
**Fiscal Policies and Procedures
Handbook**

America's Finest Charter School

Adopted 4/16/2020

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OVERVIEW

The Governing Board of America's Finest Charter School ("AFCS") has reviewed and adopted the following policies and procedures to ensure the most effective use of ACFS's funds to support its mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Governing Board formulates financial policies and procedures, delegate's administration of the policies and procedures to the Executive Director and reviews operations and activities on a regular basis.
2. The Executive Director has responsibility for all operations and activities related to financial management.
3. 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.
4. All documentation related to financial matters will be completed by computer, word processor, typewriter, or ink.
5. The Governing Board will commission an annual financial audit by an independent third party auditor who will report directly to them. The Governing Board will approve the final audit report, and a copy will be provided to the charter-granting agency. Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Governing Board and the charter-granting agency.
6. The Governing Board can appoint someone else to perform the Executive Director's responsibilities in the case of absence.

The accounting procedures used by AFCS shall conform to Generally Accepted Accounting Principles ("GAAP") to ensure accuracy of information and compliance with external standards.

California Code of Regulations (CCR), Title 5 Section 15071 requires that charter schools follow the California School Accounting Manual (CSAM), issued by the California Department of Education's ("CDE") School Fiscal Services Division. The CSAM provides guidance for school district and charter school accounting and is available from the CDE's website at www.cde.ca.gov/fg/ac/sa. All AFCS accounting personnel should be familiar with and have access to this manual.

Annual Financial Audit

AFCS will contract annually with a qualified independent certified public accounting firm to conduct an audit of AFCS's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and, if applicable, the *U.S Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards,

related State of California and Charter School regulations, and the *Standards and Procedures for Audits of California K-12 Local Education Agencies* Audit Guide (which can be found at <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>), in order to properly conduct the audit engagement.

After six consecutive fiscal years, AFCS will require a change/rotation in audit partners in the seventh year, unless a waiver is obtained from the Educational Audit Appeals Panel. (Education Code Section 41020).

1. The Governing Board will annually appoint an Audit Committee by January 1 to select an auditor by March 1 prior to the end of the fiscal year on June 30th.
2. The Audit Committee may include both directors both AFCS directors and non-directors, subject to the following limitations:
 - a. Members of the Finance Committee, if any, shall constitute less than one-half of the membership of the Audit Committee;
 - b. The Chair of the Audit Committee may not be a member of the Finance Committee, if any;
 - c. The Audit Committee may not include any member of the staff, including the Executive Director and the Treasurer/Chief Financial Officer;
 - d. The Audit Committee may not include any person who has a material financial interest in any entity doing business with AFCS; and,
 - e. Audit Committee members may not receive compensation for serving on the committee.
3. In addition, any employee or contractor of AFCS with expenditure authorization or recording responsibilities within the school may not serve on the audit committee.
4. The Audit Committee shall do the following:
 - a. Recommend to the Governing Board for approval the retention and, when appropriate, the termination of an independent certified public accountant to serve as auditor;
 - b. Subject to the supervision of the Governing Board, negotiate the compensation of the auditor on behalf of the board;
 - c. Confer with the auditor to satisfy the Audit Committee members that the financial affairs of AFCS are in order;
 - d. Review and determine whether to accept the audit; and,
 - e. Approve performance of any non-audit services provided to AFCS by the

auditor's firm.

5. The audit shall include, but 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; and,
 - c. An audit of the internal control practices.

In the event that AFCS, the Governing Board, or the auditor requires additional suggestions for financial planning and reporting, they may consult the Fiscal Crisis and Management Assistance Team (FCMAT), *Charter School Accounting and Best Practices Manual* at pp. 55-60 ("Basis of Accounting, Financial Reporting, and Audits").

