



## **Policy #402 – Financial and Accounting Controls**

This Financial and Accounting Control Policy will provide financial controls and segregation of duties for Renaissance Secondary School in accordance with best accounting practices, and also to adequately meet the requirements set forth in the Renaissance Secondary School (RSS) Charter Contract as approved by the Douglas County School District.

### **Section 1. Financial Planning and Budgeting**

RSS is an organization that annually manages government and private funding. The Board of Directors (BOD), Executive Director, Business Director, Finance Committee, auditor, and various members of the RSS staff will be responsible and accountable for specific parts related to the overall financial management of the school. This section of the Policy will lay out responsibilities and limitations for individuals and the group as a whole.

- **Summary of Accountability**

*The BOD* – It is the responsibility of the BOD to provide financial oversight and direction for RSS (including short-term and long-term fiscal goals and targets) through the Executive Director and Finance Committee for the benefit of the school system as a whole. The BOD shall approve the annual operating budget, and will review the financial performance and legal compliance of the school through operating budgets, quarterly financial statements and annual audits.

*The Finance Committee* – The Finance Committee will be an on-going BOD committee. The Finance Committee reviews monthly financial activities and assists the BOD in the role of financial oversight. The Finance Committee will have at least one BOD member, but not more than two, serving at all times.

*Executive Director* – The Executive Director is responsible for the preparation and presentation of the annual budget to the BOD. Ultimate staff accountability for executing the financial plans of the organization is vested in the Executive Director. Directly responsible for ensuring that financial operations are within the boundaries of the Board-approved budget, the Executive Director will be responsible for preparation of financial statements, quarterly reporting and coordination of annual audit, including website maintenance of financial information.



## Section 2. Budget Control:

### A. Overview

Renaissance Secondary (“RSS”) will operate according to a formal financial plan and operating budget. This plan will provide the framework for both anticipated revenues and planned expenditures as determined by the BOD in conjunction with information and input from the Executive Director and Finance Committee. The BOD will be accountable for the establishment, adoption and reporting of this proposed budget using a fiscal year reporting structure (July 1 to June 30). A modified accrual basis of accounting shall be used in measuring financial position and operating results for fund accounting purposes.

### B. Responsibility

The BOD assigns overall responsibility for preparation and administration of the annual budget to the Executive Director. Two (2) months prior to the Douglas County School District (“DCSD”) timeline due date, the Executive Director will present to the BOD for their approval an initial annual formal budget for the successive fiscal year in conjunction with a three-year budget projection model developed and reviewed by the Finance Committee in accordance with the rules of the Governmental Accounting Standard Board (GASB) and in observance of any applicable Colorado State law or DCSD contractual requirement. One (1) month prior to the DCSD timeline due date, administration will present to the BOD for final approval.

### C. Organization

Each budget shall include both a summary sheet as well as a detail sheet as per the requirements listed under C.R.S. §22-44-105 and will conform to the requirements established by the Financial Policies and Procedures (FPP) Handbook and Chart of Accounts coding requirements. Information pertaining to budget versus actual revenue and expenditures as well as projected year-end balances will be presented to the BOD via a budget presentation by the Executive Director. At the fiscal year end, any variance between the Board-approved budget and the actual June 30 numbers must be explained to the Board and to the independent financial auditors so that any necessary explanations can be included in the financial audited reports. Material opportunities or risk that may impact the budget shall be footnoted for consideration by the BOD.

### D. Supplemental Budget

Following a final October pupil count, a “Supplemental Budget” may be developed for any additional funding to be expended within the academic year. If there were to be a reduction in funding, the BOD will approve either a percentage adjustment or follow an alternative administrative recommendation for a reallocation of current year expenditures. The BOD may review and change the budget with respect to both revenues and expenditures at any



time prior to January 31 of the fiscal year for which the budget was adopted. C.R.S. §22-44-110(5)

### Section 3. Fiscal Accounting and Reporting

#### A. Responsibility

The Executive Director, or designee, shall be responsible for receiving and properly accounting for all funds of RSS. The Executive Director shall have accountability for delivering the revenue stream projected and maintaining expenses at or below those outlined in the BOD-approved budget. Even after the budget has been approved, the Executive Director or his/her designee must pre-approve commitments and purchases initiated by the RSS staff (see Accounts Payable process below). Administration shall review internal and external audit results and provide recommendations to the BOD annually to assure the controls associated with payroll, accounts payable, cash management and all other areas of business management are in compliance with policies and procedures of all governing entities.

