

BAYPOINT PREPARATORY ACADEMY

Financial Policies and Procedures

It is the intent of these Financial Policies and Procedures to implement both the letter and spirit of all applicable State and Federal regulations regarding the expenditure of and accounting for public funds. These Policies and Procedures may need to be modified as the School develops and regulations change. The Board should approve these financial policies, and revisit them periodically.

PURCHASES

A. Authorization of Expenditures: All purchases of goods and services shall be consistent with the Board-approved budget. These purchases shall not require Board-approved/executed contracts, with the exception of professional consulting services in total annual amounts greater than \$10,000. All other proposed expenditures must be approved by the Executive Director or appointed Board Member who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request and purchase order forms.

B. Contracts

1. All professional consulting services shall be provided for under a contract.
2. Contracts for other goods and services exceeding \$10,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$20,000 shall be let after a bidding process of sufficient duration to ensure competition. However, the Board may make a finding for sole sourcing a contract exceeding \$20,000. (The basis for such a finding may include: time/urgency issues; the absence of competitors; high service/quality from a particular contractor).
3. Bid tabulations shall be presented to the Board along with a recommendation for action. The Board reserves the right to select whichever vendor it deems most prepared to provide the required goods/ services without regard to the low bidder being the automatic selection.

C. Commitments and Purchase Orders

1. Purchase orders under \$5,000 must be approved by one of the following authorized positions: appointed Board Member, Board President, Executive Director or Site Administrator.
2. Purchase orders of \$5,000 or more must be approved by the Executive Director and one of the following authorized positions: appointed Board Member or Board President.

D. Invoices

1. Invoices under \$5,000 must be approved by one of the following authorized positions: appointed Board Member, Board President, Executive Director or Site Administrator.
2. Invoices for \$5,000 or more must be approved by the Executive Director and one of the following authorized positions: appointed Board member or Board President.

E. Accounts Payable: The school shall abide by the back office service company accounts payable policies and procedures set forth separately.

F. Credit and Debit Card Usage: Unless otherwise specified by the Board of Directors and/or school management, the use of School credit and debit cards shall only be allowed for School purchases.

G. Other Electronic Payments: Other electronic methods (wire, ACH, transfer between bank accounts, etc.) shall not be permitted for payment of any expenses or reimbursements without the express written consent of the Executive Director and one of the following authorized positions: appointed Board Member or Board President.

H. Employee Reimbursements: Business use of telephones or cell phones shall be reimbursed. Business meals shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed. If an employee is related to one of the authorized signers or if one of the authorized signers is requesting a reimbursement, he/she must obtain a Board member's authorization on reimbursement requests.

I. Petty Cash – Purpose and Usage

1. The purpose of Petty Cash is for payment of incidental expenses when there is insufficient time for processing through the General Checking Account and when the transaction requires an exchange of cash. The Executive Director/Site Administrator and Administrative Assistant shall have access to petty cash **not to exceed \$200**. Such funds shall be used at the discretion of the Executive Director/Site Administrator, subject to Board oversight and consistent with the approved budget and School rules and regulations.
2. All petty cash will be kept in a locked petty cash box in a locked drawer or file cabinet. Only the Executive Director/Site Administrator and Administrative Assistant 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. Purchase paid for out of petty cash shall not exceed \$25.
4. When expenditures total approximately \$150 (when cash balance is reduced to \$50), the Administrative Assistant will total the disbursements, complete a petty

cash reimbursement form, and obtain the approval of the Executive Director/Site Administrator. 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 and forwarded to the back office service company.

5. Any irregularities in the petty cash fund will be immediately reported in writing to the Executive Director.

6. Loans will not be made from the petty cash fund.

- J. Personal Use of School Funds: Use of School funds for personal use is absolutely prohibited. Violation of this policy shall result in discipline up to and including dismissal or removal, including from the Board.

BANKING

K. General Checking Account

1. The Board shall authorize the establishment of commercial bank accounts for the purposes of School operations. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or standard money market accounts.
2. The General Checking Account shall be the primary account for School needs. Authorized signatories to this account shall be the Board Member, Board President, Executive Director and Site Administrator. Checks above [\$5,000], and checks payable to an authorized signer, must be signed by two authorized people.
3. All checks issued by Baypoint Preparatory shall be valid for a period of ninety (90) days from date of issuance. A statement to this effect shall be placed on all Baypoint Preparatory checks.

L. Emergency Checking Account

1. The Emergency Checking Account shall have a maximum balance of \$3,000. The Account shall be funded from the School's business General Checking Account as necessary. A simple ledger shall be maintained by the Administrative Assistant for review by a Board member who shall reconcile the Account periodically. Replenishment of the Emergency Checking Account shall occur through the normal accounts payable process (see the bck office service company accounts payable policies and procedures set forth separately).
2. Examples of proper expenses include, but are not limited to, food/meals for teachers doing curriculum work and emergency plumbing repairs. Emergency checking account shall not be used for teacher reimbursements, employee expense reimbursements or independent contractor payments.

