

Ocean Charter School Fiscal Policies & Procedures

Approved by the Board of Trustees, May 6, 2021

Ocean Charter School Fiscal Policies & Procedures

Table of Contents

Introduction.....	1
Accounting Procedures	1
Basis of Accounting	1
Bank Reconciliations	1
Record Keeping.....	2
Internal Controls	2
Lines of Authority	2
Segregation of Duties.....	3
Financial Planning & Reporting	3
Budgeting Process	3
Internal Financial Reports.....	4
Audit	4
Tax Compliance.....	5
<i>Exempt Organization Returns</i>	<i>5</i>
<i>Quarterly/Annual Payroll Reports.....</i>	<i>5</i>
Revenue & Accounts Receivable	5
Cash Receipts	5
Deposits.....	6
Expense & Accounts Payable.....	7
Payroll.....	7
<i>Time Sheet Preparation & Approval</i>	<i>7</i>
<i>Payroll Additions, Deletions, and Changes</i>	<i>7</i>
<i>Payroll Preparation & Approval</i>	<i>7</i>
<i>Pay Upon Termination</i>	<i>8</i>
Purchases & Procurement.....	8
Credit Cards.....	10
Debit Cards.....	10
Independent Contractors.....	11
Invoice Approval & Processing	11
Cash Disbursements.....	12
Petty Cash	12
Employee and Volunteer Expense Reimbursements	14
<i>Travel Expenses.....</i>	<i>14</i>
<i>Governing Board Expenses.....</i>	<i>15</i>
Asset Management	15
Cash Management and Investments	15
Capital Equipment	15
Loans.....	16
Insurance	16
Parking Lot Liability.....	16
Operating Reserve	17

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

Introduction

The Governing Board of Ocean Charter School has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of Ocean Charter School to support Ocean's mission and fiscal soundness and to ensure that the funds are budgeted, accounted for, expended and maintained appropriately.

Accounting Procedures

This section covers basic accounting procedures for the organization. The accounting procedures used by the organization shall conform to Generally Accepted Accounting Principles (GAAP) to ensure accuracy of information and compliance with external standards.

Basis of Accounting

Policy: The organization uses the accrual-basis of accounting at year-end, meaning that revenues are recorded when earned, and expenses are recorded when a liability is incurred regardless of when the receipt or payment of cash takes place.

Procedures:

- Throughout the fiscal year, revenue is recorded in the month in which it is received and expenses are recorded in the month in which they occur.
- At the close of the fiscal year, all revenue earned in the fiscal year, but not received is accrued. All expenses that have been incurred but not paid, are also accrued. This ensures that the year-end financial statements reflect all revenue earned and all expenses incurred during the fiscal year
- Year-end books are closed no later than December 15, the date by which the audit report must be submitted to the state controller.

Bank Reconciliations

Policy: Bank reconciliation and approval will occur on a monthly basis.

Procedures:

- The Business Service Provider (BSP) Accounting Associate or Senior Accounting Associate (AA/SAA) assigned to the organization will print the bank statements directly from the online banking system. If online banking is unavailable, the organization will make copies of the original statement available to BSP.
- The BSP AA/SAA will prepare the bank reconciliation.
- The Accounting Manager or Vice President, School Finance assigned to the organization will review and approve the bank reconciliation by initialing and dating the report.
- A monthly outstanding check report will be prepared by BSP and delivered to organization. The Business Manager will contact payees to confirm check receipt and request reissuance checks if necessary.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

Record Keeping

Policy: Financial records will be retained for a minimum of seven years or as outlined in the 990 policy.

Procedures:

- BSP will retain financial records, including transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll record, and any other necessary fiscal documentation at its site until prior year audit has been completed.
- BSP will deliver financial records to the organization for storage for the remaining years of the seven year retention period.
- At the discretion of the governing Board or Executive Director, certain documentation may be maintained for a longer period of time.
- Financial records will be shredded at the end of their retention period.
- Backup copies of electronic and/or paper documentation should be stored in a secure location.

Internal Controls

The organization employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed and recorded.

