

SECTION 5

FINANCE AND ACCOUNTING

5.01 ACCOUNTING POLICIES

It shall be the policy of Collegiate Hall Charter School ("Collegiate Hall") to create and maintain accounting, billing, and cash control policies, procedures and records which are consistent with modified cash basis procedures, as prescribed by the State Department of Education, and which meet the requirements of state and federal statutes and regulations. These accounting, audit, and financial management policies are designed to:

1. Protect and secure the assets of Collegiate Hall;
2. Ensure the maintenance of accurate records of Collegiate Hall's financial activities;
3. Ensure compliance with governmental and private funding reporting requirements.

Collegiate Hall shall engage the services of persons or entities which will provide necessary financial and accounting services required by these policies (the "School Treasurer and/or Encumbrance Clerk and/or Payroll Clerk.>").

Fiscal Accounting and Reporting

The Head of School of Collegiate Hall (the "Head of School") or his/her designee shall be responsible for properly accounting for all funds received and all expenses incurred in the operation of Collegiate Hall. Material deviations from the approved budget will be approved by the Finance Committee. The Head of School shall exercise his/her responsibility to the highest ethical standards and shall conform to generally accepted principles for school accounting. Such accounting shall be done in a manner that is easily reviewed by the Board and lends itself to auditing and reporting to the Authorizer. Financial statements shall be prepared for presentation and reporting for every regularly scheduled board meeting. Financial statements will be made available to board members in the board packets prior to the scheduled meeting.

Preparation and Adoption of the Annual Operating Budget. The annual budget is the financial plan for the operation of Collegiate Hall. The annual operating budget will be based on a fiscal year that runs from July 1 to June 30. It provides the framework for both expenditures and revenues for the fiscal year and translates into financial terms the educational programs and goals of the school. The operating budget should ultimately support the vision and mission of Collegiate Hall. The Board assigns to the Head of School or his/her designee the overall responsibility for the preparation and administration of the budget. The annual budget shall contain the following sections and corresponding detail: Revenues, Operating Expenses (broken down into categories including, but not limited to, staff salaries, employee benefits, purchased services, supplies and materials, capital outlays, and facility costs), and Revenues over Expenses, and Transfers to Capital Reserves. In addition, the Board will annually review a three-year budget, historical income and expense statements, and a cash flow forecast for the upcoming year. The annual budget and supporting documents for the upcoming year shall be submitted for review by the board during the April board meeting.

Preliminary Estimate of Needs: Not later than December 31 of each year, the Board shall prepare, on a form prescribed by the State Board of Education, a preliminary estimate of the amount(s) of money and tax rate(s) which it then believes will be required for the district for the upcoming fiscal year.

Cash

1. Bank accounts are to be established as required by donors and funding requirements.
2. All checks written on Collegiate Hall accounts will require two signatures.

3. Individuals authorized to sign checks may include the Head of School, the Board Chair, and the Treasurer of the Board, and such other persons who have been authorized to sign checks by formal approval of the Board of Directors.
4. Banks are to be promptly notified of all changes of authorized check signers.
5. All checks are to be numbered numerically and printed through the approved Oklahoma Cost Accounting System program and accounted for as used, voided or not used.
6. Voided checks are to be properly defaced and maintained by the School Treasurer.
7. Bank reconciliations to the general ledger are to be completed monthly by the School Treasurer and provided to the Head of School and Finance Committee.

Petty Cash

1. The board of education of establishes a policy that all purchases under one hundred dollars (\$100.00) shall be made with the School's credit card, in order to eliminate the use of cash.

Cash Receipts

1. Someone other than the person making deposits is responsible for opening the daily mail, making a log of cash receipts, restrictively endorsing the payment, making note of any restrictions on the log entry, and account coding the receipt by receivable or revenue account.
2. The Head of School or designee prepares a bank deposit slip, listing each item.
3. Receipts are deposited monthly. The bank's stamped duplicate deposit slip is attached to the remittance documentation.
4. The daily deposit log and duplicate deposit slip are forwarded to the School Treasurer for verification and data entry.
5. Cash is deposited in the appropriate bank account based on funding restrictions.