3. No deposits shall be made into the Emergency Checking Account. All cash and checks shall be deposited into the General Checking Account.
4. Check writing requires signatures from one of the following people: Board Member, Board President, or Executive Director.
5. All checks issued by Baypoint Preparatory shall be valid for a period of ninety (90) days from date of issuance. A statement to this effect shall be placed on all Baypoint Preparatory checks.

M. Deposits of Receipts – The School will deposit all funds received as soon as practical upon receipt. The Administrative Assistant will open all mail on a daily basis. The Administrative Assistant will immediately endorse the checks to the appropriate school account and prepare appropriate deposits as soon as is practical, ideally the same day and no case later than three working days.

TRAVEL POLICIES

N. Employee Mileage Reimbursement

1. All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for pre-approved business related travel. In addition, parking fees and tolls paid are reimbursable if supported by receipts.
2. All employees requesting such mileage reimbursement are required to furnish an Expense Report containing the destination of each trip, its purpose and the miles driven, parking fees and tolls, within one month after the travel date, supported by receipts, if applicable.

OTHER PRACTICES

O. Budget Adoption: A balanced budget shall be adopted by the Board of Directors of Baypoint Preparatory no later than June 30 prior to the start of each new fiscal year, or earlier if required by the authorizing entity. During the course of the year, the Board may adopt an amended budget as expenses and revenue projections change.

P. Audit

1. An annual audit by an outside firm shall be performed each year on the close of the prior year's books. The audit shall be performed in advance of the December 15 statutory audit deadline. The audit shall include, but not be limited to, (1) an audit of the accuracy of the 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.
2. 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 firm shall be on the State approved list of School auditors.

3. At the conclusion of the audit, the back office service company will review the audit with the Board and propose any changes necessary in operating procedures to comply with audit findings.

Q. Board Meetings: The Board shall review financial statements (cash flow forecasts, and profit & loss) at periodic Board meetings. The Board shall also review and approve the monthly check registers from the General Checking Account and the Petty Cash Account.

R. Conflict of Interest: Any Board member with a financial interest in a matter presented to the Board shall fully disclose such interest prior to Board discussion on the issue and shall recuse themselves from the discussion and voting on the matter. The Board shall develop a more comprehensive policy on conflict of interest, hiring of relatives, and compliance with Government Code 1090 and the Fair Political Practices Act.

S. Payroll

1. New Employees: Requests for new employees shall be initiated by the Director and be consistent with the approved annual personnel budget. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. Fingerprint clearance must be received by the School before any employee may start work.

2. Employees shall accrue sick leave time based on the personnel policy of the School.

3. Timekeeping (for hourly staff)

- a) The Administrative Assistant shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees.

- b) Authorized timesheets shall be forwarded to the back office service company according to their policies and procedures set forth separately. Payroll processing and payment shall take place according to their policies and procedures set forth separately.

T. Independent Contractors: The School shall only engage independent contractors if all of the following practices are followed:

1. The expense is within the approved budget or separately approved by the Board;
2. The contractor provides proof of adequate insurance;
3. IRS rules are followed regarding classification of staff as contractors versus employees; and
4. The work is done under contract.

U. Capitalization and Depreciation:

1. The School will capitalize and depreciate all assets costing \$5,000 or more. All other assets are charged to expense in the year incurred.
2. Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:
 - Leasehold Improvement – Lease term or 5 years, whichever is shorter
 - Equipment – 3 years
 - Furniture – 5 years
3. Repair and maintenance costs, which do not extend the useful lives of the assets, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the asset accounts, and any resulting gain or loss is included in the earnings in the year.

V. Disposal of Surplus Property and Donations:

1. Surplus property shall mean property that is no longer in use, is damaged beyond repair, or that the School feels will have no future value to the School's program, and that is declared to be surplus property by the Board. If the School wishes to dispose of equipment or other surplus property, the Board shall declare the property surplus and shall direct the staff on the actual means of disposal of the property, such as sale, donation, or destruction and disposal.
2. If the School wishes to sell equipment or other surplus property, the Board shall direct the staff by giving specific guidance regarding the manner in which such property is to be sold.
3. If the School wishes to donate equipment or other surplus property, the Board shall declare the property surplus and authorize the donation. Requirements for potential donee organizations shall include: (1) the donee organization is fully independent of the School, with none of the School's Board members or key personnel involved in the donee organization; and (2) the donee organization shall be a non-profit or governmental entity related to education. In addition, the School shall secure a receipt from the donee organization for the donated property, and shall remove the asset from the School's books and record the donation as required by state and federal audit guidelines.
4. *Property Acquired with Federal Grant Funds:* If the property in question cost \$5,000 or more at the time of acquisition and was acquired with federal grant funds, the School shall notify the federal contract administrator prior to donating or disposing of such property as provided above.