

AIPHS Financial Procedures

1. Bank Accounts

- Shall remain at Community Bank of the Bay and East West Bank.
- The Board president along with the Superintendent of AIM Schools, shall have signatory power.

2. Writing Checks

- Two signatures will be required to write any checks. Any checks above
- \$8,000.00 shall have board approval, except for those vendors listed on the approved vendor list including vendors with board approved contracts.
- Chief Business Officer shall initial all approved original invoices. The invoice and supporting documentation will be sent to the fiscal officer of CSMC, bi-monthly for review and payment.
- Checks shall be written on a computer.
- Chief Business officer is responsible for reviewing processed checks and obtaining the appropriate signature.
- Upon obtaining the appropriate signatures, a copy of the check is made and attached to a copy of the invoice and is filed by payee in the appropriate file. Additionally, all checks must be copied and filed in the chron check binders before being sent to vendors. The bottom voucher of every check is retained in chronological order in the check voucher box.
- The treasurer and superintendent will be notified of the 25th of each month if they are not able to view the binder in person, via fax, or via email.
- Checks are to be sent the same day they are written to avoid loss, confusion or theft.
- Voided checks must be labeled as "void" in large letters. A copy must be placed in the appropriate binder.
- No checks shall be made out to cash, written in advance, or pre--signed.

3. Deposits

- Upon receipt of any checks, the Business Office endorses the check for deposit only with the appropriate bank account number and copied in preparation for the deposit. All checks should be accounted for by at least one other person, such as the administrative assistant. A copy should be placed in the appropriate grant/ file fund, income binder.
- All Deposits must be endorsed immediately in writing or via stamp "for deposit only into the proper account.
- All deposits must be recorded under the appropriate account (i.e. corporate, donation, CDE, etc.) and fund source (i.e. OUSD) and entered as deposits in QuickBooks.
- The checking account should maintain a balance of at least \$5,000 for emergency use.
- Deposit receipts shall be attached to the duplicate deposit back up and check copies and filed by month in the banking file drawer.
- A copy of deposit receipts and checks shall be forwarded to the back office support team along with a copy of the bank statement every month.

4. Bank Statements and Reconciling Accounts

- Bank statements and cancelled checks are received by mail and delivered to the Business Office as soon as received monthly. Upon receipt, they must be reviewed by the Superintendent or designee.

- The superintendent or Designee will then forward all received bank statements and cancelled checks to the Fiscal Officer, independent of the check signing function, in order to reconcile account(s).
5. Accounts payable
 - All invoices shall be reviewed and approved by the Superintendent or Designee. Once approved, they should be forwarded to the Fiscal Officer and entered onto the QuickBooks Program. This should be done daily as invoices are received.
 - Invoices shall be paid bi-monthly.
 - A copy of all checks and invoices shall be stapled and filed under the appropriate binder.
 - If bills are unpaid, they should be kept in a file marked "accounts payable."
 - Whenever possible, purchase orders should be used and entered into the purchase order binder with a copy of the completed order. Purchase orders should be matched with invoices and verify receipt of order.
 6. Payroll
 - AIM Schools will continue to use Pay bridge as a payroll processing company through CSMC
 - Payroll is processed semi-monthly on the 15th and last day of the month.
 7. Financial reporting:
 - The monthly statistical attendance report to OUSD should be prepared by the Head of School and a copy should be sent to OUSD's Office of Charter Schools Financial Department, the Fiscal Officer, and Treasurer for review.
 - All other grants will be prepared by the date requested by the funder, the Superintendent or Designee.
 - Fiscal Reports, copies of all checks (including voided checks), balance sheets, and financial reports to OUSD (including profit and loss) shall be provided to the superintendent or Designee on a monthly basis or whenever deemed necessary by the Fiscal Officer.
 - The projected budget shall be put together by the Heads of Schools and forwarded to the Superintendent for finalizing prior to March of each year. Upon completion by the Superintendent, the projected budget for the coming school year shall be completed and reviewed at the March board meeting in order to ensure inclusion in the MOU for the following year.
 8. Reimbursements and Check Request
 - Employees shall be reimbursed for all pre--approved expenses related to the school. To obtain reimbursement, employees shall complete a reimbursement request form, include original receipt(s), and forward it to the Head of School for approval. Upon approval, the Head of School will send the form to the Business Office to process.
 - When ever practical the Business Office will establish accounts with vendors so that the Business Office can use purchase orders to procure goods and services and have the school invoiced.
 9. Invoicing
 - All invoices shall be submitted to the school and approved by the Head of School on a monthly basis. Upon approval, the invoices shall be submitted to the Fiscal Officer for processing.
 - Invoices are received by the school by USPS, by email to an AIMS email designated for accounts payable invoices.
 - The AIMS emails designated for orders and accounts payable shall be checked by the Business Office on a daily basis. The email passwords are to be provided to the Superintendent and the Chief Business Officer for unrestricted access and monitoring.
 10. Donation/Grants
 - Once a donation is received, it should be entered as either local or corporate. The

address and other pertinent information about the person/Corporation should be

entered onto the QuickBooks Program under customers.