PURCHASING

1. The Governing Board must approve AFCS's annual budget, and any amendment to the annual Budget, and the Governing Board must also approve any contracts over \$10,000.
2. The Executive Director may authorize expenditures consistent with the approved annual budget, and may sign related contracts within the approved budget or as authorized by the Governing Board. The Governing Board must review all expenditures. This will be done via approval of a check register which lists all checks written during a set period of time and includes check #, payee, date, and amount.
3. The Executive Director must approve all purchases. Purchase requisitions, authorizing the purchase of items greater than \$500, must be signed by the Executive Director.
4. When approving purchases, the Executive Director must:
 - a. Determine if the expenditure is budgeted;
 - b. Determine if funds are currently available for expenditures (i.e. cash flow);
 - c. Determine if the expenditure is allowable under the appropriate revenue source;
 - d. Determine if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations; and,
 - e. Determine if the price is competitive and prudent. All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services.
5. Any individual making an authorized purchase on behalf of the school must provide

the Accounting Consultant with appropriate documentation of the purchase.

6. Individuals other than those specified above are not authorized to make purchases without pre-approval.
7. Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be promptly reimbursed by a bank check upon receipt of appropriate documentation of the purchase.
8. AFCS credit cards shall only be issued with the formal approval of Governing Board and may only be used for expenditures related to AFCS. The Executive Director may authorize an individual to use a school credit card to make an authorized purchase on behalf of the school, consistent with guidelines provided by the Executive Director and/or Governing Board.
 - a. The school card will be kept under locked supervision in the Executive Director's office, and authorized individuals must sign the credit card out and must return the credit card and related documentation of all purchases within 24 hours of the purchases, unless otherwise authorized by the Executive Director.
 - b. If receipts are not available or are "missing", the individual making the charge will be held responsible for payment.
 - c. Credit cards will bear the names of both America's Finest Charter School and the Executive Director.
 - d. Credit cards will be board approved.
 - e. Debit cards are not allowed.

Petty Cash

The following procedures have been established to encourage the prudent internal control of cash handling operations through the effective use and security of AFCS's petty cash funds, if AFCS elects to hold petty cash funds. Adherence to the provisions set forth herein is mandatory. Authorized petty cash funds, petty cash checking accounts, and cash drawers are part of AFCS's assets and must be accounted for accurately.

1. Petty cash funds are to be used for small, incidental purchases and to provide sufficient cash to cover minor school-related expenditures. Petty cash funds may not be used for non-school related activities or expenses. Some non-allowable expenses include, but are not limited to: salaries or overtime, charitable contributions, and subscriptions and publications. The petty cash fund will be capped at \$350.
2. The Administrative Assistant will manage the petty cash fund. All petty cash will be kept in a locked petty cash box in a locked drawer or file cabinet. Only the Administrative Assistant and Executive Director will have keys to the petty cash box and drawer or file cabinet.

3. All disbursements will require a completed and signed petty cash slip. A register receipt for all purchases must be attached to the petty cash slip. AFCS will insure that the petty cash slip is properly completed and that a proper receipt is attached.
4. At all times the petty cash box will contain receipts and cash totaling \$350. 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 Administrative Assistant within 48 hours of withdrawing the petty cash.
5. When expenditures total \$200 (when cash balance is reduced to \$150), the Administrative Assistant will total the disbursements, complete a petty cash reimbursement form, and obtain the approval of the Executive Director. 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.
6. Petty cash fund reimbursement checks will be made payable to the Executive Director.
7. Any irregularities in the petty cash fund will be immediately reported in writing to the Executive Director.
8. Loans will not be made from the petty cash fund.
9. AFCS will conduct surprise counts of the petty cash fund.

In the event that AFCS, or the Governing Board, additional suggestions for financial planning and reporting, they may consult the Fiscal Crisis and Management Assistance Team (FCMAT), *Charter School Accounting and Best Practices Manual* at pp. 121-127 ("Cash Receipts and Banking Policies and Procedures").

