

FINANCE AND ACCOUNTING

1.1 Fiscal Accounting and Reporting

A. **Financial Reporting.** The Executive Director and Governing Board shall be responsible for properly accounting for all funds received and all expenses incurred in the operation of CIVA. The Executive Director shall exercise his/her responsibility to the highest ethical standards and shall conform to generally accepted principles for government accounting. Such accounting shall be done in a manner that is easily reviewed by the board and lends itself to auditing. Financial statements shall be prepared for review and for regular monthly board meetings and as necessary when significant financial changes require board review and/or approval, or as requested by the President or Treasurer. Financial statements shall be made available to directors in the board packets prior to the meeting.

B. **Financial Accounting Audits.** All funds and accounts of CIVA shall be audited annually after the close of each fiscal year in accordance with state law. The board shall appoint an independent auditor licensed to practice in Colorado and knowledgeable in government/non-profit accounting to conduct the audit. The independent auditor shall submit a report to the board that includes the audited financial statements and an opinion regarding those financial statements. The auditor shall also include in the report any information and documentation required by School District 11. If a specific auditor or audit is required or selected by contract or law by the District, the required audit may serve as the independent audit required by this policy.

1.2 Budget Management

A. The board, business manager and staff each have roles and accountabilities in the exercise of fiscal due diligence and prudence in operating and managing the school.

B. The annual budget is the financial plan for the operation of CIVA. The annual operating budget shall be based on a fiscal year that runs from July 1 to June 30. It provides the framework for both expenditures and revenues for the fiscal year and translates into financial terms the educational programs and goals of the schools. The operating budget should ultimately support the vision and mission of CIVA. The board assigns to the Executive Director the overall responsibility for the preparation and administration of the budget. The annual budget shall contain the following sections and corresponding detail: Revenues, Operating Expenses broken down by staff salaries, employee benefits, purchased services, supplies and materials, capital outlays, and facility costs, and Revenues over Expenses, and Transfers to Capital Reserves. The annual budget for the upcoming fiscal year shall be submitted for review and approval by the board as outlined below in 1.2 D 1.

C. Summary of Accountabilities

1. **The Board.** The board has fiduciary responsibility to provide corporate financial oversight and financial direction (including short and long-term fiscal goals and targets). The board approves the annual operating budget and shall oversee the school's financial performance and compliance with legal requirements, operating budgets and financial plans.

2. **The Finance Committee.** This board committee reviews monthly financial activities and assists the board in their fiduciary duty of financial oversight.

3. **The Staff.** Every CIVA staff member is accountable to leadership direction and guidelines and ~~to~~ is required to exercise financial prudence and conservatism in every action and decision made on behalf of the school.

D. Budget Control

1. **Budget.** The Finance Committee will draft an annual budget for the upcoming year for perusal by the board by March 1. The working draft of the annual budget will be posted to the CIVA website after the March board meeting to enable CIVA stakeholders to provide comment as provided in State Statute. The final version of the preliminary approved annual budget will be presented to the board for approval during their April meeting and forwarded to the District upon request.

2. **Budget Flexibility.** Actual totals for any expense line item within a program will usually not match the budget exactly. These discrepancies will be tracked in a "Projected Year End" column next to the "Board Approved Budget" in the monthly income statements. These "Projected Year End" figures become the "Working Budget." Comparison of working budget to approved budget is a management tool.

3. **Budget Revisions.** If a change of circumstances or an unforeseen event causes the executive director to believe that the current budget has become unrealistic and it is no longer possible to operate within the boundaries of the budget, the executive director will report these circumstances to the board along with recommendation for a course of action. The board may approve a revised budget or give the executive director other direction. The District will be notified of any revision to the budget.

1.3 Financial Management

A. School accounting records will be maintained using fund accounting and the modified accrual basis of recording revenue and expenditures.

B. A one year budget will be created and maintained. The budget will support the school's vision and mission and stated goals. To that end, the budget must:

1. Contain enough detail to enable reasonably accurate projections of the revenues and expenses, separation of capital and operational items, cash flow, and subsequent audit trails.

2. Plan balance-expenditures in a way so that they equal or are less than anticipated revenues.

3. Align with board-stated revenues

4. Align with board-stated priorities.

C. Fixed assets will be acquired and disposed of only upon proper authorizations, be adequately safeguarded, and be insured to 90% of replacement value. Assets worth more than \$5,000 will be properly recorded and inventoried.

D. The school will establish and adhere to a set of effective internal accounting controls that require good accounting practices.

E. The school will operate in a manner that insures its long-term financial strength:

1. Operate in the black;
2. Manage cash in a way that ensures maximum liquidity and safety;
3. Use restricted contributions only for the reason the donations were given;
4. Not use restricted funds for operations;
5. Pay payroll and other obligations in a timely manner.