- A letter acknowledging the receipt and appreciation of any donation should be sent to the appropriate donor. The letter should be copied and marked "sent" with the date and location, then placed into the appropriate Corporate/Local Donation file.
- Procedures for deposit should be followed.
- If a grant was given without restrictions or requirements on how to spend the funds, it can be placed under local or Corporate Donation.
- If a grant was given with specific restrictions on how the funds are to be spent, it should be added under Other Grants and a folder should be created where receipts, reports and invoices can be filed.
- Materials that are donated such as computers, furniture, software, books, etc. shall be given a value at fair market price. Recorded income--depreciation of those items shall bring their value to zero within the current year.

11. Fixed Assets

- An inventory of all furniture, equipment, books, computers, and other equipment shall be conducted bi-annually- once before school begins and again after the completion of the school year.
- Serial numbers shall be marked on property itself and recorded along with the location of the property, the date of acquisition and its fair market value.
- Withdrawal and receipt of inventory items shall be recorded accurately in inventory records.
- Inventory records shall be reconciled at the end of the fiscal year.

12. Petty Cash

- If the Head of School chooses to have petty cash on site, these procedures must be followed:
 - i. All cash should be kept in a locked container to which only the Head of School or Business Office has access.
 - ii. The Business Office shall count the petty cash once a month to verify and reconcile the amount with the books.
 - iii. Less than \$300 can remain in the petty cash drawer at all times. Higher amounts must be deposited in the bank account.
 - iv. A petty cash disbursement journal shall be kept along with copies of appropriate fund files and supporting receipts. Petty Cash disbursements must be signed by the person receiving the funds.
 - v. Petty Cash is for minimal emergency expenses only.
 - vi. Reimbursements shall not be done in cash.

13. Credit Card

- The school card cannot be used for cash advances, personal or non-school related purchases or the purchase of alcohol.
- Card numbers should not be distributed and should not be saved in online accounts to which others have access.
- The cardholder is responsible for ensuring the credit card purchases are within budget and properly approved.
- Receipts need to be turned in to the Business Office no later than one week after the date of the purchase/charge. Receipts must be taped to a sheet of 8.5 X 11" plain paper, with the amount matching the credit card charges on the statement.
- Any receipts for meals must clearly indicate the names of all persons attending the meal and the business purpose of the meeting.
- Eligibility: Only personnel specifically authorized by the Superintendent are provided with school credit cards. The preferred payment method is always through the use of

- purchase orders, vendor invoices, and school checks.
- Allowable uses: School credit cards are for business purposes only. School cards may not be used for cash advances for any reason. Under no circumstances shall a school card be used for the purchase of alcohol. School credit cards are not intended for purchases that can otherwise be paid for using school checks. Instead they are intended for vendors that do not accept school checks, purchases during travel or emergency purposes.
 - Card Number security: The person whose name the school credit card is in is solely responsible for all purchases on the card and ensuring that their credit card is not used by unauthorized personnel. As such, the cardholder shall NOT share their card number with anyone other than an official designee. In addition, the credit card should not be stored in an online account that anyone other than the cardholder and their designee have access to.
 - Approvals: All purchases with school cards are to be expressly approved by the card holder and the Superintendent. No purchases shall be made for amounts not included in the entity's budget.
 - Statements: Credit card statements are mailed directly to the Business Office. Statements are scanned and emailed to the card holder for submission of receipts.
 - Receipts: The card holder is responsible for receiving, printing and retaining all receipts related to credit card purchases. This includes receipts related to online purchases and restaurant purchases. The cardholder shall label all receipts with a description of what it is for to ensure proper coding. All receipts must be submitted to the Business Office within one week of purchase/charge preferably every Monday morning. If a receipt is accidentally lost, a written description of the items and cost must be submitted and approved by the Superintendent.
 - Termination: Upon termination of employment of a cardholder for any reason, all cards must be cancelled and returned to the Business Office, along with any other company owned items.