Contracts

As stated above, the Governing Board must approve any contracts over \$10,000. The Executive Director may sign contracts within the Board-approved budget or specifically authorized by the Governing Board. The following procedures will be followed for all contracts for the purchase of goods (i.e., equipment, materials, and supplies) or services.

1. Consideration will be made of in-house capabilities to accomplish services before contracting for them.
2. Office staff will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$10,000.
 - a. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.
3. 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 Executive Director may also require that contract service providers list the school as an additional insured.~~
4. If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the Administrative Assistant will obtain a W-9 from the contract service provider.
5. The Executive Director will approve proposed contracts and modifications in writing.
6. Contract service providers will be paid in accordance with approved contracts as work is performed.
7. The Executive Director will be responsible for ensuring the terms of the contracts are fulfilled.
8. Potential conflicts of interest must be disclosed to the Executive Director upfront so that the Executive Director, and if applicable the Governing Board, can take the appropriate action(s) for compliance with applicable law. AFCS adheres to all applicable federal and state laws regarding ethics and conflicts of interest, including the Political Reform Act and Government Code Section 1090. AFCS has adopted a Conflict of Interest Code that designates school decision makers who must file a Statement of Economic Interest ("Form 700"). The Executive Director and members of the Governing Board are designated filers under the code. Additionally, any individuals involved in the purchasing process outlined above who participates in a decision-making role as to OFL, if any, will be designated in the Code or file as a Consultant under the Code.

The Charter School, or the Governing Board, may also consult the Fiscal Crisis and Management Assistance Team (FCMAT), *Charter School Accounting and Best Practices Manual* at pp. 63-78 ("Conflicts of Interest and Gift of Public Funds."); pp. 147-158 (Expenditures, Payables, Purchasing, and Vendors.).

ACCOUNTS PAYABLE

As stated above, the Executive Director must approve all purchases. Purchase requisitions, authorizing the purchase of items greater than \$500, must be signed by the Executive Director. The following procedures will be performed either manually or electronically.

Bank Check Authorization

1. All original invoices will immediately be forwarded to the Executive Director for approval.
2. The Executive Director 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 in the shipment. The packing list should be submitted to the Administrative Assistant with the invoice. The Administrative Assistant will adjust the invoice for any missing items noted on the packing list before processing for payment.

3. Once approved by the Executive Director, he/she will stamp a check authorization on the invoice and complete the required information, including noting the specific budget line item that is to be charged for the specified expenditures. The invoice and supporting documentation will be sent to the AFCS Accountant on at least a weekly basis (Executive Director should be aware of invoice due dates to avoid late payments). AFCS Administrative Assistant will then process the invoices with sufficient supporting documentation.
4. The Executive Director may authorize the Administrative Assistant to pay recurring expenses (e.g. utilities) without the Executive Director's formal approval (signature) on the invoice when dollar amounts fall within a predetermined range. A list of the vendors and the dollar range for each vendor must be provided to the Administrative Assistant in writing and updated on an annual basis.

Bank Checks

1. The Governing Board will approve, in advance, the list of authorized signers on the school account. The Executive Director, Board President and any other employee 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. AFCS Administrative Assistant and the Executive Director will be responsible for all blank checks and will keep them under lock and key.
4. Once approved by the Executive Director checks will be processed based on the check authorization.
5. The Executive Director and Board President will co-sign checks in excess of \$20,000 for all non-recurring items.
6. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
7. AFCS Administrative Assistant will record the check transaction(s) into the appropriate checkbook and in the general ledger.
8. AFCS Administrative Assistant 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 the Administrative Assistant.
- c. Cancelled Checks – filed numerically with bank statements by AFCS Administrative Assistant.
- d. Voided checks will have the signature line cut out and will have VOID written in ink. The original check will be attached to the duplicate and the AFCS Administrative Assistant will attach any other related documentation as appropriate.