All documentation related to financial matters will be completed by computer, typewriter, or ink. Completion by pencil is not permitted. The organization employs various electronic systems and processes to complete the work associated with its fiscal operations (e.g., SpendBridge, Paycom, Nvoicepay). The electronic systems the organization chooses to use may change over time and new electronic systems may be introduced. The organization will configure the electronic systems to ensure they align to the organization's internal controls.

Lines of Authority

Governing Board

- Approves the fiscal policies and procedures and delegates administration of the policies and procedures to the Executive Director
- Ensures that the fiscal policies and procedures are current, meaning that they have been reviewed and updated annually.
- Approves the opening and closing of bank accounts and the list of authorized signers and the organization address on record
- Approves all loans
- Approves the opening of business credit cards
- Reviews and approves the annual budget
- Reviews and accepts annual and monthly financial statements, including the monthly check register and the BSP-prepared financial dashboard and budget-to-actual variance analysis
- Reviews the Executive Director's performance annually and establishes the salary

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- Reviews and approves all contracts over (\$10,000)
- Reviews and approves all non-budgeted expenditures over (\$5,000)
- Commissions the annual financial audit by an independent third party auditor approved by the State of California
- Approves the annual financial audit by December 15.
- Appoints someone else to perform the duties of the Executive Director in the case of extended absence

Executive Director

- Is responsible for all operations and activities related to financial management.
- Develops the annual budget with BSP
- Reviews and approves all contracts
- Reviews and approves all expenditures
- Oversees the adherence to all internal controls
- Appoints someone else to perform his/her duties in case of absence
- Is responsible for all employment contracts and agreements

Segregation of Duties

Policy: The organization's financial duties shall be distributed among multiple people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization's assets while also considering efficiency of operations.

Procedures:

- Procedures for each section of this document will identify the position responsible for carrying out each function so that no single person or entity has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
- All administrative employees are required to take annual vacations of at least five (5) consecutive days. During the mandatory vacation, responsibilities shall shift to another employee who has been cross-trained in those responsibilities.

Financial Planning & Reporting

Budgeting Process

Policy: In consultation with the Executive Director and Finance Committee, BSP will prepare the annual budget for approval by the Governing Board. The budget is to be approved by the Governing Board prior to the start of each fiscal year.

Procedures:

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- The Administration will work together with the Business Manager and all program managers to ensure that the annual budget is an accurate reflection of programmatic and infrastructure goals for the coming year.
- BSP will ensure that the budget is developed using the organization's standard revenue recognition and cost allocation procedures.
- BSP will present a draft budget to the Finance Committee prior to the end of the fiscal year.
- The Finance Committee shall review and approve a recommended fiscal year budget and submit it for approval to the Governing Board.
- The Governing Board will review and approve the budget no later than its last meeting prior to the start of the fiscal year.
- BSP will prepare financial statements displaying budget vs. actual results for presentation to the Governing Board at each board meeting.

Internal Financial Reports

Policy: The organization reviews regular financial reports on a monthly basis.

Procedures:

- BSP is responsible for producing the following year-to-date reports within 45 days of the end of each month (in August through June): Income Statement including budget to actual variances, Balance Sheet, Financial Analysis, and Cash Flow Projection.
- BSP will also present a check register at each board meeting.
- The Executive Director, Business Manager, and Governing Board will review financial reports each month.
- BSP and/or the Finance Committee will present the financial reports to the Governing Board at each meeting.

Audit

Policy: The Governing Board will contract annually with a qualified independent certified public accounting firm to conduct an audit of the organization's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and, if applicable, the *U.S Office of Management and Budget's Circular A-133*. The selected audit firm must be familiar with these standards, related State of California and Charter School regulations, and the *Standards and Procedures for Audits of California K-12 Local Education Agencies Audit Guide* (which can be found at <http://eaap.ca.gov/audit-guide/current-audit-guide-booklet/>), in order to properly conduct the audit engagement.

