



Fiscal Policies and Procedures Handbook

Larchmont Charter School, Inc.

Last updated: June 2011

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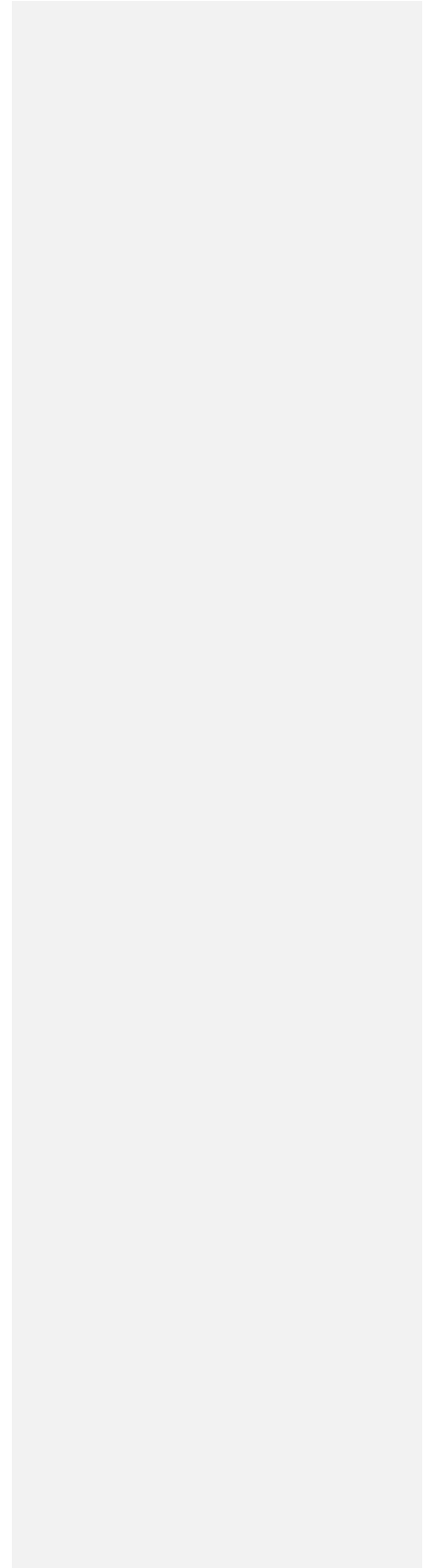


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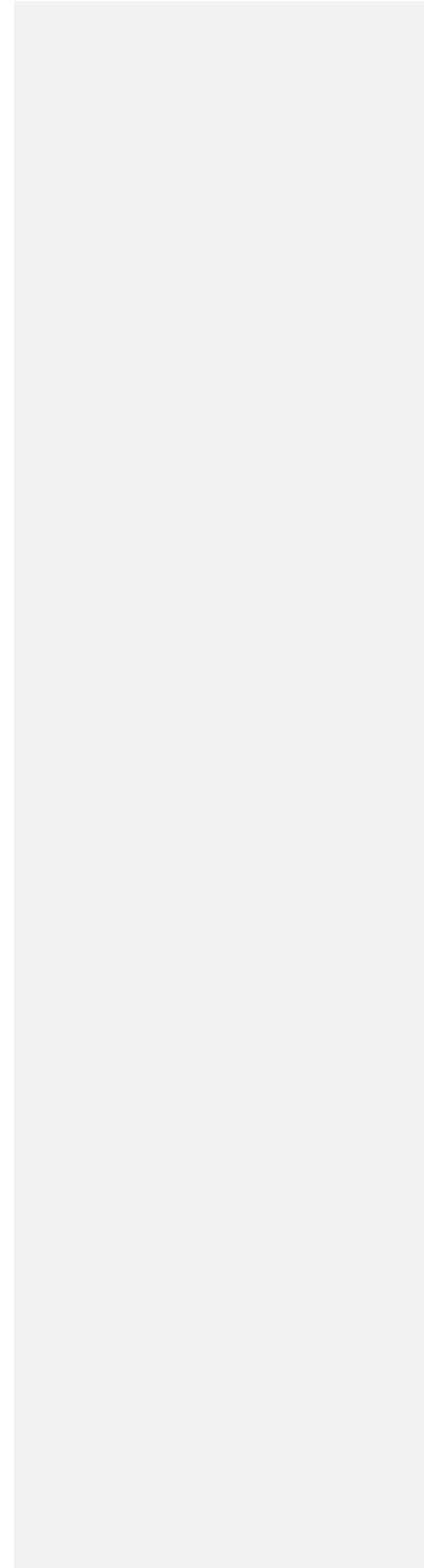
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Comment [01]: Table of Contents will be updated and correctly formatted upon Board approval