Bank Reconciliation

1. Bank statements will be received directly, unopened, by the AFCS Administrative Assistant.
2. AFCS Administrative Assistant 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. An AFCS accountant will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. The AFCS accountant 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 AFCS Accountant assigned to the school and the Executive Director.
5. The AFCS accountant will prepare a monthly summary report to be approved by the Executive Director.

ACCOUNTS RECEIVABLE

The following procedures cover the functions involved in billing, cash receipts, cash application and accounts receivable.

1. Documentation, such as receipt books from fundraising activities or an invoice based on billing schedules or contracts, will be maintained for accounts receivable and forwarded to the AFCS Accountant.
2. Accounts receivable will be recorded by AFSC 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 Volunteer 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 Volunteer Coordinator 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 school Business and Operations Manager by the end of the next school day, who will immediately put the funds in a secure, locked location.
 - c. Both the Volunteer Coordinator and the Business and Operations Manager will count the deposit and verify the amount of the funds in writing.
2. Cash/checks dropped off at the school office will be placed directly into a lock box by the person dropping off the cash/checks.
 - a. All funds are deposited into the lock box in a sealed envelope, along with any notes, forms, or other descriptions of how the funds are to be used.
 - b. The Business and Operations Manager and one other staff member will jointly open the lock box to verify the cash/check amounts, and sign off on the amounts received.
 - c. The lock box will be emptied at least two times per week, corresponding to days when deposits are made.
3. Cash/checks dropped off in the classroom will utilize the classroom clipboards. Each classroom has a designated clipboard hanging near the entrance to the classroom. Each morning, the homeroom teacher assigned to that classroom will collect all forms, payments, etc. that have been brought in by students that day, place them in a large envelope, and attach the envelope to the clipboard. Before lunchtime, an office staff member and a second staff member (who may be an office staff member or an aide) shall collect all clipboard envelopes from each classroom and bring them to the office, where they will be processed following the guidelines used for the lock box, above.
4. Mail received at the school must be opened in the presence of at least two office staff members.
 - a. For any cash or checks received in the mail, the Business and Operations Manager will prepare a deposit packet itemizing the amount, source, and purpose of each payment, with a designated office staff member counting the funds and verifying this in writing.
5. Twice a week, the Accounting Consultant will log cash or checks received into the Cash Receipts Log.

6. All checks will be immediately endorsed with the school deposit stamp, containing the following information: "For Deposit Only; Charter School; Bank Name; Bank Account Number, Date Received by the School."
7. A deposit slip will be completed by the Business and Administrative Assistant and initialed by the Executive Director 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.
8. Deposits totaling greater than \$2,000 will be deposited within 24 hours by the designated school employee. Deposits totaling less than \$2,000 will be made weekly by the designated school employee. All cash will be immediately put into a lock box.
9. The duplicate deposit slip and deposit receipt will be attached to the deposit documentation.

Volunteer Expenses

1. All volunteers will submit a purchase requisition form to the Executive Director for all potential expenses.
 - a. Only items with prior written authorization from the Executive Director will be paid/reimbursed.

Returned Check Policy

1. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). 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 for any individual, in addition to the processing fee, the individual will lose check-writing privileges. 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 school may initiate appropriate collection and/or legal action at the discretion of the Executive Director and/or Governing Board.

PERSONNEL

The following procedures cover the functions involved in the preparation and maintenance of personnel file records for hourly and salaried employees of AFCS in accordance with its Personnel File Checklist.

1. The AFCS Payroll Specialist and Administrative Assistant will be responsible for all new employees completing or providing all of the items on the attached Personnel File Checklist.
2. The Executive Director will be responsible for maintaining this information in the format as shown on the Personnel File Checklist.
3. An employee's hiring is not effective until the employment application, form W-4, form I-9, and health insurance forms have been completed.
4. A position control list will be developed during budget season. AFCS Payroll Specialist will notify the board of any variances to the position control throughout the year.