AIMS Fiscal Policies

AIMS has reviewed and adopted the following policies to ensure that the organization's funds are used most effectively to support the school's mission and to ensure that the funds are budgeted, accounted for, example, and maintained in an appropriate fashion.

A. Budget Development and Oversight Calendar and Responsibilities

AIMS will develop and monitor its budget in accordance with the annual budget development

and monitoring calendar as specified below.

January--February

The Finance Committee of the Board will work with the Superintendent to review the Governor's proposed state budget for the upcoming fiscal year and to identify the likely range of revenue for the school's upcoming fiscal year (July--June 30). [Board Treasurer. Superintendent]

The Superintendent will review/prepare a set of proposed budget development principles for board review and approval. [Board Treasurer. Superintendent. Board of Directors]

A rough planning budget will be developed for the upcoming fiscal year. It must include information on the projected enrollment and any proposed staffing changes. [Superintendent in conjunction with Board Finances Committee]

A five--year budget projection will be developed in accordance with the school's established strategic growth plans. [Superintendent in conjunction with Board Finances Committee]

On-going monitoring and revision of current budget. [Board Treasurer. Finance Committee, and Superintendent]

March--April

The Superintendent, working in conjunction with Staff, Board members, and Treasurer, will prepare a formal budget plan for upcoming fiscal year. The plan is to be reviewed by the Finance Committee of the Board.

Continued on-going monitoring and revision of the current year's budget. [Board Treasurer, Finance Committee, and Superintendent]

The Audit Committee of the Board will solicit bids for the annual audit and select an auditor. [Audit Committee of the Board acting alone]

May- June

Superintendent will review revenue projections subsequent to the Governor's annual ~~May~~ ^{My}Revise.. Budget figures. Superintendent will also fine-tune the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The Finance Committee will review and finalize the proposed budget for the upcoming fiscal year and forward to the Board. [Board Treasurer, Finance Committee, and Superintendent]

The Board will review and formally adopt a budget for upcoming fiscal year prior to June 15. A copy of the final budget is provided to the charter--granting agency. [Board]

Continued on-going monitoring and revision of current year budget. [Board Treasurer, Finance Committee, and Superintendent]

July--August

Books for prior fiscal year are closed, all transactions are posted and records assembled for audit. [Superintendent or Designee, Bookkeeper (CSMC), and Board Treasurer]

Budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made. A copy of the revised final budget is provided to the charter--granting agency. [Superintendent and Finance Committee]

Independent auditor performs audit of the just--closed fiscal year and prepares audit report for submission to the Audit Committee. [Auditor, Staff as requested by the Auditor. Audit Committee]

September-December

At the end of the first full week of school, the Superintendent reviews AIMS actual attendance figures and notifies the Board if actual attendance is below budget projections. If needed, the school's budget is again revised to match likely revenues. [Superintendent. Finance Committee, Board]

A copy of the audit is reviewed by the Audit Committee, Board and Superintendent. The Finance Committee may address any audit exceptions or adverse findings. Audit reports and any follow-up plans are submitted to charter--granting agency. [Audit Committee. Board, Superintendent]

The Superintendent reviews current year actual versus budgeted revenues and expenditures after the second and fifth months of the school year and reports to the Finance Committee. Any needed changes to the annual budget are approved by the Board. [Board Treasurer. Finance Committee, and Superintendent]

On-going monitoring and revision of current year budget. [Board Treasurer. Finance Committee. and Superintendent, Head of Schools]

B. Controls, Budget, and Fiscal

AIMS will maintain in effect the following principles in its on-going fiscal management practices to ensure that, (1) expenditure are authorized by and in accordance with amounts specified in the board--adopted budget. (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and (3) all transactions are recorded and documented in an appropriate manner.

Segregation of Duties

AIMS will develop and maintain simple check request and purchase order forms to document the authorization of all non-payroll expenditures. All proposed expenditures must be approved by the Superintendent or Designee, who will review the proposed expenditures to determine

whether they are consistent with Board--adopted budget, then sign the check request form. All check requests and purchase orders over \$8,000 must be co-signed by the Superintendent and counter-signed by one Board member, preferably the Treasurer, to ensure separation of expenditure authorization and check signing functions.

All transactions will be posted on an electronic general ledger. The transaction will be posted on the ledger by the fiscal officer of CSMC. To ensure segregation of recording and authorization, the fiscal officer may not co-sign check requests or purchase orders.