Withdrawal of Funds

Authority to Sign

Orders of withdrawal shall bear the signature of two of the following officers or staff members:

1. Head of School
2. Board Treasurer
3. Board Chair
4. Other persons who have been authorized to withdraw funds by formal approval of the Board of Directors.

In addition, all checks shall require two signatures; and any checks payable to any one of the above-named persons, shall be signed by someone other than the payee.

Bonding

The Head of School, School Treasurer, Encumbrance Clerk, Activity Fund Custodian, Payroll Clerk and Minutes Clerk shall be bonded. Collegiate Hall will assume the cost of securing such insurance coverage. The amount of insurance coverage will be reviewed annually by the Finance Committee and shall meet or exceed statutory requirements.

Monthly Review

The Finance Committee shall, on a monthly basis, review all disbursements posted to the encumbrances report. The Finance Committee shall present the encumbrances report to the Board for approval at the monthly Board meeting.

Approval of Capital Expenditures

Purchasing

Any equipment or services with an estimated value of \$15,000 or more, shall be purchased through competitive bidding, only as required by law, or comparative pricing by at least three vendors whenever possible. Comparative pricing or competitive bidding should also be used periodically for regularly purchased materials, supplies, services, and insurance.

Vendors

The school will maintain a list of approved vendors. Vendors will be given preference in the following order: (1) Local; (2) State; (3) State Contract Vendors; and (4) Other.

Property

The board chair must approve the purchase or disposition of any asset with a value of less than \$10,000. The purchase or sale of any asset of higher value shall be approved by the board of directors. Purchase or sale of any real estate must be approved by the board of directors.

Disbursements

1. Disbursements are made by check.
2. The Head of School approves all invoices for payment.
3. Vendor invoices are recalculated on site to ensure accuracy. This recalculation must occur prior to the preparation of a check to pay the invoice. After the recalculation is complete, the employee who performed the recalculation must initial the vendor invoice, indicating that the amount is correct, all materials have been received and/or services rendered, and the invoice can be paid.
4. Checks for payment are signed only when supported by approved invoices (checks will not be processed and signed in advance of proper invoicing approval procedures).
5. Check signers compare data on supporting documents to checks presented for their signature.
6. Bank transfers are scheduled and confirmed to ascertain that both sides of the transaction are recorded.
7. The employee responsible for mailing checks will not be responsible for recording cash disbursements. These two functions must be handled by different employees to ensure that the appropriate checks and balances are in place.
8. Supporting documentation is noted as paid, check number, date paid, and general ledger account code. Supporting documentation is noted as approved for payment.
9. Account codings for each payment are reviewed for accuracy.
10. Finance and accounting staff and/or the School Treasurer will ensure that all costs paid through the utilization of external funding sources are recognized as ordinary, necessary, within the budget, are arm's length transactions, and do not deviate from established practices of the organization. A cost will be considered reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.
11. Board will approve prior month's warrants/encumbrances at the regular monthly board meeting.

General Ledger Account Coding

1. All cash receipts and disbursements are account coded and reviewed by the Head of School.
2. A policy will be followed that documents the rationale used to allocate shared expenses among functions, grants, and/or contracts, etc., and reviewed periodically.
3. Funding from multiple sources may be kept in an account with other funding; however, it must be tracked independently.

Revenue

1. Revenue is earned using the modified cash basis of accounting.
2. Cost reimbursement grants or contracts earn revenue when the expenses are incurred (not committed).
3. When the Collegiate Hall Board of Directors deems it either necessary or prudent to do so, the Board of Directors may, to the extent permitted by applicable law or regulation, remove restrictions placed on any revenue by the donor(s) of that revenue.