PAYROLL

The following procedures cover the functions involved in the preparation and review of payroll calculations and payments for hourly and salaried employees. Payroll shall be evaluated annually to prevent payroll fraud.

Timesheets

1. All classified employees will be responsible for completing a timesheet including vacation, sick, and holiday time (if applicable). Such employees are responsible for recording on their timesheets the times at which they clock in and out for work, including when they arrive in the morning, when they go to lunch, when they return from lunch, and when they leave at the end of the day, to show the time worked. The employee and the appropriate supervisor will sign the completed timesheet.
2. The completed timesheets will be submitted to AFCS Administrative Assistant on the last working day of the designated payroll period.
3. Incomplete timesheets will be returned to the signatory supervisor and late timesheets will be held until the next pay 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.

Overtime

1. Advanced approval in writing by the authorized supervisor is required for compensatory time and overtime.
2. Overtime only applies to classified employees and is defined as hours works in excess of 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. No overtime will be paid without the approval of the employee's supervisor. Overtime will not be granted on a routine basis and is only reserved for extraordinary or unforeseen circumstances. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Executive Director for further guidance.

Payroll Processing

1. For hourly employees, employees must sign timesheets to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The Executive Director will approve these timesheets. No overtime hours should be listed on timesheets without the supervisor's initials next to the day on which overtime was worked.
2. For salaried employees, employees must sign into a log book to verify working days for accuracy. The AFCS Administrative Assistant will provide the designated school employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time.
3. For substitute teachers, Administrative Assistant will maintain a log of teacher absences and the respective substitutes that work for them. The Administrative Assistant will verify that the substitutes initial the log next to their names before they leave for the day and that teachers, upon returning back to work, initial next to their names. This form will be verified and signed by the appropriate supervisor.
4. The Executive Director will notify AFCS Payroll of all authorizations for approved stipends.
5. AFCS Payroll will prepare the payroll worksheet based on the summary report from the designated school employee.
6. The payroll checks (if applicable) will be delivered to the school. The Executive Director will document receipt of the paychecks and review the payroll checks prior to distribution.

Payroll Taxes and Filings

1. AFCS Payroll will prepare payroll check summaries, tax and withholding summaries,

and other payroll tracking summaries.

2. AFCS Payroll will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Executive Director, and submit the forms to the respective agencies.

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 Executive Director 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. Each employee must maintain personal contemporaneous records.

EXPENSES

The following outlines AFCS's policies and procedures regarding the reimbursement of out-of-pocket expenses spent by an employee of AFCS for approved school-related expenses. Employees are responsible for adherence to the following policies and procedures, thereby ensuring adequate controls are exercised to minimize the risk that AFCS's funds might be used improperly.

Expense Reports

1. Employees will be reimbursed for expenditures within ten (10) days of presentation of appropriate documentation.
2. Employees will complete expense reports monthly, as necessary, to be submitted to AFCS. The expense report must indicate the business purpose for each expense. Each attendee's full name must be provided for each expense. Employees can only claim expenses that are reasonable and for a valid and necessary business reason.
3. Receipts or other appropriate documentation will be required for all expenses over five dollars to be reimbursed, which must include the date of transaction, the description of each item purchased must show clearly, the amount of each item, the total amount of the purchase and the name/address of the vendor or establishment. Ensure a receipt can be obtained before spending.
4. The employee and the Executive Director must sign expense reports.
5. Executive Director expense reports should be approved by a member of the Governing Board and always be submitted to AFCS Administrative Assistant for processing and

payment.

