



File: AR-DB/DBD/DBE/DBF/DJ/DJB/DJB-R/DJB-E/DJD/DJE/DJG/DJG-R/DJC/DG/DGA/DGB/DKC

## FINANCIAL POLICY

### BOARD FINANCIAL POLICY

Aspen Ridge Preparatory School (ARPS) operates on a Board approved budget. The process for preparing the budget shall include at least one public work session where all stake-holders are given opportunity to provide input. School Administration will then review all budget requests and create the budget for Board approval. Subsequent budget changes must be approved by the Board prior to them taking effect.

- The annual budget for the school must be a balanced budget.
- The school will initiate a process at the January board meeting to prepare a budget for the next school year. The process shall include all the stake-holders of the school
- The initial annual budget must be submitted to the Board at the May board meeting.
- The final budget shall be completed after the official student count day. The Board shall approve the final budget no later than October 31.
- The budget will carry forward the fund balance from the previous fiscal year.
- The budget shall include all state spending requirements including capital reserves, instruction and insurance.
- In accordance with state law, all funds and accounts shall be audited annually at the close of each fiscal year. The Board shall appoint an independent auditor licensed to practice in Colorado. 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 will also include in the report any information and documentation required by the district.
- The school will implement internal controls adequate to safeguard the assets of the school.



- Spending will be limited to Board approved budget items.
- All requests for purchases must fall into the approved budget. Requests for items not included in the approved budget must be approved by a majority vote of the Board of Directors prior to purchase.
- The Principal is responsible for budget oversight.
- The principal may, at the beginning of each fiscal year, choose to delegate authority over portions of the budget to other staff members. In that case, the master budget shall be broken into sub-budgets that are managed by these supervisors.
- The school will use the applicable portions of the chart of accounts defined in the Financial Policies and Procedures Handbook entitled "Chart of Accounts: published by CDE.

#### **INTERNAL CONTROLS & FINANCIAL PROCEDURES**

##### **COLLECTION OF FUNDS**

- All payments, check or cash, shall be turned in to the school's business office.
- Only the school's Secretary should accept money.
- The Secretary issues a three part numbered receipt for the funds at the time they are received. The first copy shall be given to the payer. The second copy shall be attached to the payment. The third copy shall remain in the receipt book which shall be kept in the Secretary's office.
- The Secretary stamps any checks with the "For Deposit Only: Aspen Ridge Preparatory School" stamp and attaches the payment (cash or check) to the second carbon copy of the receipt.
- The payment with the receipt attached is placed in the school safe.
- The Business/Finance Manager shall collect the funds from the school safe at least once a week or whenever funds exceed \$300. The funds will then be counted and a bank deposit slip is



completed. The Business/Finance Manager ensures that all numbered receipts are accounted for.

- The Principal will verify the deposit and takes the money to the Bank. Deposits should be made at least once a week or whenever funds exceed \$300.
- The bank deposit receipt shall be attached to the numbered receipt and returned to the Business/Finance Manager to input into the accounting software program.

#### **BANKING PROCEDURE**

- The Board of Directors shall authorize all depositories of corporate funds. Depositories must be banks, savings and loan associations, and credit unions that are authorized to conduct business in the United States of America.
- The Principal or designee shall be responsible for the investment of all idle funds. Investments shall be limited to the following types:
  - Savings accounts in state certified qualified public depositories.
  - Certificates of deposit in state qualified public depositories.
  - Direct obligations of the U.S. Treasury.
  - Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
  - Federal agencies and instrumentalities.
- The following investment types are considered high risk and are prohibited:
  - Reverse repurchase agreements.
  - Floating rate securities whose coupon floats inversely to an index or whose coupon is determined based upon more than one index.
  - Collateralized Mortgage Obligations (CMO's) that receive only the interest or principal from the underlying



mortgage securities; commonly referred to as "IO's" and PO's."

- Securities whose future coupon may be suspended because of the movement of interest rates or an index.
- All bank accounts shall be reconciled monthly. The bank account statements shall be delivered to a Board Member to be opened and reviewed. This Board Member should be independent of the cash receipt or disbursement process. The person reconciling should also audit for proper supporting documentation for all transactions.
- Bank balances, as shown by the bank statements, should be reconciled regularly with the general ledger balance. A listing of cash receipts and disbursements generated from the accounting system should be compared on an item by item basis with the details reported on the bank statements. Mismatches should be listed for investigation.
- Items that remain outstanding for more than ninety days should be investigated.

