Financial Policies and Procedures Template

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Board Power and Duties

The Board is responsible for adopting a budget that will provide the financial basis for buildings, staff, materials and equipment which will enable the school to carry out the educational program. The Board is responsible for exercising control over the finances of the school to insure proper use of, and accounting for, all school funds.

Annual Budget

The annual budget is the financial plan for the operation of the school. The annual operating budget shall be based on a fiscal year (July 1 to June 30). It provides the framework for both expenditures and revenues for the year and translates into financial terms the educational programs and objectives of the school.

The School Leader or designee is directed to develop, subject to annual approval by the Board, a one to five-year budget plan that assures the future financial viability of the school and achievement of the school's objectives and takes into account future revenue, including tax and non-tax revenue, and future increases in operating expenses.

Requirements

The budget shall be developed and presented in accordance with all applicable state statutes and the Colorado Department of Education Financial Policies and Procedures Handbook.

The budget shall include any board policy designated reserves.

The budget format shall itemize expenditures of the school by fund and show the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year.

The budget also shall disclose planned compliance with spending limitations outlined in Article X, Section 20, of the Colorado constitution, including holding TABOR reserve funds in an unrestricted general fund or in cash funds.

School Accountability Committee

The school accountability committee shall recommend to the School Leader of its school priorities for spending school moneys. The School Leader shall consider the school accountability committee's recommendations regarding spending state, federal, local, or private grants and any other discretionary moneys and take them into account in formulating the proposed budget for presentation to the Board.

The school accountability committee shall include the adopted plan (school performance plan, school improvement plan, school priority improvement plan, or school turnaround plan as is required) in the compilation prepared pursuant to section 22-11-302 (1), and the Board shall consider such adopted plan in developing the budget required by section C.R.S. 22-44-108. C.R.S 22-11-403, 404, 405, & 406.

Timeline

The School Leader shall present the proposed budget to the Board no later than May of each year, with the intent of adoption prior to the required statutory date of June 1st.

Within 10 days after the submission of the proposed budget to the Board, the School Leader or designee shall publish a notice stating that the proposed budget is on file at the principal administrative offices of

the school; that the proposed budget is available for inspection during reasonable business hours; that any person paying school taxes in the district many file or register an objection thereto at any time prior to its adoption; and that the Board will consider adoption of the proposed budget for the ensuing fiscal year on the date, time and place specified in the notice.

If necessary, a revised budget will be approved at the January Board meeting after the official student count is known.

If necessary, a supplemental budget will be approved after January 31st but before expenditures in excess of the revised budget are incurred. A supplemental budget may only be adopted if money for a specific purpose becomes available to meet a contingency.

Legal References

C.R.S. 22-44-101 through 22-44-119

C.R.S. 22-44-105 (1)(c.5)

C.R.S. 22-44-204 (3)

C.R.S. 22-44-301

Fiscal Accounting

The School Leader shall be responsible for receiving and properly accounting for all funds of the school.

All funds received and/or disbursed by school shall be accounted for carefully and accurately; and shall conform to generally accepted principles of governmental accounting.

Assets worth more than $5,000 will be capitalized and depreciated under generally accepted accounting principles.

The Financial Policies and Procedures Handbook adopted by the State Board of Education shall be used to report financial records and in the periodic presentation of financial information to the school board.

The accounting system utilized shall conform to the requirements of the State Board of Education standards providing for the appropriate separation of accounts, funds, and operational duties. Fiscal accounting must meet requirements established by the State Board of Education as set forth in the Financial Policies and Procedures Handbook for public schools in Colorado.

Legal References

C.R.S. 22 45

C.R.S. 29-1-506

C.R.S. 22-44-203

C.R.S. 22-44-204 (3)

C.R.S. 22-45-102

Annual Financial Audit

In accordance with state law, all funds and accounts of the school shall be audited annually, following the close of the fiscal year.

The Board shall appoint an independent auditor licensed to practice in Colorado and knowledgeable in government accounting to conduct the audit. The Board shall undergo an auditor selection process every 5 years, at minimum, to ensure continued independence and objectivity.