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LARCHMONT CHARTER SCHOOL, INC. FISCAL POLICIES AND PROCEDURES

INTRODUCTION

The purposes of the fiscal policies and procedures is to outline internal control policies that provide LARCHMONT CHARTER SCHOOL, INC. with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with state and federal laws and regulations, and produce timely and accurate financial information. Additionally, as a publicly supported entity, LARCHMONT CHARTER SCHOOL, INC. has responsibilities to ensure the public's confidence and the integrity of the schools' activities.

Comment [02]: Added this introduction paragraph

Definitions of terms used in this document

The Board of Directors ("Governing Board") is the managing entity of all of Larchmont Charter School, Inc.'s activities and affairs, as outlined in Larchmont Schools' bylaws.

School Leader is defined as Principal, Head of School.

Hiring Manager is determined by School Leader, depending on position. It is defined as the Manager extending the offer.

Payroll Manager is the employee assigned by the School Leader to process payroll.

School Site Office Staff is defined as an admin position, assigned with specific responsibilities of the School Leader.

Finance Committee is an approved committee of the Board of Directors.

Comment [03]: Added this section for clarity purposes. There are a lot of roles and responsibilities that have changed since the creation of these policies.

Overview

The Governing Board of LARCHMONT CHARTER SCHOOL, INC. has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of LARCHMONT CHARTER SCHOOL, INC. to support the mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Governing Board formulates financial policies and procedures, delegates 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.

Comment [04]: Removed: 4. All administrative employees are required to take annual vacations of at least five (5) consecutive business days.

Comment [05]: Changed Council to Board throughout document.

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Annual Financial Audit

1. The Governing Board will appoint an audit committee by January 1 to select an auditor by March 1 prior to year end (June 30th).
2. Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee.
3. The committee will annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The contracted independent certified public accountant cannot perform an annual fiscal audit more than three consecutive years.
4. 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
 - c. An audit of the internal control practices

Good Faith Bid Process

For all purchasing, including contracts, at or over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. LARCHMONT CHARTER SCHOOL, INC will solicit price quotes from a minimum of three prospective vendors. The price quotes must be in writing, and must include the name and phone number of the agency providing the quote with specific details of the service(s) or item(s) quoted for purchase. Price quotes and selection justification must be retained with the original agreement for a record retention period of three (3) years.

Comment [06]: Added, per Finance Committee.

Intention

LARCHMONT CHARTER SCHOOL, INC intends to comply with all restrictions and regulations for the funds it receives.

Comment [07]: Added to incorporate any new funding regulations or restrictions not covered in these policies.

PROPER DOCUMENTATION

All financial records are maintained by School Site Office Manager in chronological order, organized by fiscal year.

Comment [08]: Added this section as a reference for procedures and documentation.

Purchasing

The following documentation must be on file for all approved purchases:

- Approved purchase order form
- Proof that the purchased was made (original receipt from store/online order summary or invoice from the vendor)
- Proof that the item is received (packing slips(s) if mailed)

Reimbursements

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All approved reimbursements must have the same documentation for purchasing (see above), as well as a reimbursement form with an itemized list of expenses and the individual's current contact information.

