as utilities without formal approval (signature) on the invoice when dollar amounts fall within a predetermined range. The Chief Business Officer shall prepare and maintain a list of vendors and the dollar range for each vendor, forwarding this list to Accounts Payable at least annually.

8. Bank Checks

- a. The Board shall approve the list of authorized signers on the school accounts and their established limits.
- b. The Board shall be authorized to open and close bank accounts.
- c. Accounts Payable shall be responsible for all blank checks and shall keep them in a locked cabinet or drawer.
- d. Checks over \$10,000 shall have two authorized signatures.
- e. Checks may not be written to cash, bearer, or petty cash. Under no circumstances will any individual sign a blank check.
- f. Accounts Payable shall be responsible for ensuring that the check transaction is recorded into the appropriate accounts in the general ledger. Items shall be reviewed regularly by the Chief Business Officer for accuracy.
- g. Accounts Payable shall attach the check voucher to the submitted invoice and supporting documentation and then return these items to the Office Manager who will then file this documentation according to date.
- h. Voided checks shall be retained in a voided check file by Accounts Payable. They shall be marked as void and have the signature line cut out.

9. Bank Reconciliation

- a. The Audit Liaison shall review the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation. Any material discrepancies which cannot be satisfactorily explained by the Chief Business Officer shall be immediately reported to the Board and the Executive Director.
- b. The Audit Liaison shall compare the deposit log to the bank statement, ensuring all prepared deposits were deposited. Any discrepancies shall be immediately reported to the Chief Business Officer. If a reasonable explanation cannot be provided, it shall be reported to the Board and the Executive Director.

10. State and Federal Revenue Accounts Receivable

- a. Documentation of warrants and revenues received shall be maintained by Accounts Receivable, and recorded accurately in the accounting system.

11. BASP Accounts Receivable

- a. Cash or checks paid to the school for the Before and After School Care (BASP) program shall be received by either the Office Manager or any member of the BASP staff.
- b. Each transaction shall be recorded in a bound receipt book at the time the payment is made, with a copy of the receipt given to the payer. The funds will immediately be placed in a secure, locked location.
- c. These funds shall be forwarded weekly to Accounts Receivable for verification, entry into the accounting system, and deposit.

12. Fundraising Accounts Receivable

- a. For each fundraiser or other event in which cash or checks will be collected, a Volunteer Coordinator will be designated. This Volunteer Coordinator shall be responsible for collecting and holding all cash and checks for the purpose of the fundraising activity.
- b. The Volunteer Coordinator, if practicable, will record each transaction in a receipt book at the time the transaction is made, with a copy of the receipt given to the donor.
- c. The cash, checks, receipt book, and deposit summary shall be given to the Office Manager by the end of the next school day, which will immediately put the funds in a secure, locked location. If the Office Manager is not available, a school Administrator may authorize an alternate to perform this function. The alternate shall be a school employee or member of the Board.
- d. Both the Volunteer Coordinator and the Office Manager shall count the deposit and verify the amount of funds in writing. If the Office Manager is not available, a school Administrator may authorize an alternate to perform this function. The alternate shall be a school employee or member of the Board.
- e. Funds and the verification with dual signature shall be forwarded to Accounts Receivable for entry into the accounting system and deposit.

13. Donations

- a. Cash or checks received as donations shall be immediately recorded in a bound receipt book, with a copy given to the donor. The receipt shall record the name and address of the donor and any specific instructions as to how the funds shall be used. A thank you letter shall follow with a copy of the thank you letter retained for school records.
- b. Dual verification of the funds received against the funds recorded on the field trip donation forms submitted shall be performed by the Office Manager or designee

and another school employee, a regular volunteer, or member of the Governing Board.

- c. Funds and the verification with dual signature (if applicable) shall be forwarded to Accounts Receivable for entry into the accounting system and deposit.

14. Deposits

- a. All checks shall be immediately endorsed with the endorsing stamp.
- b. Deposits shall be made on no less than a weekly basis.
- c. A deposit log shall be maintained. The log shall consist of, at a minimum, the date, deposit amount, signature of preparer, accounting system entry date, and Audit Liaison verification of deposit.
- d. The deposit receipt shall be attached to the deposit documentation and retained in the school files.

15. Returned Check Policy

- a. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). Payment for an NSF check and the processing fee must be made by cash, money order, or certified check.
- b. In the event that a second NSF check is received, checks will no longer be accepted from that individual. Payment of the NSF check, the processing fee, and any subsequent payments by that individual must be made by cash, money order, or certified check.
- c. If unsuccessful in collecting funds owed, the school may initiate appropriate collection and/or legal action at the discretion of the Chief Business Officer and/or the Governing Board.

16. Personnel

- a. The Office Manager shall be responsible for all new volunteers and employees completing or providing all of the items on the Personnel File Checklist. The Executive Director shall be responsible for verifying this information is complete prior to an employee or volunteer working on campus and prior to an employee's hiring becoming effective.
- b. The Executive Director shall be responsible for documenting the regular and customary schedule of all hourly employees in their personnel file. A copy of the initial schedule upon hire shall be included in the personnel file.
- c. The Office Manager shall be responsible for compiling the employee file in the format as shown on the Personnel File Checklist. The completed personnel file shall be given to the Chief Business Officer for review prior to a new employee beginning paid work.
- d. Chief Business Officer shall be responsible checking the personnel file for initial completeness, for forwarding this information to Payroll, and for annually verifying that the information is current and accurate.

- e. When the schedule of an employee materially changes it is the responsibility of the Executive Director to document this schedule in the employee's file and forward a copy of the changed schedule to Payroll with the first timesheets affected by the new schedule.