The audit report shall contain the following:

1. Financial statements prepared insofar as possible in conformity with generally accepted governmental accounting principles (the financial statements are the representation of the school whether prepared by the school or by the auditor).
2. Disclosures in accordance with the Financial Policies and Procedures Handbook adopted by the State Board of Education.
3. All funds and financial activities of the school.
4. A budget to actual comparison for each Governmental fund and activity.
5. The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained.
6. Disclosure of all instances of noncompliance with state law, including the Public School Finance Act of 1988, irrespective of materiality.
7. A supplemental listing of all investments held by the school at the date of the financial statement.
8. Other schedules and disclosures required by the Governmental Accounting Standards Board (GASB).

The auditor also shall make recommendations to the Board concerning its accounting records, procedures and related activities as may appear necessary or desirable and shall perform such other related services as may be requested by the Board.

A draft and final audit report must be completed by the dates specified in the school's charter agreement with its Authorizer.

The Board reserves the right to request a financial audit at more frequent intervals if desired.

The Board reserves the right to request periodic internal control audits.

Legal References

C.R.S. 22 32 109 (1)(k)

C.R.S. 24 75 601.3

C.R.S. 29 1 601 et seq.

Interim Financial Reporting

The School Leader or their designee shall provide to the Board a report detailing the financial condition of the school at least quarterly during the fiscal year. The quarterly financial report shall include at a minimum:

1. The actual amounts spent and received as of the date of the report from each of the funds budgeted by the school for the fiscal year, expressed as dollar amounts and as percentages of the annual budget.
2. The actual amounts spent and received for each fund for the same period in the preceding fiscal year, expressed as dollar amounts and as percentages of the annual budget.
3. The expected year-end fund balances, expressed as dollar amounts and as percentages of the annual budget.
4. A comparison of the expected year-end fund balances with the amount budgeted for that fiscal year.
5. A year-to-date balance sheet for the school's Governmental Funds.

The Board or Finance Committee may request and review monthly financial reports that shall include at a minimum:

1. The actual amounts spent and received as of the date of the report from the general fund budgeted by the school for the fiscal year compared to the annual budget.
2. A year-to-date balance sheet for the school's general fund.

Legal References

C.R.S. 22-45-102(1)(b)

C.R.S. 22-45-103 (b)

Banking

All revenue received by the school shall be deposited in an official bank or banks or savings and loan institutions as designated by the Board. Such financial institution must qualify as an eligible public depository in accordance with state law.

All moneys belonging to the school, including moneys derived from food services and school activities, shall be deposited by the Treasurer of the Board or official custodian to the credit of the school in a depository designated by the Board.

The Treasurer or official custodian shall comply with all requirements of state law regarding the deposit of public school funds.

Legal References

C.R.S. 11 10.5 101 et seq. (relates to deposits of public funds in banks)

C.R.S. 11 47 101 et seq. (relates to deposits of public funds in savings and loan institutions)

C.R.S. 22 32 104 (4)(c)

C.R.S. 22 32 107 (3),(4),(6)

C.R.S. 22 32 109 (1)(g)

C.R.S. 22 32 110 (1)(x)

C.R.S. 22 40 105

C.R.S. 22 45 104 (relates to collection and deposit of fees and fines)

Procurement

No person shall be authorized to commit the school to a purchase contract or purchase unless expressly authorized by the School Leader or their designee (as outlined below in the Budgetary Expenditure Authorization section). Only authorized representatives of the school will issue a purchase order number, obligate the school for purchase of goods and services, and revise or cancel a purchase order.

Except in case of an emergency, purchases shall be handled as follows:

1. A purchase for goods and services up to $9,999 may be made through direct check, procurement card, or by purchase order. While competitive quotes may be obtained, they are not required.
2. A purchase for goods and services between $10,000 and $249,999 requires an informal written competitive bid from a minimum of two qualified sources.
3. A purchase for goods and services $250,000 and above requires a formal RFP process to solicit competitive bids. Before the purchase award is granted, approval by the Board must be given.