At least every five years, the organization will contract with a new audit firm or require a change/rotation in audit partners.¹

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

1: Education Code 41020

Procedures:

- The Governing Board will appoint an Audit Sub-Committee of one or more persons by January 31 of each year.
- The Audit Committee may include persons who are not members of the board, but may not include any members of the staff, including the Executive Director or the treasurer or CFO. In addition, any person with expenditure authorization or recording responsibilities within the organization may not serve on the committee.
- The Audit Sub-Committee will be responsible for recommending an audit firm by March 10 of each year, unless the existing contract is a multi-year contract.
- The Finance Committee will be responsible for reviewing the results of the annual audit and developing a corrective action plan to address all relevant weaknesses noted by the auditor.
- The Governing Board will review and approve the audit no later than December 15.
- The audit firm will be responsible for submitting the audit to all reporting agencies no later than December 15.

Tax Compliance

Exempt Organization Returns

Policy: The audit firm contracted by the Governing Board to conduct the annual financial audit will prepare the annual Federal Form 990 and the California Form 199. The tax forms are filed no later than May 15 of each year.

Procedures:

- BSP will work with the tax preparer to complete the organization's tax returns.
- The Executive Director will review the tax returns before submitting to the Governing Board for final approval prior to May 15.
- The Form 990 will be available to the public via GuideStar, an information service specializing in reporting on U.S. nonprofit companies.

Quarterly/Annual Payroll Reports

Policy: BSP will prepare the state and federal quarterly and annual payroll tax forms and will submit the forms to the respective agencies within established deadlines.

Procedures:

- BSP will prepare employee W2s by January 31 each year.
- BSP will file quarterly payroll tax reports (941 and DE9) by the filing deadline.

Revenue & Accounts Receivable

Cash Receipts

Policy: Cash receipts (including check or cash payments received via mail or in person and

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

deposits received via Electronic Fund Transfer) shall be recorded completely and accurately to prevent the misappropriation of assets.

Procedures:

- For each fundraising or other event in which cash or checks will be collected, the Executive Director will designate a staff member or volunteer to be responsible for managing the process to collect and hold all cash and checks related to the event.
- The designee shall give the cash, checks, deposit summary, and any related supporting documentation to the Business Manager as soon as possible.
- The Business Manager or a designee will recount and reconcile the amount received with the supplied supporting documentation and sign for approval. The funds will immediately be put in a secure, locked location.
- Mail (including anything official such as governmental notices, invoices and checks) received at the school must be opened by office staff members and stamped with a “received” stamp. If possible, the person opening the mail should not also be responsible for making deposits.
- Once a week, the Business Manager will record deposits consisting of cash or checks received onto the Deposit Recap Sheet. Copies of Cash Receipt records should be sent to BSP for posting into the general ledger.
- When utilizing merchant or online web contribution services, appropriate segregation of duties shall be in place to ensure that no single person is able to perform incompatible functions (custody, recording, approving).

Deposits

Policy: The Business Manager is responsible for making bank deposits. Deposits totaling more than \$15,000 will be deposited within 72 hours.

Procedures:

- The Business Manager will restrictively endorse each check received (e.g. For Deposit Only Ocean Charter School)
- The Business Manager will prepare a deposit packet itemizing the amount, source, and purpose of each check or cash payment received. The deposit packet will include a copy of each check and a bank deposit slip.
- The Executive Director will review and approve the deposit packet.
- The Business Manager will make the deposit and attach the deposit receipt to the deposit packet.
- The Business Manager will forward the deposit packet to BSP.
- BSP will reconcile the cash receipts to the deposit slip and the bank statement as part of the monthly close process.
- The organization will be notified of returned items. The Business Manager or Business Office designee will contact the payor and request replacement payment as well as any bank fees incurred. The Business Manager will deposit funds making note of the original returned item so that the BPS can update deposit records and bank reconciliations.

Expense & Accounts Payable

Payroll

Policy: Part-time and full-time employees are paid on a semi-monthly basis (15th and end of month). Under the supervision of the Executive Director, BSP will be responsible for processing payroll through a third-party provider.

Time Sheet Preparation & Approval

Policy: All non-exempt employees are required to record time worked, holidays, leave taken for payroll, benefits tracking, and cost allocation purposes.

