



Budget Policies BP 05-16

Board Policy: Controls, Budget and Fiscal Management

Controls, Budget, and Fiscal Management

The GCC on behalf of represented charter schools will maintain in effect the following principles in its ongoing fiscal management practices to ensure that, (1) expenditures are authorized by and in accord with amounts specified in the board-adopted budget, (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and (3) all transactions are recorded and documented in an appropriate manner.

Segregation of Duties

The GCC on behalf of represented charter schools will develop and maintain simple check request and purchase order forms to document the authorization of all non-payroll expenditures. All proposed school site expenditures must be approved by school principal. When approving purchases for the site, the principal is certifying the following:

1. The expenditures are within the current budget.
2. The expenditure is appropriate and allowable under the identified resource.
3. The expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related funding requirements.
4. Determine if the price is competitive and prudent. All purchases over \$5,000 should include a good faith effort to secure the lowest possible cost for comparable goods or services.
5. All appropriate documentation of the purchase/service and funding source requirements are attached.
6. Prior-approvals when required were attained.

The Chief Business Official (CBO), Superintendent/CEO or designee will review the proposed expenditure. When approving purchases the CBO, Superintendent or designee is certifying the following:

- I. Adequate funding and reserves are available (ex. Cash flow, mid-year funding reductions not posted to budget)
2. Steps 1-6 included above are adequately documented with principal's endorsement for site specific expenses.
3. Appropriate use of funds.

All check requests and purchase orders not endorsed by a site principal or over \$15,000 must be co-signed by the Superintendent/CEO and CBO. All purchases over \$30,000 require approval by the Board of Directors prior to ordering, shipment/installation.

All transactions will be posted in an electronic general ledger. The transactions will be posted on the ledger by the CBO and authorized personnel in the Business Services Department or a contracted bookkeeper. To ensure segregation of recording and authorization, the bookkeeper may not co-sign check requests for purchase orders.

Budget Transfers

The CBO may transfer up to \$30,000 from one unrestricted budget item to another without board approval. Any budget transfer resulting in a negative change to the projected ending fund balance or over \$30,000 will be reported to the board. The cumulative impact of budget transfers will also be reported to the Board as part of the First Interim Report, Second Interim Report and Unaudited Actuals.

Cash Transfers and Journal Entries

All cash transfers and journal entries must be approved by the CBO or the Superintendent/CEO. Any transfers over \$30,000 to entities outside of the GCC must be pre-approved by the Board of Directors unless a contract agreement or purchase order has previously been approved according to existing purchasing and service agreement procedures.

Banking Arrangements

The GCC on behalf of represented charter schools will maintain its accounts either in the County Treasury or at a federally insured commercial bank or credit union. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or in the County's Pooled Money Investment Fund. If funds are held in accounts outside of the County Treasury, the Board must appoint and approve all individuals authorized to sign checks or warrants in accord with these policies and all checks over \$5,000 must be signed by two authorized signatories. All funds received shall be deposited or transferred into the school's accounts at the earliest possible convenience and in no event later than 48 hours after receipt.

Credit Card Arrangements

A credit line with a maximum of \$75,000 may be established for credit card purchases. The Superintendent/CEO and designee will have access to the credit line for official school and GCC related purchases only. Original receipts will be submitted to the CBO or designee and the statement will be reconciled by the CBO or designee. The Superintendent/CEO will review and sign off each statement. The CBO will review the Superintendent/CEO statements to ensure that transactions on the credit card statement

were approved by the Board President or Vice President. Any items found not pre approved will be submitted to the Board President or Vice President for approval. If there is any sign of fraudulent or inappropriate activity, the CBO will report it to the Board of Directors.

Purchasing Procedures

All purchases must be signed and approved in advance by the Superintendent/CEO, CBO or designee. Original documents and receipts must be included for payment processing. If original documentation is lost an explanation of the purchase must be provided and is subject to approval by the supervisor/Principal and Superintendent/CEO or Chief Business Official.

All asset purchases and contracts over \$30,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. The CBO, Superintendent/CEO or designee shall not approve purchase orders or check requests lacking such documentation. Documentation shall be attached to all check and purchase order requests showing that at least three vendors were contacted and such documentation shall be maintained for three years, except in the case of emergencies that necessitate the purchase of emergency response supplies, equipment or services.

Record Keeping

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer. 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.

Property Inventory

The CBO shall establish and maintain an inventory of all non-consumable goods and equipment worth over \$2,500. This inventory shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting the school's assets. This property will be inventoried on an annual basis. Lists of any missing property shall be presented to the Board. All inventories over \$2,500 will be tagged with a GCC asset tag and logged by the CBO or designee.

All non-consumable school property lent to students shall be returned to the school no later than 5 working days after end of the school year or at the time of disenrollment whichever comes first.

Any excess or surplus property owned by the school may be disposed, sold or auctioned with the approval of the CBO. The CBO will require that due diligence to maximize the value of the sale or auction item is performed. The sale or auction of property owned by

the school with a fair market value in excess of \$5,000 shall be approved in advance by the Board.

Payroll Services

The GCC on behalf of represented charter schools will contract with the County Office of Education or a reputable, bonded, and insured payroll contractor to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The CBO will establish and oversee a system to prepare time and attendances reports, and submit payroll check requests. The CBO. Superintendent/CEO, or designee will review payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholdings have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll-related documentation including a federal 1-9 form, tax withholding forms, retirement date, and an accounting of the use of sick leave.

Attendance Accounting

The Superintendent/CEO will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at the School and engaged in the activities required of them by the School. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act and the applicable California Administrative Code sections defining Charter School Average Daily Attendance. Therefore:

- ADA will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction by the School.
- The School's instructional calendar will include at least 175 days of instruction to avoid the fiscal penalty for providing fewer than 175 days of instruction as provided by the Administrative Code regulation. The calendar must also document that the school offers an amount of annual minutes of instruction as required pursuant to applicable law.
- Independent study must be pre-arranged by the student's adult guardian and the School and that the adult guardian will be required to complete and submit documentation of engagement in instructional activity to the school on forms prepared by the school. As applicable, such study shall be in full compliance with law governing independent study.

Annual Financial Audit

The Board shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of 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 \$500,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The Audit shall be completed, reviewed by the Board, and submitted to the charter-granting agency, the County Office of Education, the Office of the State Controller, and California Department of Education and any other agency as required by law prior to December 15 of each year.

Board Approved: May 5, 2009
Revised: August 16, 2011
Revised: February 16, 2012
Revised: September 3, 2013
Revised: January 19, 2016