Banking Arrangements

AIMS will maintain its accounts either in the County Treasury or at a federally--insured commercial bank or credit union. Funds will be deposited in non--speculative accounts including federally--insured savings or checking accounts or invested in non--speculative federally--backed instruments or in Alameda County's Pooled Money Investment Fund. If funds are held in accounts outside of the County Treasury, the Board must appoint and approve all individuals authorized to sign checks or warrants in accord with these policies. All checks over \$8,000 must be signed by two authorized signatories.

CSMC will reconcile the School's ledger(s) with its bank accounts or accounts in the county treasury on a monthly basis and prepare (1) a balance sheet, (2) a comparison of budgeted to actual revenues and expenditures to date and (3) a cash flow statement. The Superintendent and Finance Committee of the Board will regularly review these statements. The school will deposit all funds received as soon as possible. A petty cash fund, not to exceed \$200 may be established with an appropriate ledger to be reconciled bi-monthly by the Administrative Assistant, who shall not be authorized to expend petty cash.

Purchasing Procedures

All purchases over \$8,000 must include documentation of a "good faith" effort to secure the lowest possible cost for comparable goods or services. The Superintendent shall not approve purchase orders or check request lacking such documentations. Documentation shall be attached to all checks and purchase order requests showing that at least three vendors were contracted and such documentation shall be maintained for three years. All purchases in excess of \$8,000 must be bid by a board approved process.

Record Keeping

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer. 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 .

Property Inventory

The Superintendent or Designee shall establish and maintain an inventory of all non-consumable goods and equipment worth \$300. This inventory shall include the original purchase price and date, a brief description, serial numbers and other information appropriate for documenting the school's assets. This property will be inventoried on an annual basis and a list of any missing property shall be presented to the Board.

Payroll

AIMS will contract with the County Office of Education or a reputable bonded and insured payroll contractor to prepare payroll checks, tax, retirement withholding, tax statements, and to perform other payroll support functions. The Superintendent or Designee will establish and oversee a system to prepare time and attendance reports and submit payroll check requests. The Superintendent and Board Treasurer will review payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholding have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll--related documentation including a federal 1--9 form, tax withholding forms, retirement data, and use of sick leave.

Attendance Accounting

The Superintendent or Designee will establish and maintain an attendance accounting system to record the number of days students are in attendance and engaged in the activities required of them by the School. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act and the California Administrative Code sections defining Charter School Average Daily Attendance. Therefore:

ADA will be computed by dividing the actual number of days of student's attendance by the number of calendar days of instruction by the School.

ADA will be multiplied by a factor of 1.05 to compensate for a normal rate of absenteeism.

The School's instructional calendar will include at least 175 days of instruction to avoid the fiscal penalty for providing fewer than 175 days of instruction as provided by the Administrative Code regulation.

Non- classroom based study must be pre-arranged by the student's adult guardian and the School and that the adult guardian will be required to complete and submit documentation of engagement instructional activity to the school on forms prepared by the school.

- *Annual Financial Audit*

The Board will annually appoint an audit committee by October 1. Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee. The committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of school's financial statements (2) an audit of the school's attendance accounting and revenue claims practices and (3) an audit of the school's internal controls practices. If the school receives more than the statutorily determined amount from federal sources, the audit shall be prepared in accordance with any relevant Office Management and Budget audit circulars. The Audit shall be completed within 100 days of the close of the fiscal year and its results shall be reviewed and forwarded to the Board.

C. Negotiating Funding Entitlements

The Superintendent or Designee Shall prepare a set of negotiating strategies for Board approval prior to engaging in negotiations over funding entitlements with the charter granting agency and state. The Superintendent or Designee will take lead responsibility for negotiating all revenue arrangements with the charter granting agency and appropriate state education agency staff. These arrangements will be documented in appropriate and detailed Memoranda of Understanding for approval by the Board.

D. Required Budget and Other Fiscal Reports

CSMC, working in conjunction with the Superintendent or Designee, will produce and submit to the charter granting agency any and all required fiscal reports as may be required by state or federal law, or mandated by the terms of the school's charter. These include, but are not limited to, attendance reports, enrollment and other data reports required by the California Basic Education Data System, and other related data.

E. Property and Liability Insurances

The Superintendent or Designee shall ensure that the school retains appropriate property and liability insurance coverage. Property insurance shall be obtained which addresses business interruption and casualty needs, including flood, fire, earthquake, and other hazards; with replacement cost coverage for all assets listed in the school's property inventory and consumables. Premises and Board errors and omissions liability insurance shall be obtained and enforced at all times on the "claims made" form with a self insured retention of no more than \$50,000 per occurrence and limit of no less than \$5 million per occurrence. The Heads of Schools and other staff who manage funds shall be placed under a fidelity bond.