Accounts Payable

The following supporting documentation must be submitted with invoices for payment:

- Approved purchase order form
- Proof that the purchased was made (original receipt from store/online order summary or invoice from the vendor)
- Proof that the item is received (packing slips(s) if mailed)
- W-9 for new vendors and contract if applicable

Deposit Back Up

The following supporting documentation must be submitted with all deposits to ExED:

- Deposit log with each payment itemized and categorized accurately.
- Deposit recap approved by School Leader/Executive Director.
- Original bank deposit slip.
- Copies of all checks and payment/donation documentation.

PURCHASING

All purchases under \$10,000 must be approved by a School Leader and all expenses over \$10,000 must be approved by the Executive Director. See above section on proper documentation.

Approval Process for Purchasing

1. The School Leaders and/or Executive Director may authorize expenditures and may sign related contracts within the approved budget. The Executive Director must review all expenditures. This will be done via approval of a monthly check register which lists all checks written during a set period of time and includes check #, payee, date, and amount. The Executive Director must approve all spending over \$10,000, per the June 1, 2010 Board meeting resolution. The Board must approve all spending at or over \$25,000.
2. The School Leaders must approve all school site purchases. Purchase order forms, authorizing the purchase of items greater than \$100, must be signed by the School Leader and submitted to ExED with the related invoice.
3. When approving purchases, the School Leader and/or 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.

Comment [O9]: When appropriate, we updated the authorizer to include both School Leader and Executive Director.

Comment [O10]: When appropriate, we changed from Board approval to Executive Director approval.

Comment [O11]: Was \$500 and for Executive Director; changed to align with our current procedures.

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- d. Determine if the expenditure is appropriate and consistent with Larchmont Charter School, Inc.' vision, approved charter, school policies and procedures, and any related laws or applicable regulations.
 - e. Determine if the price is competitive and prudent. See above section on good faith bid process.
4. All purchases made for the school are to be pre-approved, according to the appropriate authority and with proper documentation. See section above on proper documentation.
5. 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. See above section on proper documentation.
6. The School Leader and/or 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.
- a. The school card will be kept under locked supervision in the School Leader and/or 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 LARCHMONT CHARTER SCHOOL and the card holder's name (School Leader or Executive Director).
 - d. Credit cards will be Board approved.
 - e. Debit cards are not allowed.

Comment [012]: Added.

Petty Cash

In the event that petty cash is necessary to issue, the petty cash policy must be followed. All petty cash requests must be submitted in writing to the Executive Director. A Petty Cash Agreement must be signed by the recipient of the cash and the School Leader requesting the petty cash.

Terms of acceptance include:

- 1. Recipient will be held responsible as "custodian" for any funds not used or improperly accounted for.
- 2. If any purchases are made, a receipt or invoice must be obtained.
- 3. If any items are shipped, recipient must remit copies of the packing slips.
- 4. If any of the above documentation is missing recipient will be held responsible for either obtaining replacement copies, or remitting funds in the amount of the purchase price for the missing item.
- 5. All funds not spent upon completion of the event must be immediately remitted to the business manager for deposit within 48 business hours.

Comment [013]: Changed completely. Sites do not keep petty cash on hand, per ExED's guidance.

Leases

Comment [014]: Added.

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All lease agreements will be evidenced by a lease or sublease agreement approved by the Governing Board and signed by the Executive Director. The agreement will identify all the terms and conditions of the lease.

Contracts

1. Consideration will be made of in-house capabilities to accomplish services before contracting for them.
2. School Site 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. See above section on good faith bid process.
 - 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.
 - b. Adequate liability insurance and worker's compensation coverage must be provided by the contract service providers or LARCHMONT CHARTER SCHOOL, INC. during the life of the contract. This must be approved by the Executive Director. 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 School Leader and/or School Site Office Manager will obtain a W-9 from the contract service provider prior to submitting any requests for payments to ExED.
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 will be disclosed upfront, and the Executive Director and/or Member(s) of the Governing Board with the conflict will excuse themselves from discussions and from voting on the contract.