Procedures:

- Non-exempt employees will be responsible for completing a timesheet, recording hours worked and vacation, sick or holiday time if applicable.
- Each non-exempt employee will approve his/her timesheet via his/her signature or submission through the payroll system.
- Each supervisor will review and approve his/her employees' timesheets by signing each timesheet or approving each timesheet in the payroll system.
- Supervisors will return, either physically or via payroll system, incomplete timesheets to the employee for revision.
- If an employee is unexpectedly absent and therefore prevented from working on the last day of the pay period or turning in his/her timesheet, the employee is responsible for notifying the signatory supervisor or for making other arrangements to submit the timesheet. The employee must still complete and submit the timesheet upon return.
- Salaried employees are responsible for requesting leave, and supervisors are responsible for tracking leave taken by salaried employees.

Payroll Additions, Deletions, and Changes

Policy: The Executive Director is authorized to approve all payroll changes.

Procedures:

- The Executive Director or designee will submit, either physically or electronically via payroll system, new hire or employee change paperwork to BSP prior to the payroll deadline for the first pay period in which the change or addition is to go into effect.

Payroll Preparation & Approval

Policy: BSP will prepare payroll in accordance with the organization's payroll calendar.

Procedures:

- Five days prior to each check date, the Executive Director will review electronic time cards within the payroll system to ensure that they are complete and approved for that pay period.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- The BSP Accounting Analyst, Associate, or Senior Associate assigned to the organization will prepare payroll upon notification from the Executive Director that payroll for that pay period is approved.
- Once processed, the payroll processor BSP Accounting Manager (AM) or Vice President (VP), School Finance will review the Payroll Review Report for accuracy and completeness and will review the Employee Change Report to verify the appropriateness of all changes.
- The BSP Accounting Manager or Vice President, School Finance will submit payroll to the 3rd party payroll provider for check (if applicable) and direct deposit processing.
- The 3rd party payroll provider will deliver the payroll package to the organization address on file one day prior to the check date (if applicable).
- The Executive Director or designee will be responsible for opening the payroll package, reviewing reports for accuracy, and notifying BSP of any missing check (if applicable).
- The Executive Director or designee will distribute pay stubs to employees on the check date (if applicable).

Pay Upon Termination

Policy: Employees who are discharged shall be paid all wages due at the time of termination. (Labor Code § 201) Employees who quit without giving prior notice shall be paid wages within 72 hours (inclusive of weekends and holidays). If the employee gives at least 72 hours notice, the wages must be paid on the last day worked. (Labor Code § 202)

Procedures:

- The Executive Director or designee will inform BSP of any voluntary or involuntary termination immediately and will provide an accounting of the hours/days worked since the last payroll and any accrued Paid Time Off (PTO) to be paid.
- BSP will calculate the final check based on the hours/days worked and the employee's pay rate.
- BSP will prepare the final check and provide to the school in accordance with the timelines required by law. The organization is responsible for creating and obtaining the employee's signature on the final check acknowledgement.
- An employee who quits without 72 hours' notice may request that his or her final wage payment be mailed to a designated address. The date of mailing will be considered the date of payment. (Labor Code § 202)
- The final check may not be provided via direct deposit.
- The organization must provide BSP with a list of non-returning staff two weeks prior to the last day of instruction to ensure that final checks are distributed in accordance with labor law.

Purchases & Procurement

Policy: All purchases must be authorized by the Executive Director.

Goods or services purchased with federal funds must follow federal procurement guidelines as outlined in Education Department General Administration Regulations (EDGAR), Part 80—

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Sub-part C (Post Award Requirements), Section 80.36 (Procurement) located at: <http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

The Governing Board must approve any contract over \$10,000.

Procedures:

Purchases

- All purchases over \$100 require a purchase requisition.
- The Executive Director will approve the purchase requisition after determining:
 - If the expenditure is budgeted.
 - If funds are available for the expenditure.
 - If the expenditure is allowable under the appropriate revenue source.
 - If the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures and any related laws or applicable regulations.
 - If the price is competitive and prudent and proper bidding procedures have been followed.
 - If any meals and/or refreshment purchases are for school related business only.
- The Governing Board will review expenditures during each board meeting through the review of a check register and monthly credit card statements.