#### **ADMINISTRATIVE CHECKING ACCOUNT**

- The school Principal, if approved by the Board of Directors, shall be provided an administrative checking account. The purpose of this account is for small or emergency purchases needed for the operation of the school
  - The school Principal shall have signature authority.
  - A minimum balance of \$100.00 (one hundred dollars) shall be maintained in the account at all times.
  - The Principal shall maintain the check register and knowledge of the ending balance at all times.
  - Purchases should be limited to items purchased in small quantities or items needed in a short period of time.
  - No employees shall be paid from this fund.
  - Purchases from this account will be charged to the school operational budget.



- The account shall be replenished monthly by sending original copies of all receipts to the Business/Finance

Manager along with a "Request for Reimbursement-Administrative Checking Account Form."

- Bank statements should be sent directly to the Business/Finance Manager from the bank.

## **PETTY CASH**

Petty cash is used for small purchases that need to be made when circumstances are such that following the normal purchasing procedure cannot reasonably be followed.

- The school's Secretary, if approved by the Board of Directors, shall be provided with a petty cash fund.
- The amount of these funds shall not exceed \$300.
- All Petty Cash funds are to be kept in a secured location (locked file cabinet, drawer or safe).
- Petty cash purchases shall not exceed \$50.00. Petty cash purchases above \$50.00 require a Purchase Order.
- The Secretary is responsible for holding and tracking the petty cash account.
- Petty cash purchases may be used for the following:
  - Classroom supplies
  - Lunchroom supplies (including food for children in emergencies)
  - Postage
  - Gasoline
- Prohibited uses of petty cash include the following:
  - Loans or pay advances to anyone for any reason
  - Food for employees or visitors
  - Rewards/gifts for employees or visitors
  - Payments for services rendered (repairs, maintenance, etc.)



- When petty cash is given out, the Secretary issues a receipt for the amount that must be signed by the recipient.
  - After the purchase is made, the person making the purchase must return any change and receipts within one week.
  - The Secretary tracks all petty cash purchases in a ledger kept within the petty cash box.
  - Reimbursement for these funds is accomplished by submitting a “Petty Cash Reimbursement Form” with the original receipts attached to the Business/Finance Manager.
  - The Business/Finance Manager shall verify the accuracy of the receipts and issue a reimbursement check from the school’s operational checking account.
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- The Secretary must cash the check to replenish the petty cash funds.
  - At all times the petty cash should contain cash and/or receipts that total the amount of petty cash issued.
  - At the end of each school year, the petty cash funds will be reconciled by someone other than the Secretary responsible for the petty cash.

## **PURCHASING PROCEDURE**

All purchases for goods or services for ARPS shall be made through a Purchase Order, unless items have been purchased through the Administrative Checking account or petty cash funds. The Business/Finance Manager office has the sole authority for ordering all items and services for ARPS. Individual employees may be reimbursed for expenditures that have received prior approval from the budget supervisor. ARPS is not able to reimburse for sales tax.

- All purchases must be requested in writing using the purchase order form available in the Business/Finance Manager’s office.
- The purchase order form must be signed by the Principal or budget supervisor responsible for the budget of the item or service to be purchased.



- Once approved a Purchase Order number will be assigned. A Purchase Order Log will be maintained that tracks purchase order number, date, vendor and amount of the purchase.
- Orders will be placed by the Business/Finance Manager at least once per week on the first business day of the week. It is possible that orders received after the order day will not be placed until the following week.
- Employees should at no time place orders for supplies, equipment, or services on behalf of ARPS. Exceptions to this rule must be made in writing by the appropriate budget supervisor.
- Expenditures included in the Board approved budget must be documented on a purchase order form, signed by the Principal or budget supervisor. The Board must approve any expenditure outside the approved budget.
- Purchases of goods and services and contracts or other agreements of \$10,000 (ten thousand dollars) or more for the entire year must have the approval of the Board of Directors. Purchases under \$10,000 require only Principal or budget supervisor approval.
- Three written quotes or bids must be obtained for purchases or contracts of \$10,000 dollars or more for the entire year. Items deemed sole source or proprietary in nature are exempt from this

Requirement. Examples are educational materials, software, textbooks, consultants, etc.

- No contract shall extend beyond the length of the school's contract. All contracts must have the approval of the Board of Directors.