Comment [015]: Added.

Comment [016]: Split these into two points for better clarity.

ACCOUNTS PAYABLE

Bank Check Authorization

1. All original invoices with complete supporting documentation (see above) will immediately be forwarded to the School Leader and/or Executive Director for approval. The Executive Director must approve all school site expenditures of \$10,000 or more.
2. The School Site Office Manager 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

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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 ExED with the invoice.

3. The School Leader and/or Executive Director will approve all invoices by initialing a stamp check authorization on the invoice and completing 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 ExED on at least a weekly basis (School Site Office Manager should be aware of invoice due dates to avoid late payments). ExED will then process the invoices with sufficient supporting documentation.
4. Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered.
5. The School Leader and/or Executive Director may authorize ExED 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 ExED in writing and updated on an annual basis.
6. The Executive Director and Board Chair will co-sign checks in excess of \$20,000 for all non-recurring items.
7. Any two approved school bank account signers may sign bank checks within established limitations. See section below on Financial Institutions.

Comment [O17]: Added this as a key responsibility.

Comment [O18]: Added per the Finance Committee

Bank Checks

1. ExED will record the check transaction(s) into the appropriate checkbook and in the general ledger.
2. The Executive Director and Board Chair will co-sign checks in excess of \$20,000 for all non-recurring items.
3. ExED 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 an ExED accountant.
 - c. Cancelled Checks – filed numerically with bank statements by an ExED accountant.
 - 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 forwarded to ExED who will attach any other related documentation as appropriate.

Hand Bank Checks

1. ExED and the Executive Director will be responsible for all hand bank checks and will keep them under lock and key.
2. When there is a need to generate a hand bank check, the Executive Director will send appropriate approved documentation to ExED. This documentation includes a copy of the completed hand bank check, check stub, and approved hand bank check recap.

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3. The Executive Director and Board Chair will co-sign checks in excess of \$20,000 for all non-recurring items.
4. Any two approved school bank account signers may sign bank checks within established limitations. See section below on Financial Institutions.
5. Checks may not be written to cash, bearer, or petty cash. ExED will record the check transaction(s) into the appropriate checkbook and in the general ledger.

Bank Reconciliation

1. Bank statements will be received by Central Administrative Office Business Manager, who will fax or mail to ExED. When appropriate, ExED may download e-statements from school's online banking system.
2. ExED 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 ExED accountant will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. The ExED 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 Vice President, Finance and Accounting at ExED assigned to the school and the Executive Director.
5. The ExED accountant will prepare a monthly summary report to be approved by the Vice President, Finance and Accounting at ExED assigned to the school.

Comment [019]: Changed to include CAO procedure of receiving bank statements.

ACCOUNTS RECEIVABLE: DEPOSITS

1. Documentation will be maintained for accounts receivable and forwarded to ExED. See above section on proper documentation.
2. All checks and cash received by the school office must be recorded in a bank deposit log with budget code identified.
3. All bank deposit slips must be forwarded to ExED within one week of bank deposit.
4. Copies of checks must be kept on file at school office in a locked cabinet and forwarded to ExED weekly with the bank deposit log.
5. Supporting paperwork for grants must be forwarded to Executive Director and ExED within one week of receiving.
6. All credit card funds must be reconciled monthly to ensure all online funds are processed accurately and coded properly to the budget.
7. Accounts receivable will be recorded by ExED in the general ledger and collected on a timely basis.

Comment [020]: Added for clarity on our procedures and documentation.

Lock Box Policy

1. Lock box is kept locked and secured in front office desk location 100% of the time.
2. Funds in lock box are recorded & verified weekly by two staff members.