Procurement

- Any expenditure in excess of \$25,000 for the purchase of a single item should have bids from three (3) suppliers if possible.
- Requests for bids should include 1) a clear and accurate description of the requirements for the material, product or service to be procured and 2) the requirements which the bidder must fulfill and the factors to be used in evaluating the bids.
- No employee or office of the charter school shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved.
- All bids and the basis for selecting a bid shall be documented in the procurement records. Procurement records are retained by the organization for 3 years.

Contracts

- The Executive Director will consider in-house capabilities to accomplish services before contracting for them.
- The Business Manager will keep and maintain a contract file evidencing the competitive bids obtained (if any were required) and the justification of need for any contract over \$5,000.
- The Business Manager will confirm that the contractor is not listed in the US government's Suspended or Disbarred via a search of the System for Award Management (www.sam.gov). The Business Manager will keep a record of all searches.
- The Business Manager will ensure that a written contract clearly defining work to be performed is on file for all contract service providers (i.e. consultants, independent contractors, subcontractors).
- Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Executive Director may also require that contract service providers list the school as an additional insured.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the Business Manager will obtain a W-9 from the contract service provider prior to submitting any requests for payments to BSP.
- The Executive Director will approve proposed contracts and modifications in writing.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- The Executive Director will be responsible for ensuring the terms of the contracts are fulfilled.
- 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.

Credit Cards

Policy: Organization credit cards shall only be issued with the formal approval of the Governing Board and may only be used for organization-related expenditures. Only the Executive Director may incur school-related expenses without pre-approval.

Procedures:

- Purchase requisition and other documentation requirements apply to credit card purchases as per the procedures previously listed under “Purchases & Procurements – Procedures: Purchases” (see page 8).
- The bank and/or consumer credit card (Amazon, Home Depot, Office Depot, etc.) will be kept under the supervision of the card holder.
- An itemized receipt should be turned in for all purchases.
- In the case of a missing receipt, a missing receipt form shall be submitted and approved by the Executive Director. Should the Executive Director be required to complete a “missing receipt” form, authorization must be granted by a member of the Governing Board.
- Credit cards will bear the names of both the organization and a director as authorized by the Governing Board.
- No personal charges are permitted.
- All reward points or discounts are property of the school. Use of such points or discounts is at the discretion of the Executive Director and should be used for the benefit of the organization.
- Upon termination, the employee shall immediately return the credit card and all receipts to the Executive Director.

Debit Cards

Policy: Organization debit cards are not permitted.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- If a debit card is automatically issued by the bank, the Executive Director will:
- Contact the bank to deactivate debit card service from the account
- Destroy the physical debit card.

Independent Contractors

Policy: The organization will comply with all applicable federal and state laws relative to the use of independent contractors.

Procedures:

- The Executive Director has the authority to establish a contract with an independent contractor and is responsible for verifying that the person is appropriately classified as an independent contractor and not an employee and for obtaining a Form W-9.
- School employees may not serve as independent contractors.
- Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Executive Director may also require that contract service providers list the school as an additional insured.
- All services performed by independent contractors will be processed as accounts payable.
- At the close of the calendar year, BSP will issue a Form 1099 to all independent contractors in accordance with IRS regulations.

Invoice Approval & Processing

Policy: The Executive Director must approve all invoices. Any non-budgeted invoice over \$5,000 must also receive approval from a member of the Board. The following procedures will be performed either manually or electronically.

Procedures:

- The Business Manager will open and review invoices and bills and will notify the Executive Director of any unexpected or unauthorized expense.
- When receiving tangible goods from a vendor, the staff will trace the merchandise to the packing list and note any items that were not in the shipment.
- The Business Manager will code invoices to the correct budget line.
- Invoices are then routed to the Executive Director for payment approval.
- If the vendor is a sole proprietor or a partnership (including LP, LLC, and LLP) providing a service, the Business Manager will obtain a W-9 from the vendor prior to submitting any requests for payments to BSP.
- BSP will review the invoice for sufficient supporting documentation, verify the coding, and process payment.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

Cash Disbursements

Policy: Vendor payments will be issued upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.).