#### B. Accounting System

The accounting system utilized shall conform to the requirements of the State Board of Education and DCSD standards providing for the appropriate separation of accounts, funds and operational duties. Fiscal accounting and reporting must meet requirements established by the State Board of Education.

#### C. Financial Reporting

Financial statements for each month shall be final and available for presentation by the 10th day of each calendar month and upon request by the BOD or Finance Committee. Administration shall provide the BOD financial reports including, but not limited to, a Statement of Position and a Statement of Activity (as compared to Budget) and a Statement of Cash Flows. The Executive Director will inform the BOD of any anticipated modifications to budgeted revenues and expenditures which may be required. Administration is not permitted to reallocate or approve expenditures which create a negative account balance in approved budget funding by major category (as defined by the CDE Chart of Accounts) without BOD consent. The BOD will review financial statements in a timely manner. Quarterly financial reports will be sent to DCSD within twenty days following the end of each quarter and end of each fiscal year.

The school's web site shall be used to comply with the Financial Transparency requirements and all required materials will be posted within 45 days of all reconciliations.



The school shall maintain the following items on their web site in a searchable PDF format

1. Approved budgets by fiscal year
2. Revised budgets by fiscal year

D. Summary of Financial Report Distribution

Monthly:

Executive Director  
Business Director

Quarterly:

Board of Directors  
Finance Committee  
Executive Director  
Business Director  
DCSD

Annual Audited Report

Board of Directors  
Finance Committee  
Executive Director  
Business Director  
DCSD  
Colorado Department of Education  
CO State Auditor for Local Govts.

Section 4. Accounting Procedures

A. General

In order to track expenses, the following procedures must be followed by anyone conducting school or school-related business. Proper authorization must be obtained prior to making a school related purchase otherwise the person assumes all risk associated with making this purchase including the possibility of not being reimbursed. Individuals are expected to provide receipts whenever reimbursement is requested. Exceptions to this procedure will be permitted only in rare exceptions, when allowed by the Executive Director or designee.

B. Check Requests

An Expense Tracking Form is to be used to initiate a pre-payment of expense reimbursement. Generally, if one has received pre-approval to purchase something (via purchase order) and an employee personally paid for the purchase, the invoice should be forwarded to the Business Director or his/her designee and attached to a check request so that an expense reimbursement can be processed. The Expense Tracking Form



includes space for the purpose, amount and description of the purchase, and also asks the name of the program/ account to which it should be charged; it should be signed by the proper authority outlined above.

C. Accounts Payable

RSS will only pay expenses upon receipt of an invoice, purchase order and packaging slip. RSS will not pay in response to a statement of account. Invoices will be paid when due, and discounts offered for prompt payment will be taken if available. Copies of checks written will be stapled to the supporting documentation and filed.

D. Purchasing Authority

The BOD assigns the overall responsibility for purchasing approval to the Executive Director. The Executive Director or designee shall have the authority to independently issue purchase orders for amounts within Procurement Policy Parameters.

E. Signature Requirements

The Executive Director, Business Director, , BOD President and BOD Treasurer (Signatories) shall have authority to approve RSS business related checks per the Procurement Policy.

F. Credit Card Policy

Corporate credit cards will be assigned to designated staff for school related purchases and travel expenses. Credit card limits will be set by the BOD. At the close of each month, monthly statements will be distributed by the Business Director and a due date will be set. Cardholders must attach detailed, original receipts and return the statement to the Business Director within the set time frame of receipt of the statement to enable timely reconciliation and payment of amounts due. The Business Director will review and ensure all receipts will then be submitted to the Business Director for account reconciliation and payment.

G. Outgoing Mail

Postage and other expenses related to outgoing mail should be properly recorded. If someone has more than 200 letters to go out and they have the exact same contents, RSS should consider bulk mail. Please let an administrator know in advance that there is a bulk mailing and they will direct the best way to expedite the process.

H. Safekeeping of Funds

All forms of Cash (currency, checks, money orders, negotiable instruments and charge card transaction) must be physically protected through the use of locked cash drawers and/ or locked metal boxes. All checks made payable to RSS are considered RSS funds. The collection and control of Cash at RSS are very important functions. The Business Director is the primary Cash handling agent.

I. Bank Deposits



RSS funds are monies received primarily from per pupil funding, grants, tuition, interest income, community use fees, donations, rental income, student fees and all other sources of revenue. 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 until deposited by the Business Director at least once a week. Cashing checks from RSS deposits, borrowing cash for personal use, lapping receipts to cover shortages in cash receipts, withholding checks for deposit in order to float checks, commingling of personal and RSS funds, and improperly modifying cash records are all serious offenses and may result in immediate discharge from employment and/or prosecution

J. Month-End Procedures

Financial statements are produced and distributed each month. In order for the reports to be accurate and timely, it is imperative that all personnel recognize the importance of submitting outstanding packaging slips and invoices to the Business Director upon receipt but no later than the last day of each month.