F. The school will report financial information in GASB 34 (Governmental Accounting Standards Board) format at the end of the fiscal year.

1.4 Asset Protection

Staff may not allow assets to be unprotected, inadequately maintained nor unnecessarily risked. Accordingly, they may not:

A. Fail to insure against theft and casualty losses and against liability losses to board members, staff or the school itself to beyond the minimally acceptable prudent level.

B. Allow un-bonded personnel access to material amounts of funds.

C. Subject facilities and equipment to improper wear and tear caused by insufficient maintenance.

D. Unnecessarily expose the school, its board or staff to claims of liability.

E. Make any purchase without consideration being given to securing a competitive price.

F. Make any purchase wherein normally prudent protection has not been given against conflict of interest.

G. Make any purchase in excess of \$5,000 except as provided in paragraph 1.6G.1 below.

H. The school shall maintain the following insurance coverage levels:

1. Commercial package (property, crime, business income, money and securities);
2. General liability;
3. Pension bond;
4. Non-owned and hired automobile

5. Directors and Officers liability
6. Worker's Compensation Insurance

Each year the business manager will take appropriate actions to ensure that quality insurance coverages are secured at the most favorable premiums available.

1.5 Internal Audit

A. The Board Treasurer or his/her designee shall perform one internal financial audit each fiscal year when a formal audit, by an outside firm, has occurred within that fiscal year. If a formal audit does not occur in a fiscal year the Board Treasurer or his/her designee shall perform two internal financial audits within that fiscal year. The one internal audit will take place in either the 4th or 5th month after a formal audit has been completed. The two internal audits will take place the 4th and 8th month of the fiscal year. Findings of the audit(s) shall be reported to the Board at the following month's Board meeting.

B. The Internal audit(s) shall include but not be limited to the following items:

1. **Cash Reconciliation** - Verify that the bank statement has been reconciled to the internal ledger every month. The cash should tie out to the bank statement each and every month.
2. **Disbursements** - Obtain a list of expenses and select all of the relatively large expenses (and several smaller expenses randomly) and verify that each expense has been approved. Verify that the amount on the check is the same on the invoice. If grant money was used for the purchase, verify that it meets grant requirements and/or restrictions. Also make sure that any ordered goods were received and accurately placed in inventory, if required.
3. **Payroll** - For payroll, verify that the amount on the spreadsheet formulated by the Manager of School Finance matches the amount in the District's payroll system.
4. **Verify Fixed Asset Inventory** – Review the school's fixed asset inventory list and verify the items are still in service. Identify a few high-value items on the fixed inventory list and confirm their location within the school.
5. **Inventory Control** – At the end of each school year, a complete inventory reconciliation will be done by the Financial Secretary and Executive Director.
6. **Receipts** – Deposits should be documented and deposit slips retained (along with a copy of the check). Verify that the revenue recorded was received in that time period.
7. **Related Party Transactions** - Be aware of transactions with related parties (e.g. directors, school personnel, PTO Executive Committee). The Manager of School Finance shall retain a copy of every disbursement or reimbursement that is over \$500 for audit on a quarterly basis.

1.6 Accounting

A. Purchases. All purchases must be pre-approved by the Executive Director before the school is financially obligated.

B. Accounts Payable. The business manager will only pay expenses upon receipt of an invoice, purchase order and packing slip. The school will not pay in response to a statement of account. Invoices will be paid when due, and discounts for prompt payment will be taken, if available. Copies of checks written will be stapled to the supporting documentation and filed alphabetically by vendor.

C. Company Credit Card Receipts. The use of a company credit card is a privilege. Any use of a company charge card for personal charges will not be tolerated. It is the cardholder's responsibility to use safeguards with the card and to turn in receipts to the business manager as soon as possible. Violations of these requirements may result in the loss of this privilege. Credit card purchases must be pre-approved, the same as any other expense.

D. Bank Deposits. When cash and checks are collected, a receipt should be given to the person who paid the money. Checks should immediately be endorsed with the bank stamp. Cash and checks should be stored in a safe or locked filing cabinet.

E. Cash Receipts. Any money turned in to the office must be accompanied by a form signed by the depositor stating the amount being submitted. The form and money are given to the Administrative Assistant. The Administrative Assistant verifies the amount being submitted, signs the form, and then locks it in the safe until it can be given to the business manager.

F. Petty Cash. The Administrative Assistant will maintain petty cash that may be used when staff needs to make an impromptu, routine purchase for an operating expense that will cost less than \$50.00.