Procedures: BSP employs two methods for issuing vendor payments:

Bank Check

- Once an invoice is approved by the Executive Director for payment, the BSP Accounting Analyst prepares an in-sequence check and submits the check to the BSP AM or VP.
- The BSP AM or VP reviews the supporting documentation for completeness and the check for accuracy and signs the check with the Executive Director's facsimile signature stamp, which is maintained in a secured location when not in use.
- BSP will distribute the check as follows:
 - Original – mailed or delivered to payee
 - Duplicate or voucher – attached to the invoice and filed by vendor name by an BSP accountant.
- Should a check need to be voided, "VOID" will be written in ink on the signature line of the check.

Nvoicepay (outsourced payment provider)

- Once an invoice is approved by Executive Director for payment, the BSP Accounting Analyst will submit the invoice to Nvoicepay for payment. The BSP AM or VP will review the payments submitted to Nvoicepay and will approve or reject each vendor payment.
- After BSP has approved a vendor payment, Nvoicepay will electronically withdraw funds from the organization's bank account and transfer the funds to a Nvoicepay trust account. Each vendor payment will be a separate bank withdrawal and a separate line on the bank statement. Nvoicepay will then issue payments to the organization's vendor. The payments are disbursed from Nvoicepay's trust account via one of three payment methods: Check, ACH, or payment card. The payments will include a Reference ID that BSP will record as the transaction number in BSP's accounting system. The Reference ID will not be in sequence as it is based on Nvoicepay's numbering system.
- Nvoicepay will save an electronic check copy for any paper checks issued and Nvoicepay will save vendor remittances for any ACH or payment card payments issued.
- Nvoicepay will stale date payments after 60 days. When this situation happens, Nvoicepay will void the payment and credit the funds back to the organization's bank account. BSP may also direct Nvoicepay to reissue a payment prior to the 60-day deadline. In this case, Nvoicepay will void the original payment and issue a new payment. The new payment will be recorded as a payment modification and will be linked to the original payment in Nvoicepay. The new payment will have a new Reference ID for tracking purposes; however, the new Reference ID will not be updated in BSP's accounting system where the original Reference ID is recorded as the new transaction is only impacting Nvoicepay's account.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

Wire Transfers

Policy: Wire transfers initiated by the client or BSP will be executed upon receipt of appropriate documentation (e.g. vendor invoice, purchase order, packing slip, etc.). Any wire transfer over \$5,000 must also receive approval from a member of the Board.

Procedures for BSP executed wire transfers:

- BSP will initiate and execute wire transfers with supporting documentation for the following:
 - Routine wires initiated and executed by BSP:
 - i.e. semi-monthly Payroll, LACOE Retirement contributions
- All other BSP executed wire transfers will adhere to the following procedures:
 - Executive Director will review all supporting documentation and approve. The school will then send all documentation to BSP
 - BSP will execute the wire transfer

Procedures for client initiated and executed wire transfers:

- Someone other than the Executive Director (wire approver) shall prepare all supporting documentation for the wire transfer
- Executive Director will review all supporting documentation and approve in writing
- School will send all documentation to BSP

Petty Cash

Policy: The Business Manager will keep a petty cash box not to exceed \$150. Petty cash will be kept in a lockbox that is stored in a safe. Access to cash box should be limited to authorized personnel. Petty cash shall only be used for reasonable and allowable school purposes (not advances, personal uses, reimbursements, etc.).