Expenses

1. Expenses are charged directly to programs when specific identification is available.
2. Expenses are charged to programs based upon a shared cost rationale when the direct charge cannot be established.
3. Expenses are prohibited to be used for any purpose that is ineligible under a funding award.
4. Expenditures for each grant, loan, or contract are to be recorded according to the budget categories for that particular funding source. For each funding award, Collegiate Hall will maintain records that allow for a comparison of outlays with approved budget amounts.
5. When there are government funds involved, Collegiate Hall will follow applicable OMB cost principles and/or Oklahoma Cost Accounting System (OCAS) requirements.
6. When there are government funds involved, programs and grants will not be charged for items which are un-reimbursable under applicable OMB principles or policies such as, but not limited to: entertainment, fundraising expenses, bad debts, fines or penalties or interest on debt.
5. Before Collegiate Hall seeks reimbursement from a funder, it will ensure that the costs for which it is seeking reimbursement are allocable to that funder. A cost will be considered allocable to an external funding source (unless otherwise prohibited) if it is treated consistently with other costs incurred for the same purpose in like circumstances and if:
 - a) the cost is incurred specifically for the award.
 - b) The cost benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
 - c) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.
6. Any cost allocable to a particular award or other cost objective may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of any award of funds.

Collection of Delinquent Accounts

1. Collegiate Hall may utilize outside collection agencies if diligent efforts to collect money due have been unsuccessful.
2. The Head of School has discretionary authority to submit delinquent debts (over 90 days) to an outside collection agency.

Write-off of Delinquent Debts/Charges

1. Records must indicate that diligent efforts to obtain payment have been exercised before the decision is made to write off any debt.
2. The request for approval of a write-off must include a short narrative of actions taken to collect and the rationale for the debt being considered uncollectable.
3. The Head of School has the discretion to approve debt write-offs of less than \$250. Any amount above the board-authorized amount that is requested to be considered a write-off must be approved by a vote of the Board of Directors. Reference to this action will be included in the board packet for the next regularly scheduled Board of Directors Meeting.

4. The budget line item for fees and collections must be updated by means of a budget revision to reflect uncollectable fees/debts.
5. If collection is made of a debt previously written-off as uncollectable, it will be recognized as revenue in the current period.

Fixed Assets

1. Fixed assets refer to Collegiate Hall tangible properties that have useful lives that benefit the school over a period of years. These properties include all equipment, textbooks, computers, and vehicles.
2. Purchase of fixed assets should be made in accordance with account payable procedures.
3. It is the policy of the school to capitalize fixed assets with cost of \$500 or more with the useful life benefiting the school of three years or more.

5.02 FINANCIAL REPORTING PROCEDURES

1. The School Treasurer will be responsible for compiling monthly and year-to-date reports on all cost centers by revenue source, expense code, and asset and liability account balances.
2. Financial reports are reconciled to the general ledger and accounting records prior to submission to the funding source.
3. If an expenditure is different from an external funding source's approved budget, prior approval must be obtained from the funding source prior to the submission of the financial report.
4. Monthly financial reports which analyze Collegiate Hall's financial position and the effectiveness of its management and programs will be presented to the Finance Committee of the Board of Directors and also reported within the board packets.
5. Periodic reports will be provided to all funding sources as requested or required by contract.
6. Finance and accounting staff and/or the School Treasurer will maintain records that identify adequately the source and application of funds for all activities. These records shall contain information pertaining to awards, authorizations, obligations, assets, outlays, income and interest. Records to be maintained include copies of contracts, invoices, proof of payments and allocation tracking when costs are distributed among several funding sources.

5.03 BORROWING POLICY

Management and Accounting of Funds

The Board and the employees of Collegiate Hall are charged with a public trust to receive, expend, and account for the monies and property of Collegiate Hall. These resources are to be managed in an efficient and lawful manner, with the objective of maximizing their availability for and contribution to Collegiate Hall's educational programs. No indebtedness shall be created in excess of the funds on hand available for payment of such indebtedness, except as provided by law. No School funds shall be used to pay for any indebtedness created in excess of the total adopted budget for expenditures for such funds, except as provided by law. The Head of School shall be responsible for receiving and properly accounting for all funds of the School, pursuant to School policy and applicable law.

Use of School Credit Card

Credit card will be used only for school-related expenditures. All charges must be supported by invoices or receipts to be eligible for payment by the school. Monthly credit card statements are reconciled to invoices and receipts and are approved by the Head of School.

Credit Card Purchases

Occasionally, purchases need to be made on the corporate credit card. The Collegiate Hall credit card benefits Collegiate Hall and the cardholder through prompt payment to suppliers and vendors, and delegates responsibility for low value purchase authority to those making the commitment.