#### RECEIPT OF PURCHASES

- All incoming orders are opened by the Business/Finance Manager



- The Business/Finance Manager checks the package contents with the packing slip. Once all contents have been accounted for, the packing slip is stamped and initialed by the Business/Finance Manager.
- The Business/Finance Manager distributes the package contents to the appropriate staff member and attaches the verified packing slip to the original purchase order form.
- Copies of the packing slip, purchase order and invoice should all be included as the documentation for the payment for the items purchased.

#### **REIMBURSEMENT PROCEDURE**

In situations where the normal purchasing procedure cannot reasonably be followed and an employee must make a purchase out of their own pocket, the following reimbursement procedure should be followed:

- Employees needing a reimbursement check must make the request in writing using the Request for Employee Reimbursement Form available in the Business/Finance Manager's office.
- The original receipt (when applicable) must be attached for reimbursement. Copies of receipts or credit card receipts will not be accepted.
- The Request for Employee Reimbursement Form must be signed by the Principal or appropriate budget supervisor.
- Any person who obligates the school for a purchase without receiving prior approval from the School Principal or Board of directors may be held personally responsible.
- Items purchased without prior approval from the Principal or budget supervisor may not be reimbursed.
- Mileage reimbursement may be made for trips authorized by the appropriate budget supervisor using the Mileage Reimbursement Form available in the business office.





- Reimbursement forms should be turned in to the business office by Wednesday at noon for a reimbursement that week. Checks will be issued once per week on Thursday.

## TRAVEL PROCEDURE

All overnight travel must be approved in advance by the Principal or the budget supervisor. A Purchase Order should be completed prior to the date of the travel. Once travel has been approved, the employee may request travel reimbursement by completing an "Employee Travel Expense Form".

- The top portion of the form indicates the date and purpose of the travel and proper authorization.
- The bottom half of the form indicates estimated/actual expenses. If an employee is requesting an advance on travel the estimated expenses must be completed and forwarded to the Business/Finance Manager for payment.
- Upon return, the employee should complete the actual expense portion of the "Travel Expense Form" and submit to the Business/Finance Manager for payment along with original copies of receipts for car rental, taxi, tolls or registration. Lodging and meals shall be reimbursed on a per diem basis so receipts should not be attached. The per diem rates used are listed with the Internal Revenue Service ([www.irs.gov](http://www.irs.gov)) Publication 1542 and the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- The following policies apply to all travel reimbursements in the Denver Area (for other areas, refer to the IRS or GSA websites):
  - Maximum Per Diem Rate is \$198 per day.



- Maximum lodging rate is \$149 (one hundred and forty-nine dollars) per night (unless approved by the Board in writing prior to booking the hotel).
- Meals reimbursement shall be calculated based on the following per diem rates per day:
  - Breakfast \$10.00(ten dollars) for travel beginning before 7 a.m. and extending beyond 9 a.m.
  - Lunch \$15.00(fifteen dollars) for travel beginning before noon. and extending beyond 2 p.m.
  - Dinner \$21.00 (twenty-one dollars) for travel beginning before 6 p.m. and extending beyond 8 p.m.
  - Incidentals \$3.00 (three dollars) for fees and tips
  
- Mileage reimbursement shall be based on the “Standard Highway Mileage Guide” published by Rand McNally at the official IRS allowed rate which is currently 58.5 cents per mile.
- Reimbursement for telephone expenses shall be limited to business calls.
- Airfares should be secured at least two weeks in advance except in cases of emergency.
- Other Travel Reimbursement: Mileage reimbursement for conduct of official business that does not extend overnight may be authorized on an individual basis. Pre-authorization is required by the Principal or budget supervisor. Mileage shall be reimbursed at the rate official IRS rate per mile. No reimbursement for travel shall be made between an employee’s home and his/her official headquarters. A “Mileage Log” form must be completed and submitted for reimbursement.



## PROPERTY RECORDS

- An adequate and accurate record of all tangible property shall be maintained. The record shall indicate the date of acquisition, serial number (if applicable), location and property identification number.
- All tangible property that has a value of \$5,000 (five thousand dollars) or more shall be listed on the property control records.
- The minimum life expectancy for all assets shall be 12 (twelve) years as stated in the Financial Policies and Procedures Handbook published by the Colorado Department of Education.
- A property inventory shall be performed annually by a designated employee. Any missing property shall be reported to the Principal. A police report shall be filed for any property for which theft is suspected.
- Property that is no longer of value to the school shall be declared surplus. If property is purchased with governmental funds, the government agency's approval to sell or dispose of the asset will be sought. The Principal shall determine the method of disposal that is in the best interest of the school.