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3. Cash & checks are recorded accurately to budget code.
4. Supporting paperwork for any funds is submitted to ExED.
5. Lock box forms are available 100% of the time for parents to complete.

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 support the School Site Office Manager in collecting and tracking all cash and checks for the purpose of the fundraising activity.
 - a. The Volunteer Coordinator will sign a confidentiality agreement with the school site.
 - b. The Volunteer Coordinator will record each transaction in a deposit log on campus, under the supervision of the School Site Office Manager, weekly until a majority of funds for the designated activity have been collected.
 - c. All cash received must have a corresponding receipt copy; original receipt must be given to person making a payment or donation. Receipt will list the amount, date, and reason for the payment or donation.
 - d. Receipts for checks will be distributed to all donors who donate \$250 or more to LARCHMONT CHARTER SCHOOL, INC.
 - e. Receipts for cash will be distributed for each cash transaction at the time of sale. Record will be kept on file in school site office and with ExED.
 - f. For weekend events, the cash, checks, deposit log, and deposit summary must be given to the School Site Office Manager by the end of the next school day, who will immediately put the funds in a secure, locked location.
 - g. Both the Volunteer Coordinator and the School Site Office 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 cash received must have a corresponding receipt copy; original receipt must be given to person making a payment or donation. Receipt will list the amount, date, and reason for the payment or donation.
 - b. 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.
 - c. The School Site Office 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.
 - d. The lock box will be emptied at least once per week, corresponding to days when deposits are made and twice weekly during periods of heavy collections.
3. Mail received at the school must be opened in the presence of at least two office staff members.
 - a. School Site Office Manager must place all cash and checks in the lock box with all supporting documentation.
4. Once a week, the School Site Office Manager will log cash or checks received in the lock box into the bank deposit log. The bank deposit log, with all back up documentation, should be sent to ExED with the weekly mailing of accounts payable.

Comment [021]: Added for clarity on our procedures and documentation.

Comment [022]: Added.

Comment [023]: Added.

Comment [024]: Changed to reflect our current procedure.

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5. 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."
6. A deposit recap will be completed by the School Site Office Manager and approved by the School Leader and/or Executive Director for approval to deposit. The deposit recap be duplicated and documentation for all receipts (copy of check, letter, etc.) will be attached to the duplicate deposit recap.
7. 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.
8. The duplicate deposit slip and deposit receipt from the bank will be attached to the deposit documentation and forwarded to ExED to be filed and recorded weekly.

Comment [025]: We removed class clipboard procedure because we do not do.

Personal Expenses

1. All employees, volunteers and individuals will submit a purchase order form to the School Leader for all potential personal expenses.
 - a. Only items with prior written authorization from the School Leader and/or Executive Director will be paid/reimbursed.
 - b. See above section on proper documentation.

Comment [026]: Changed from being Volunteer Expenses.

Returned Check Policy

1. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). Unless otherwise pre-approved by ExED or the Executive Director, payment of 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. 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.

Comment [027]: Removed: 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.

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PERSONNEL

1. The Hiring Manager will be responsible for all new employees completing or providing the following documentation and placing documentation in employee's personnel file:
 - Form W4
 - I-9 with copies of sufficient identification
 - Employee agreement signed by school and employee
 - Negative result of TB
 - Approved live scan finger printing
2. School Leader is responsible for securing, organizing and maintaining all individual employee personnel records.
3. An employee's hiring is not effective until the above documentation is collected and filed.
4. A payroll control sheet will be developed during budget season. ExED will notify the board of any variances to the payroll control sheet throughout the year.

Comment [028]: Changed to be more accurate for our procedures.

Comment [029]: Listed to be more clear.

PAYROLL

Timesheets

1. All hourly employees will be responsible for completing a timesheet including requests for time off. The employee and the appropriate supervisor will sign the completed timesheet.
2. The completed timesheets will be submitted to ExED 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.