The above thresholds correspond to federal requirements but shall be followed regardless of funding source.

When making purchases, consideration will be given to the price and such other factors as the school at its sole discretion deems to be appropriate, including without limitation, the reliability and responsibility of vendors, timely delivery, extent of warranties offered and quality of materials or services proposed to be used.

Procedures shall be established which assure that purchases are appropriate and that funds are available before purchases are authorized.

Budgetary Expenditure Authorization

Expenditures from any school fund must be approved or authorized in accordance with all Board policies and require the following signatures (which may be electronic or hard copy) to be effective as expenditures against budget:

1. Up to $500: Department Head
2. Between $500 and $3,500: School Leader
3. Greater than $3,500 up to $10,000: School Leader
4. $10,000 up to $150,000: School Board Finance Committee
5. Greater than $150,000 up to and including $500,000: must be approved by the Board of Education and executed by the designee.

Exclusions

Exclusions to the above requirements may be made by the School Leader in cases of emergencies and sole source procurement, which shall be reported to the Board no later than its next regular meeting.

Fund Disbursement

Checks

All checks drawn on the school funds shall require the signature of the Treasurer of the Board.

The school shall designate at least 3 authorized signers on the bank account(s). One of the authorized signers must be an active board member. A signer must be replaced within 10 business days of removal.

Procurement Cards

The school is authorized to establish a procurement card to supplement the ordering of supplies of a nominal value. The purpose of the procurement card is to provide flexibility, convenience, and security with small purchases while conducting school business.

Purchase transactions using the procurement card shall not supersede or conflict with the purchasing policies that have been established by the Board.

The school shall establish procedures for the usage of procurement cards, including limiting access to procurement cards to the School Leader, Department Head, and Business Leader.

A number of unique controls shall be developed for the procurement card program that do not exist in a traditional credit card environment. Usage shall be limited by transaction amount and total monthly expenditure amount. Type of merchandise allowed for purchase, restrictions of persons authorized to receive the cards, and other procedures may be set at the determination of the School Leader or their designee.

Exemptions

Exceptions to this policy may be made by the School Leader in cases of emergencies that threaten basic school operations (such as rent and payroll), which shall be reported to the Board no later than its next regular meeting.

Unauthorized Purchases

Except in the case of exemptions, purchases that do not comply with the provisions of this policy or established procedures are unauthorized purchases. The school is not liable for payment of any unauthorized purchases. Individuals who make unauthorized purchases may be held personally responsible for payment.

Contracts

Contracts shall be signed according to the Budgetary Expenditure Authorization thresholds above and shall not extend beyond a single fiscal year without TABOR-compliant non-appropriation language. No contract shall commit the school for more than 5 years.

Any written contract shall include a provision requiring a criminal background check for any person providing direct services to students under the contract, including any subcontractor or other agent of the contractor, including but not limited to transportation, instruction, or food services, as required by law. Background checks are only required for persons who have regular, not incidental, contact with students at least once a month. The school reserves the right to require criminal background checks on other contracts at the school's discretion.

Contracts documenting purchases made with federal funds shall contain the provisions mandated by the Federal Uniform Grant Guidance (UGG).

Legal References

2 CFR 200.318-200.326

CRS 24-18-201, 22-32-109 (1)(b) and 22-32-122

Borrowing

When it becomes evident early in the fiscal year before substantial tax moneys have been received that the cash balances will not meet anticipated obligations, the Board shall negotiate, under the provisions of Colorado statutes, for short-term debt in such amounts as may be required to meet such obligations.

The Board may authorize the President and the Secretary to execute promissory notes on behalf of the school from time to time as such borrowing of funds becomes necessary and may further authorize them to execute any and all other documents necessary or incidental to the borrowing of funds.

Borrowing may not exceed the need demonstrated in the school's annual budget or year-end forecast presented by the School Leader to the Board.

By law (C.R.S.), these short-term loans are liquidated within six months of the close of the fiscal year from moneys received by the school for the general fund. According to the TABOR Amendment, these short-term loans may not cross fiscal years.