6. Expenses greater than two months old will not be reimbursed.

Travel

1. Employees will be reimbursed for mileage when pre-approved by the Executive Director. Mileage will be reimbursed at the government-mandated rate for the distance traveled, less the distance from the employee's residence to the school site for each direction traveled. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.
2. The Executive Director must pre-approve all out of town travel.
3. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by the Executive Director and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates should be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available. Employees will be reimbursed at the established per diem rate for any breakfast, lunch, or dinner that is not included as part of the related event.
4. Travel advances require written approval from the Executive Director.
5. Travel advances require receipts for all advanced funds.
6. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Executive Director for approval and then on to AFCS Administrative Assistant for processing.
7. If the advance exceeds the amount of the receipts, the employee will pay the difference immediately in the form of a check.
8. 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.
9. No personal expenses are allowed and will require the employee to reimburse AFCS.

Governing Board Expenses

1. The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report.
2. The Executive Director will approve and sign the expense report, and submit it to the AFCS Administrative Assistant for payment.

Telephone Usage

1. Employees will not make personal long distance calls on the telephones without prior approval from a supervisor.

2. Employees will reimburse the school for all personal telephone calls.

FINANCE

Financial Budgeting and Reporting

1. In consultation with the Executive Director, AFCS Accountant will prepare the annual financial budget for approval by the Governing Board.
2. AFCS Accountant will submit a monthly balance sheet and monthly revenue and expense summaries to the Executive Director including a review of the discretionary accounts and any line items that are substantially over or under budget (\$5,000 or +/- 10% of established budget, whichever is greater). The report will be reviewed at the scheduled board meeting and action will be taken, if appropriate.
3. AFCS Accountant will provide the Executive Director and/or Governing Board with additional financial reports, as needed or requested.

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 are not allowed.

Financial Institutions

1. All funds will be maintained at a high quality financial institution.
2. All funds will be maintained or invested in high quality, short maturity, and liquid funds.
3. Physical evidence will be maintained on-site for all financial institution transactions.

Retention of Records

1. Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of seven (7) years. At the discretion of the Governing Board or Executive Director, certain documentation may be maintained for a longer period of time.
2. Financial records will be shredded at the end of their retention period.

3. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the school.

RESERVES /INSURANCE/LIABILITIES/ASSETS

Funds Balance Reserve

AFCS will ensure adequate cash balances to meet annual cash flow needs. The amount of operating reserves will be calculated each year after approval of the annual budget and included in monthly financial reports, subject to the following procedures.

1. A funds balance reserve of at least 5% of the total unrestricted General Funds revenues will be maintained.
2. AFCS will provide the Executive Director with balance sheets on a monthly basis. It is the responsibility of the Executive Director and the Governance Board to understand the school's cash situation. It is the responsibility of the Executive Director to prioritize payments as needed. The Executive Director has responsibility for all operations and activities related to financial management.

Insurance

1. AFCS Administrative Assistant will work with the Executive Director to ensure that appropriate insurance is maintained at all times with a high quality insurance agency.
2. The Executive Director will maintain the files of insurance policies, including an up-to-date copy of all certificates of insurance, insurance policies and procedures, and related claim forms.
3. The Executive Director and Administrative Assistant will carefully review insurance policies on an annual basis, prior to renewal.
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 school's approved charter petition, loan documents and other contracts.

Asset Inventory

AFCS capitalizes any item, purchased or donated, with a value of \$1,000 or more and with a useful life of more than one year. ACFS's assets are tracked in accordance with the following procedures.

1. AFCS will file all receipts for a purchased asset.

original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.

3. AFCS will take a physical inventory of all assets at least 90 days before the end of each fiscal year, indicating the condition and location of the asset.
4. The Executive Director will immediately be notified of all cases of theft, loss, damage or destruction of assets.
5. The Executive Director will maintain a copy 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. The school assumes no liability for damage to cars:
 - a. Parked in the parking lot during school hours
 - b. Parked in the parking lot after school hours
2. The only exception to this policy will be when a student is observed by an adult accidentally causing damage to a vehicle while engaged in a school activity, such as physical education equipment breaking a window (e.g. a ball)
3. 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.
 - c. If an employee causes damage, the employee is responsible.
 - 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.



Signature – Gary Rubin - Board President

Adopted 11/16/2020