Comment [030]: Changed from "classified" to "hourly"

Overtime

1. Advanced approval in writing by the authorized School Leader is required for compensatory time and overtime.
2. 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 School Leader identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Executive Director for further guidance.

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3. For employees subject to overtime, all hours worked in excess of eight (8) hours in one workday or forty (40) hours in one workweek shall be treated as overtime. The workday begins at 12:01 a.m. and ends at midnight twenty-four (24) hours later. Workweeks begin each Sunday at 12:01 a.m. Compensation for hours in excess of forty (40) for the workweek or in excess of eight (8) and not more than twelve (12) for the workday, and for the first eight (8) hours on the seventh consecutive day in one workweek, shall be paid at a rate of one and one-half times the employee's regular rate of pay. Compensation for hours in excess of twelve (12) in one workday and an excess of eight (8) on the seventh consecutive workday of the workweek shall be paid at double the regular rate of pay.
4. Payment for overtime is computed based on actual time worked. Only those hours that are actually worked are added together to determine an employee's overtime pay. For more information regarding overtime rates, contact the School Leader.

Comment [031]: Added from handbook to be consistent.

Payroll Processing

1. Hourly employees must sign timesheets to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus hours budgeted. The Payroll Manager 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. The signatory supervisor will submit a summary report of timesheets to ExED who will verify the calculations for accuracy.
2. The Payroll Manager will provide the designated school employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time.
3. Substitute teachers must sign timesheets. The Site Office Manager will maintain a log of teacher absences and the respective substitutes that work for them. The Site Office Manager 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 and submitted to ExED.
4. The Executive Director will notify ExED of all authorizations for approved stipends.
5. ExED 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.

Comment [032]: Removed point on salaried employees signing in. This is not necessary.

Payroll Taxes and Filings

1. ExED will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries.
2. ExED 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.

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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 School Leader and/or 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

Reimbursements

See above section on proper documentation. Proper documentation must be submitted within thirty (30) days of purchase date in order to be reimbursed. Approved reimbursements will be process and mailed to the recipient within fifteen (15) business days of receipt of the reimbursement documentation. All purchases under \$10,000 must be approved by a School Leader and all expenses \$10,000 or over must be approved by the Executive Director.

Expense Reports

1. Employees will be reimbursed for expenditures within fifteen (15) days of presentation of appropriate documentation. See above for proper documentation for reimbursements.
2. Employees will complete expense reports monthly, as necessary, to be submitted to ExED.
3. Receipts or other appropriate documentation will be required for all expenses over five dollars to be reimbursed.
4. The employee and the School Leader and/or Executive Director must sign expense reports.
5. Executive Director expense reports should be approved by a member of the board and always be submitted to ExED for processing and payment
6. Expenses greater than two (2) months old will not be reimbursed.

Comment [033]: Changed from 10 days to 15 days.

Travel

1. Employees will be reimbursed for mileage when pre-approved by an administrator. 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 ten (10) miles.
2. Parking fees and tolls paid are reimbursable if supported by proper documentation and approval. See Proper Documentation for Reimbursements.
3. For proper reimbursement of all approved travel, a completed reimbursement form must be submitted within one month after the travel date, supported by invoices, if applicable.

Comment [034]: Removed Executive Director approving out of town travel.

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4. The School Leader and/or Executive Director must pre-approve all out of town travel.
5. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than fifty (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.
6. Travel advances require written approval from the School Leader and/or Executive Director.
7. Travel advances require receipts for all advanced funds.
8. 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 ExED for processing.
9. If the advance exceeds the amount of the receipts, the employee will pay the difference immediately in the form of a check.
10. 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.

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 ExED 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.

**LARCHMONT CHARTER SCHOOL, INC.
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FINANCE

Basis of Accounting

LARCHMONT CHARTER SCHOOL, INC. will maintain its accounting records and related financial reports on the accrual basis of accounting.

Comment [035]: Added.