Lease obligations are a routine and appropriate means of financing capital equipment. However, lease obligations also have a significant impact on budget flexibility. Therefore, efforts will be made to fund capital equipment with pay-as-you go financing where feasible, and only the highest priority equipment purchases will be funded with lease obligations.

Legal Reference

C.R.S. 22-40-107

Equipment Control and Disposition

Inventory

The School Leader or their designee shall establish and maintain an inventory tracking system to prevent asset loss. Inventory shall include all tangible real and personal property that meets any of the following criteria:

1. A useful life longer than one year and a unit cost or donated value that equals or exceeds $5,000.
2. Highly portable and attractive.
3. Purchased with federal funds, regardless of the unit cost.

Any asset deemed highly portable and attractive must be kept in a locked location with limited access.

Any property purchased with federal funds must be tagged with a distinct asset tag that includes the year purchased and the grant with which the asset was purchased.

Equipment Purchased with Federal Funds

Equipment shall be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for

the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

The school shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency.

When acquiring replacement equipment, the school may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with federal grant funds, until disposition takes place shall be established and meet the requirements mandated by the Federal Uniform Grant Guidance (UGG).

Any asset purchased with federal funds must comply with the disposition requirements of the grant.

Payroll

The School Leader or their designee shall establish payroll processing procedures, which shall be reviewed by the Finance Committee. Procedures must address frequency of payroll, PERA contributions, other benefits, and time and effort reporting. The School Leader must approve all time sheets and the monthly pay amount in writing. All pay amount authorizations shall be completed at the time of employment and prior to the issuance of pay. Payroll may be processed by the Business Leader or contracted service provider.

Travel

The School Leader shall develop and ensure representatives of the school adhere to travel and expense reimbursement procedures.

Each school employee and Board member who is authorized to travel for school business assumes a direct responsibility to limit travel claims to those actually incurred while traveling and representing the school. Likewise, each school official and employee has a responsibility to limit travel to purposes that are essential. Arrangements utilizing the most economical means of accomplishing the authorized travel must be considered. This planning should include consideration of the use of personal car or common carrier, sharing rides with other employees attending the same event, and similar alternatives if appropriate.

Lodging

The school will pay for the actual cost of employee lodging for travel that occurs more than 50 miles from the school. Every effort will be made to secure lodging that is no more than 110% of the GSA per diem lodging rates for the destination. For lodging per diem rates see https://www.gsa.gov/travel/plan-book/per-diem-rates.

Meals

The school will use the the actual cost method. Under the standard meal allowance method, a traveler shall claim the authorized meal per diem rate for each meal the traveler would normally have eaten while traveling away from home.

For meal per diem rates, see https://www.gsa.gov/travel/plan-book/per-diem-rates. If a meal is included in a conference fee or is provided with the cost of lodging, a traveler shall not request reimbursement for the standard meal allowance. Receipts for meals are not required. The meal per diem amount includes tips associated with the meal.

Mileage for Personal Vehicles

Reimbursement is allowed for actual business mileage traveled. Mileage will be reimbursed using the IRS standard mileage rate at: https://www.irs.gov/tax-professionals/standard-mileage-rates. Commuting expenses incurred while traveling between a traveler's residence and traveler's regular work location are non-reimbursable personal expenses.

Other Allowable Travel Expenses

In addition to meals and lodging, the actual expenses identified below, incurred as a part of approved travel, are allowable if necessary to complete school business. A traveler requesting reimbursement shall submit original receipts for all reimbursable expenses.

1. Commercial transportation such as airfare, taxi and shuttle expenses, including tips.
2. Parking fees.
3. Telephone, fax, internet, and other similar miscellaneous business expenses paid for school business.
4. Toll road charges.

Non-Allowable Travel Expenses

A traveler shall not be reimbursed for the following expenses:

1. Alcoholic beverages.
2. Entertainment expenses.
3. Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to school business (examples include the purchase of personal items such as soap or toothpaste, magazines, snacks, movie rentals, and other miscellaneous items).
4. Political expenses.
5. The cost of traffic fines and traffic tickets.
6. Personal telephone calls.
7. Valet parking.