17. Payroll

a. Timesheets

- i. All hourly employees shall complete timesheets daily. The employee and the Executive Director or other appropriate supervisor shall sign the completed timesheet.
- ii. Completed timesheets shall be submitted to Payroll on the last working day of the designated payroll period. Pay periods are monthly and end on the 20th of each month.
- iii. Incomplete timesheets shall be returned to the signatory supervisor. No employee will be paid until a correctly completed timesheet is submitted.
- iv. Late timesheets shall be held until the next pay period.
- v. Timesheets for a new employee that are not accompanied by a personnel file and/or work schedule shall be returned to the Executive Director for clarification.
- vi. Timesheets that materially vary from previous timesheets but are not accompanied by a schedule change or explanation shall be returned to the Executive Director for clarification.
- vii. If an employee is unexpectedly absent and therefore prevented from working the last day of the pay period or turning in the timesheet, the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. Upon return, the employee must still complete and submit the timesheet.

b. Overtime

- i. Advance approval in writing by the Executive Director is required for overtime pay. All overtime hours on timesheets shall have the Executive Director's initials next to the day on which the overtime was worked.
- ii. Overtime shall not be granted or worked on a regular basis and is only reserved for extraordinary and unforeseen circumstances.

c. Salaried Employees

- i. All salaried employees must sign into a log book to verify working days.
- ii. When a salaried employee is absent the Office Manager is responsible for entering this absence into the log book and documenting the substitute who worked for the salaried employee on that day. A Request for Time

Off sheet shall be completed and shall accompany the substitute's timesheet when it is forwarded to Payroll.

- iii. When salaried employees are authorized to receive stipends for additional work they shall complete a timesheet itemizing this additional work. The timesheet shall be signed by the employee and the Executive Director and forwarded to Payroll on the last day of the payroll period.
- iv. Payroll checks shall be prepared by Payroll and returned to the school no later than the last weekday of the month following the end of the payroll period.

18. Payroll Taxes and Filings

- a. Payroll will prepare, and cause to be paid, the monthly state and federal payroll tax payments. Additionally, Payroll will prepare and submit the state and federal quarterly and annual payroll tax forms. Prior to submission these forms shall be reviewed by the Chief Business Officer or designee.

19. Record Keeping

- a. Payroll shall track full-time employee's use of paid and unpaid time off.
- b. When a Request for Time Off sheet is submitted to Payroll it will be confirmed that Payroll's records and those of the employee agree. Any discrepancies shall be resolved to mutual satisfaction prior to paying the employee.

20. Travel

- a. Employees shall be reimbursed for mileage when pre-approved by the Executive Director. Mileage shall be reimbursed at the government-mandated rate for the distance traveled from the school site. For incidental travel, mileage shall only be reimbursed if the one-way mileage exceeds twenty miles. Mileage may not exceed standard coach airfare for the trip.
- b. The Executive Director or the Board must pre-approve all out of town travel.
- c. Employees shall be reimbursed for overnight stays at hotels when pre-approved by the Executive Director and the event is more than 60 miles from either the school site or the employee's residence. Hotel rates shall be negotiated at the lowest level possible, including corporate, nonprofit, or government rate if offered. Employees shall be reimbursed at the established per diem rate for any meals that are not included as part of the related event.
- d. When traveling on school business, employees should attempt to secure the lowest available commercial discount airfare. Otherwise, customary standard airfare costs are allowable. Any airfare costs in excess of the customary standard airfare are allowable only when approved in advance by the Executive Director or the Board. An employee may choose to upgrade his/her flight, but the employee will be responsible for the excess costs incurred.
- e. Travel advances shall not be given.

21. Loans

- a. The Board shall approve all loans from third parties.
- b. Employee loans are not allowed.

22. Financial Institutions

- a. All funds shall be maintained at a high quality financial institution.
- b. All funds shall be FDIC insured or insured by excess deposit insurance provided by the financial institution.
- c. All funds shall be maintained or invested in non-speculative, high quality, short maturity, and liquid funds.

23. Retention of records

- a. Financial records, such as transaction ledgers, bank statements, attendance and entitlement records, payroll records, and any other necessary fiscal documentation shall be retained as specified by BP 6050 Document Retention and Destruction. At the discretion of the Board or School Administration documents may be retained for a longer period of time.
- b. Financial records shall be shredded at the end of their retention period.
- c. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, shall be regularly prepared and stored in a secure, off-site location, separate from the school.

24. Funds Balance Reserve

- a. A funds balance reserve of at least 5% of the total unrestricted General Fund revenues or four (4) months of operating costs, whichever is greater, shall be maintained.
- b. It is the responsibility of the Chief Business Officer to provide the Executive Director and the Board with reports sufficient to ensure the financial condition of the school may clearly be understood. At a minimum, Board reports shall be comprised of: 1) a balance sheet, 2) a profit and loss report, 3) a budget versus actual report, and 4) a cash flow report.
- c. It is the responsibility of the Executive Director and the Board to understand and keep informed of the school's financial condition.
- d. It is the responsibility of the Executive Director and the Chief Business Officer to prioritize purchasing and payments as needed to remain within budget.

25. Asset Inventory

- a. An asset is defined as any item, purchased or donated, with a value of \$1,000 or more and with a useful life in excess of one year.
- b. The Office Manager is responsible for maintaining a log of all assets. The log shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.

- c. The Office Manager shall take a physical inventory of all assets at least 90 days prior to the end of each fiscal year, indicating the condition and location of each asset.
- d. The Executive Director shall immediately be notified of all cases of theft, loss, damage or destruction of assets.
- e. The Executive Director shall submit to the Board written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.

26. Adoption

- a. This policy was originally adopted by the Board on April 28, 2009.
- b. This policy was reviewed and approved by the Board on June 20, 2017.
- c. This policy was revised by the Board on October 17, 2017.
- d. The next annual review will occur on or before June 20, 2018.