Financial Reporting

1. In consultation with the Executive Director, ExED will prepare the annual financial budget for approval by the Finance Committee and the Governing Board.
2. ExED 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. ExED will provide the School Leaders and/or Executive Director and/or Governing Board with additional financial reports, as needed.

Comment [036]: Added, per the Finance Committee.

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 that is insured by the Federal Deposit Insurance Corporation (FDIC).
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.
4. The Executive Director and/or the Governing Board will be authorized to open and close school bank accounts.
5. The Governing Board will approve, in advance, the list of authorized signers on the school bank accounts.
6. Any two approved school bank account signers may sign bank checks within established limitations.
7. It is the policy of LARCHMONT CHARTER SCHOOL, INC. to keep enough cash in its checking bank account to pay at least one month worth of operating expenses; any amount in excess of its checking account reserves and up to six (6) months of operating

Comment [037]: Added per the Finance Committee.

LARCHMONT CHARTER SCHOOL, INC. FISCAL POLICIES AND PROCEDURES

expenses will be placed in deemed safe interest-bearing FDIC insured investments such as Money Market accounts or Certificates of Deposit.

8. In the event LARCHMONT CHARTER SCHOOL, INC. has available cash beyond the set reserves, then LARCHMONT CHARTER SCHOOL, INC. may seek other non-secured investments with potential higher return and risk.

Comment [O38]: Took directly from older version in Bank Checks section and made a new section with more in it.

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. ExED will retain records at their site for a minimum of two (2) years; after which, the remaining five years will be the responsibility of the School.
3. Financial records will be shredded at the end of their retention period.
4. 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.

Comment [O39]: Added.

Budgeting Process

LARCHMONT CHARTER SCHOOL, INC., in partnership with ExED, prepares an annual operating budget of revenues and expenses, a cash flow projection, and a capital budget. These budgets and projection are reviewed and approved by the Finance Committee and the Board of Directors, at the June monthly meeting and modified, as necessary, for approval prior to the first day of the following fiscal year (July 1).

Comment [O40]: Added, per the Finance Committee.

Monthly, financial statements displaying budget vs. actual results are prepared by ExED and reviewed by the Schools Leaders and Executive Director. Pending any necessary changes, the monthly financials will be presented to the Finance Committee at its monthly meeting and to the Board of Directors as prescribed by the Board bylaws.

RESERVES/INSURANCE/LIABILITIES/ASSETS/TAXES

Funds Balance Reserve

1. A funds balance reserve of the total unrestricted General Funds revenues will be maintained, the amount of which will be determined by the Governing Board.
2. ExED 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 School Leader and/or Executive Director has responsibility for all operations and activities related to financial management.

Comment [O41]: Removed 5% in older version. This gives us year to year flexibility.

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Insurance

1. ExED 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 and ExED 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 ExED 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 (also called school board miscellaneous liability). 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.

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.

Asset Inventory

1. An asset is defined as all items, purchased or donated, with a value of \$1,000 or more and with a useful life of more than one year.
2. ExED will file all receipts for purchased asset.
3. ExED will maintain an inventory or log of all assets. The log will include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.
4. School Leaders 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.
5. The School Leader and/or Executive Director will immediately be notified of all cases of theft, loss, damage or destruction of assets.

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FISCAL POLICIES AND PROCEDURES**

6. The Executive Director will submit to ExED written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.

Use of School Assets

No employee may use any property, equipment, material or supplies of LARCHMONT CHARTER SCHOOL, INC. for personal use without the prior approval of the School Leader and/or Executive Director.

Taxes

ExED will maintain a schedule of required filing due dates for:

- IRS Form W-2 - Wage and Tax Statement.
- IRS Form W-3 - Transmittal of Income and Tax Statements.
- IRS Form 940 - Employer's Federal Unemployment (FUTA) Tax Return.
- IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
- IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
- Quarterly and annual state(s) unemployment tax returns.

Comment [042]: Added this section.

Comment [043]: Added this section.