Authorization

All travel and travel reimbursements require authorization from the School Leader. School Leader travel and travel reimbursements require authorization from the Treasurer of the Board.

Records Retention

The school shall use of the Colorado School District Records Management Manual (records management manual) developed by the Colorado State Archives Department to assist the school in determining the appropriate retention period for various types of records. School records regarding the school's organization, functions, policies, decisions, procedures, operations, or other activities may be considered public records subject to retention.

The School shall retain physical records at the School's address. The School shall retain electronic records in secured cloud applications and on School-owned and contracted service provider-owned servers.

The school shall retain records for the time periods specified by the records management manual, as may be amended from time to time, unless a longer retention period is required by state or federal law.

Documents and other materials that are not records required to be retained by the records management manual, or state or federal law, and are not necessary to the functioning of the school, may be destroyed when no longer needed.

Legal References

C.R.S. 24-72-113 (limit on retention of passive surveillance records)

C.R.S. 24-80-101 et seq. (State Archives and Public Records Act)

Conflict of Interest and Ethical Principles

Conflict of Interest

In carrying out their fiduciary duties, a Board member or staff member shall avoid actual and perceived conflicts of interest. A Board member or staff member shall not:

1. Use their positions for a private advantage or personal financial or material gain.
2. Accept a gift of substantial value (or a substantial economic benefit which is the same as a gift of substantial value) which would tend to improperly influence a reasonable person in their position or which he or she knows or should know is primarily for the purpose of rewarding them for official action taken.
3. Engage in a substantial financial transaction for their private business purposes with a person whom they supervise in the course of their official duties.
4. Perform an official act which directly and substantially confers an economic benefit on a business or other undertaking in which he or she has a substantial financial interest or in which he or she is engaged as a counsel, consultant, representative or agent.
5. Participate directly or indirectly in the purchasing process if the employee has a direct relationship with a vendor doing business with the school.
    a. A direct relationship may include the business being owned by a spouse or immediate family member or the employee being employed by the business. Immediate family members include spouse, child, step-child, parents, siblings, in-laws, grandparents, grandchildren, or relative living in the household of the employee.

b. Direct or indirect participation means involvement through decisions, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specifications or procurement standard, rendering of advice, investigation, auditing or acting in any other advisory capacity.

The school shall not purchase goods or services from a business owned by an immediate family member of a board member or employee, unless the goods or services are procured through a competitive process by and determined to be in the school's best interest.

Board Ethical Principles

The following ethical principles for board members are intended as guides to conduct and do not constitute violations as such of the public trust of office. These principles provide that a board member should not:

1. Accept gifts over the Colorado Independent Ethic's Commission threshold.
2. Acquire or hold an interest in any business or undertaking which he or she has reason to believe may be directly and substantially benefited by official action to be taken by the school.
3. Within six months following the termination of their position, obtain employment in which they will take direct advantage, unavailable to others, of matters with which they were directly involved during their term of office.
4. Perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when they have a substantial financial interest in a competing firm or undertaking.

Disclosure Requirements

A Board or staff member, who has personal or private interest in any matter (defined by the Conflict of Interest and Ethical Principles sections above), proposed or pending before the board shall disclose such interest to the board, shall not vote on the matter and shall refrain from attempting to influence the decisions of other members of the Board.

A Board member may vote if their participation is necessary to obtain a quorum or otherwise enable the board to act and if disclosure has been made to the Secretary of State giving the information required by statute. The written disclosure to the secretary of state must include:

1. The amount of their financial interest.
2. The purposes and duration of services rendered.
3. The compensation received.
4. Any other information to describe the interest.

If the Board member votes on the matter, the member shall make a public disclosure on the record at the time of voting.

Violation of the above Conflict of Interest and Ethical Principles policies may lead to disciplinary action, including dismissal.

Legal References

C.R.S. 24 18 104

C.R.S. 24-18-105

C.R.S. 24-18-109(3)

C.R.S. 24-18-110

C.R.S. 24-18-201

2 CFR 200.318-200.326