K. Returned Checks

RSS will charge \$30 for each check that is returned by the bank due to insufficient funds.

L. Petty Cash

The school Business Director 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 \$500.
2. There will be no cash advances of any sort from petty cash.
3. Reimbursement from petty cash requires the submission of the original receipt and the staff member receiving petty cash must sign a petty cash voucher.
4. The petty cash fund will be audited weekly by the Business Director.
5. The petty cash fund is audited monthly by the Treasurer.

M. Maintenance of Files

The school as a fiscal agent for all state and federal educational funds must develop and maintain a viable system to process and store all payment and backup materials. The school will maintain a viable system to process and store all payment and backup materials. The school will follow all applicable federal and state financial laws and in accordance with GAAP. The school must go through an independent financial audit on an annual basis to in effect prove that we are using the funds in a legal and fiscally prudent manner. In addition, all materials must be made available for public inspection as part of the state's financial transparency laws. In order to accomplish these goals and requirements the school must develop a system of process and retaining records. These



records will be maintained in a paper format for two years and electronic for seven years. Electronic files should be stored on the Business Director's computer and backed up on the main server.

## Section 5. Payroll Procedures

### A. General

All RSS employees shall be paid correctly and in a timely manner while conforming with the requirements established by the Federal Wage and Hour Division within the U.S. Department of Labor. RSS will operate on a monthly payroll cycle with payment being made by the 20<sup>th</sup> day of every calendar month.

### B. BOD Approval

Employee wages and salaries are established by the Executive Director. Pay structure for all employees as well as contractor rates will be included in this analysis. The BOD reviews and approves all budgets, including the Payroll Procedure, each fiscal year as part of the Financial Planning and Budgeting Procedure.

### C. Hourly Employees

Hourly employees will be required to sign in and out utilizing a Time and Attendance tracking system. At the end of every time period, time sheet data must be verified and approved (via signature) by the employee and the Business Director. Any changes to the timecards should also be initialed next to the change by the Business Director.

### D. Benefits

In addition to the hourly or salary rate, employees working 32 hours per week may be eligible for Health Insurance benefits, as underwritten and administered by a third-party administrator chosen by the BOD. Employees must contribute to the Public Employee Retirement Association (PERA) as per Title 24, Article 51 Section 309 of the Colorado Revised Statutes.

### E. Salaried Employees

Salaried employees are not required to punch in/out via a time clock but will need to have days of leave or time off approved by the Executive Director or his/her designee. Employees are responsible for sending Time-Off Request forms to the designated administrator for approval. Once approved, these requests should be forwarded to the Business Director. All approved requests should be entered onto the Leave Calendar so that they are visible by all administration.

### F. Printing and Distribution of Payroll Checks & Transfers

Once all payroll data has been approved, the Business Director will upload data from the Time and Attendance system to the Payroll System for processing. Once the payroll cycle



is complete, a report outlining all payroll deductions and withholdings will be reviewed by the Business Director so that all bank transactions and adjustments can be entered.

G. Record Retention

All records will be retained in accordance with the Division of State Archives and Public Records' permanent records control schedule authorization. Destruction of any financial record will be done in compliance with the procedures set forth in this same schedule.

Section 6. Operating Controls

Some specific controls that have been implemented: a segregation of duties in regard to cash disbursements, bank statements, bank account reconciliation and signing authority; locked cabinets for payroll, personnel records and monies to be deposited; checks are stamped for deposit upon receipt; the purchase order system; and a line of authority has been established for all check requests. All financial documents will be maintained in electronic form for a period of seven (7) years and two (2) years in a paper format.

RSS will work towards maintaining a minimum fund balance greater than the amounts dictated by current debt obligations and TABOR.

RSS is to maintain at least the following insurance coverages:

1. General Liability
2. Non-Owned and Hired Automobile
3. Directors and Officers Liability
4. Worker's Compensation Insurance

Internal controls are regularly reviewed by the Executive Director with the assistance of the Finance Committee and Business Director as well as by independent auditors during financial audits.

*Adopted: October 20, 2016*

*Revised: October 4, 2017 (Updated to account for staff titles and new financial transparency requirements from CDE)*

*January 10, 2018 (Updated to account for staff titles)*

*October 5, 2018 (Updated to account for staff titles and to amend required reserves)*