Procedures:

- The Business Manager will manage the petty cash fund.
- The Business Manager will maintain a log of all disbursements made from the petty cash fund and will use a petty cash slip for all disbursements. The petty cash slip must be signed by the Business Manager and the petty cash recipient.
- Within 48 hours of the petty cash withdrawal, the petty cash recipient will submit an original receipt to the Business Manager who will attach the receipt to the petty cash slip and store in the petty cash box.
- At all times the petty cash box must contain receipts, petty cash slips, and cash totaling \$150.
- When the petty cash balance is low, the Business Manager will prepare a petty cash reimbursement form, totaling all the petty cash disbursements and attaching the original petty cash slips and receipts to the form. The Executive Director will review and approve the petty cash reimbursement form and supporting documentation.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- The Business Manager will forward the petty cash reimbursement form and original supporting documentation to BSP.
- The BSP Accounting Analyst will record the petty cash disbursements in the general ledger and issue a check made payable to the Business Manager in the amount of the total petty cash disbursement.
- It is the Business Manager's responsibility to cash the check and to keep track of funds in the box. Reconciliation must occur when funds are replenished, and/or at a minimum, annually.
- BSP will conduct surprise counts of the petty cash fund.
- Loans will not be made from the petty cash fund.

Employee and Volunteer Expense Reimbursements

Policy: The organization will reimburse pre-authorized school-related expenses that are accompanied by an original receipt or other appropriate documentation. Only the Executive Director may incur school-related expenses without pre-approval.

Procedures:

- An employee or school volunteer seeking to make a school-related purchase must obtain pre-approval from the Executive Director via purchase requisition as per Purchasing & Procurement Procedures (see page 8).
- Employees will submit signed expense reports monthly, as necessary, to the Executive Director for approval. Original receipts or other appropriate documentation (e.g. e-mail receipt) must be attached to the expense report.
- Executive Director expense reports must be approved by a member of the board.
- The Business Manager will submit the approved expense report and supporting documentation to BSP.
- BSP will issue a reimbursement check within five business days of receipt of appropriate and complete documentation.
- Reimbursement requests greater than two months old will not be reimbursed.
- Employees will submit expense reports within the fiscal year in which the expenses were incurred.
- The organization reserves the right to refuse reimbursement for any inappropriate expenses made.

Travel Expenses

Policy: The Executive Director must pre-approve all school related travel. Mileage will be reimbursed at the organization-approved mileage rate, not to exceed the current IRS reimbursement rate.

Procedures:

- For the purposes of mileage reimbursement, where a trip is commenced or terminated at the employee's home, the distance traveled shall be reduced by the employee's home-to-office commute distance.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates will be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available.
- Employees may be reimbursed up to the established per diem rate found at (<http://www.gsa.gov/portal/category/100120> - US Government Rates) for any breakfast, lunch, dinner, or incidental expenses that is not included as part of the related event. Employees will be responsible for any excess expenses beyond the established per diem rate.
- Transportation expenses such as airfare will be purchased at the lowest rate available.
- Employees should utilize bus/shuttle service whenever possible. When traveling in groups, taxis may be more economical. Employees should choose between long-term parking or a taxi based on whichever is the more economical for the organization.
- After the trip, the employee must enter all of the appropriate information on an expense report, attach original receipts and submit it to the Executive Director for approval and then on to BSP for processing.

Governing Board Expenses

- The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report and attach original receipts.
- The Executive Director and/or another board member will approve and sign the expense report, and submit it to BSP for payment.

Asset Management

Cash Management and Investments

Policy: All funds will be maintained in high quality financial institution or invested with the following objectives in order of priority; preservation and safety of principal, liquidity, and yield.

Procedures:

- The Executive Director will obtain Governing Board approval before opening or closing a bank account.
- Governing Board will adopt an investment policy before funds are to be invested.

Capital Equipment

Policy: The organization capitalizes any item, purchased or donated, with a value of \$1,000 or more and with a useful life of more than one year.

Procedures:

- BSP will maintain a ledger of all capitalized items. The ledger will include the original purchase price and date and a brief description of the asset.

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- The organization will take a physical inventory of all assets within 90 days of the end of each fiscal year, indicating the condition and location of the asset.
- The Executive Director will be notified of all cases of theft, loss, damage or destruction of assets.
- The Business Manager will submit to BSP written notification of plans for disposing of assets with a clear and complete description of the asset and the date of the disposal.

Loans

Policy: 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 chartering authority in accordance with the terms of the charter and/or other lenders in accordance with the loan documents.