1. The amount in petty cash is not to exceed \$300.00.
2. Reimbursement from petty cash requires the submission of the original receipt and the staff member receiving petty cash must sign a petty cash voucher.
3. To use petty cash, the receiver must submit supporting receipts or return the cash within one (1) week.
4. When cash on hand gets low, the Administrative Assistant prepares a request to replenish the cash up to \$300.00. This request is given to the business manager who prepares a check for the proper amount, has it signed and cashes the check at the bank.
5. The cash is brought back to the Administrative Assistant who reconciles the amount received with the amount requested.
6. Once a month, when the bank statements are received, the petty cash account ledger and receipts are reconciled by the business manager.

G. Purchasing. Staff wishing to conduct a purchase must complete a requisition form and submit it to the Administrative Assistant. The Administrative Assistant will provide the form to the Executive Director for consideration.

1. Purchases over \$5,000 (unit price – goods or services or combination) need prior approval by the board. The Executive Director or his/her designee will provide the board

with a copy of (minimum of three (3)) competitive vendor quotations in writing prior to the board voting on the purchase. The school may enter into a multi-year contract, however shall have the right to terminate the agreement at the end of any fiscal year of the school (June 30) in the event that the Governing Board fails to appropriate money sufficient for continued performance of the agreement by the school during the following fiscal year.

2. The Administrative Assistant will order items to complete ordering process. It is the requestor's responsibility to obtain a copy of the CIVA sales tax exemption license to ensure that no taxes are paid.

3. When the merchandise is received, the packing slip or requisition form and mark "Received" prior to submitting to the business manager with a check request form. If paid by credit card, document the credit card used for the transaction.

4. If the requestor has already paid for the purchase, a check request form must be completed, receipts attached and then submitted to the Administrative Assistant. Sales tax will not be reimbursed.

5. Check requests must be approved by the Executive Director unless the reimbursement is to go to him. In that case, the check approval will be signed by the President or Treasurer.

H. Disbursements.

1. Checks are prepared no less than once a week, with the exception of holidays that close the school for more than one week.

2. Checks are prepared by the business manager.

3. Checks are prepared for all current obligations for which there is proper documentation or approval:

a. For checks to individuals, there must be a check request with a different approved signature than that which appears on the requisition form.

b. For checks to companies, there must be an invoice with a different approved signature than that which appears on the requisition form.

c. For various ongoing items (such as utilities and periodic billings or previously approved obligations) there must be an approved signature on the invoice.

4. Checks are then signed by an authorized board member, unless the board member is one of the signatures that authorized the requisition or the payment. In that case, the check will be signed by another authorized board member.

5. Once checks are signed, they are given directly to the Administrative Assistant to distribute.

I. Returned Checks. CIVA will charge the going rate for each check that is returned by the bank due to insufficient funds.

1.7. Emergency Purchasing. If a condition develops which is likely to result in immediate physical injury to persons, damage to school property, interruption of school operations, or significant financial loss to the school if action is not taken immediately, limited emergency purchases can be made without

following the competitive bid procedures if the Board President so authorizes. If the Board President is unable to be contacted in a timely manner, the Executive Director or Assistant Principal may authorize the purchase. Once the emergency situation has been solved, written documentation by the Executive Director or his/her designee shall be provided to the board justifying such emergency purchases.

1.8. Expense Authorization/Reimbursement

Unless otherwise provided by law, school personnel and officials, including but not limited to CIVA Governing Board (the Board) members, who incur expenses in carrying out their authorized duties shall be reimbursed for their reasonable expenses at school-approved rates by the submission of a properly filled out and approved voucher and such supporting receipts as required by the administrator responsible for business affairs. Expense reimbursement documentation will normally be approved by the employee's supervisor. The Board President or designee shall approve expense reimbursement documentation submitted by the Executive Director.

Such expenses shall be approved and incurred in line with budgetary allocations for the specific type of expenses.

The Board is committed to working in close harmony with the community. However, school personnel or officials shall not expend public monies where such expenditure is prohibited by law, nor shall they be reimbursed for any such personal expenditure.

1.9. Conflicts of Interest

Disclosure and Review. Members of the board are required to complete a Principles of Ethical Behavior and Conflict of Interest statement on an annual basis. Form for the board will be distributed, completed and collected during the September meeting.

1.10. Required Levels of Approvals

Outside of items specifically approved in the board-approved budget, the following items and amounts shall be approved as stipulated:

- A. Benefits, options and employee additional costs (i.e. substitute teachers) must be approved annually by the governing board.
- B. Single transactions \$5,000+ must be approved by the board.
- C. Transactions or events that will cost \$5,000+ collectively or over time must be approved by the board
- D. The activity fee will be approved by the board annually.

Adopted February 17, 2014
Revised December 14, 2016