Employee loans, including salary advances are not allowed.

Procedures:

- Once approved by the Governing Board, the Executive Director shall review and sign the promissory note before funds are borrowed.
- Loan agreements should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.
- Loan covenants and reporting requirements are to be acknowledged by the board at the time of adoption.

Insurance

Policy: The organization will maintain insurance with a high quality insurance agency at all times for:

- General Liability
- Property
- Workers' Compensation
- Professional Liability
- Directors' and Officers' Coverage

Umbrella and student accident policies are considered prudent add-ons.

Procedures:

- The Executive Director and BSP will carefully review insurance policies with the Broker on an annual basis prior to renewal to determine compliance with Charter authorizer and any applicable loan covenant requirements.
- The Business Manager will forward to BSP all insurance policies and related documents (e.g. certificates of insurance, claim forms, etc.).

Parking Lot Liability

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

Policy: Parking lot related incidences are not covered under any school insurance policy. The organization assumes no liability for damage to cars unless a student is observed by an adult accidentally causing damage to a vehicle while engaged in a school activity.

Procedures:

- If a student willfully causes damage the student's parent or guardian is responsible.
- If a parent or other visitor causes damage, that individual is responsible.
- If an employee causes damage, the employee is responsible.
- If an unknown person causes damage and there is no witness, the affected individual would determine if he/she has applicable coverage through his/her individual insurance policies.

Operating Reserve

Policy: The target minimum operating reserve fund for the organization is at least 5% of expenses. The organization will strive to build an operating reserve equal to five months of unrestricted operating expenses.

Procedures:

- BSP will monitor the organization's reserve level and will report the reserve level to the Executive Director and the Governing Board on a monthly basis.
- It is the responsibility of the Executive Director and the Governing Board to understand the organization's cash situation and it is the responsibility of the Executive Director to prioritize payments as necessary.
- The Governing Board may restrict a portion of operating reserve fund for strategic goals.
- Adequate net assets should be maintained to meet the annual cash flow needs of the organization.

Donor Privacy Policy

Policy: We value our donors, volunteers and prospects (hereafter referred to as our "supporters") and take their privacy seriously. We will respect the privacy of the personal and organizational information that we are privileged to have about our supporters. Our commitment to respect the privacy of our supporters extends to how we obtain, use, protect and share information about them. This privacy policy is intended to be applied in conjunction with related OCS policies, including, but not limited to, the Donor Bill of Rights (see below).

Procedures:

We will not sell, trade, or share your personal information with anyone for any purpose not related to the mission of OCS, nor will we send mailings on behalf of other organizations. We contractually require any person or organization providing services to OCS to protect the confidentiality of supporter information. We have procedures in place to limit access to information to those employees and volunteers who need to know such information in order to fulfill our mission. OCS uses your contact information to:

- Distribute receipts for donations

Ocean Charter School FISCAL POLICIES AND PROCEDURES

Approved by the Board of Directors, May 6, 2021.

- Thank donors for their donation
- Notify honorees or their designees about gifts you make in their honor
- Inform/invite alumni and donors (to join in fund raising and other activities at OCS)
- Perform analysis and record keeping, including audits by external parties
- Report to relevant Federal and State agencies (not for public inspection)
- Contact donors about changes to this policy
- We will hold strictly confidential all information concerning donors and prospects, including names, addresses, names of beneficiaries, nature and value of estates, amounts of provisions or gifts, etc., unless a donor or prospect grants permission to use selective information for purposes of referral, testimonial, example, recognition, or publicity. OCS reserves the right to disclose your personal information in response to legal process, such as a court order or subpoena.

Donor Bill of Rights

1. The right to be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. The right to be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. The right to have access to the organization's most recent financial statements.
4. The right to be assured their gifts will be used for the purposes for which they were given.
5. The right to receive appropriate acknowledgement and recognition or to remain anonymous if desired.
6. The right to be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. The right to expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
8. The right to be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. The right to have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. The right to freely ask questions when making a donation and to receive prompt, truthful and forthright answers.