The only credit card is held by the Head of School who is granted Collegiate Hall purchasing authority. Use of the credit card is a tool for purchasing materials and services. Violations to any policy regarding the purchase of goods or services will be investigated and may result in either one or more of the following actions: written warning, revocation of credit card privileges, disciplinary action, and termination and/or criminal prosecution. Human error and extraordinary circumstances may be taken into consideration when investigating any violation to this agreement.

The Collegiate Hall Board of Directors has the authority to investigate and to determine whether a violation of procurement policy has occurred, and to recommend actions that may be taken because of such determinations. Collegiate Hall will consider the facts and circumstances of each incident, and will take action as deemed appropriate, and as permitted by applicable law and/or Collegiate Hall policy.

Credit Card violations include but are not limited to:

- Purchase of items for personal use
- Use of the credit card for cash advances
- Exceeding bank credit line limit
- Failure to return the credit card when an employee resigns, is reassigned, is terminated, or upon request
- Failure to turn in packing slips, receipts, or other back up documentation to the Director of Operations/Business Manager two weeks prior to the statement due date for the purpose of establishing accountable reconciliation procedures.

To insure financial control and prudent employee usage the following procedures are instituted:

- The credit card is to be used for Collegiate Hall business purposes only.
- All individual expenses require an itemized receipt.
- In the event of unavoidable co-mingling of personal and professional usage, a personal check payable to Collegiate Hall for the personal portion must accompany the business receipts and be submitted two weeks prior to the date payment is due.
- If the Head of School or his/her designee does not receive all receipts and/or reimbursements two weeks prior to the date payment is due, the school's management team reserves the right to cancel the employee's credit card.
- All expenses not documented will be considered personal and deducted from the employee's payroll.

The credit card remains property of the Bank. The Cardholder is accountable for the activity on the card. The Bank or Collegiate Hall may suspend or cancel Cardholder privileges at any time for any reason. The Cardholder will surrender the credit card upon request to Collegiate Hall or any authorized agent of the Bank.

The Head of School and/or Director of Operations/Business Manager perform regular audits of credit card receipts to ensure that documentation is thorough and accurate throughout the school year. The school will keep statement data and proof of reconciliation, including receipts and packing slips, on file for a period consistent with statutory record retention requirements.

It is the Cardholder's responsibility to follow-up on any erroneous charges, returns, or adjustments to ensure proper credit is given on subsequent statements.

The credit card is valuable property which requires proper treatment by the Cardholder to protect it from misuse by unauthorized parties. Sign the credit card immediately upon receipt. The credit card should always be treated with the same care as personal credit cards, bankcards, cash and checks. Keep your card in an accessible, but secure location. When using the credit card for internet purchases, cardholders should ensure that the site utilizes industry recognized encryption transmission tools.

When the expiration date is passed and/or after you have received a new credit card, cut the old credit card in half and dispose of it. Make sure the credit card is returned to you after each charge and verify that the returned credit card has your name on it.

If the credit card is lost or stolen, contact the school's Head of School immediately.

5.04 INVESTMENT POLICY

The Collegiate Hall Board of Directors will approve the placement of assets not needed for immediate operations assuring compliance with all contractual requirements and using the principles identified below and as allowed by 70 O.S. § 5-115.

Principles

1. Minimize Risk: The Board will define a minimum risk strategy that will be reviewed annually to ensure appropriate discharge of responsibilities to donors, lenders, and contractual relationships.
2. Maximize Investment Return: Within the parameters defined as "minimum risk," funds will be invested at the highest area interest/return available at the time of decision.
3. Support Local Banks and Institutions if Economically Feasible: "Local" is defined as having a physical presence for customer service within the Tulsa, Oklahoma service area.

Procedures

1. Each month, the Head of School or his/her designee will review with the Finance Committee the projected cash needs of the corporation and the assets available for investment.
2. Each month, the Finance Committee will provide the Head of School or his/her designee with guidance regarding investment and institutions.
3. The Finance Committee will designate a representative to consult with the Head of School or his/her designee between meetings on such matters as investment period timeliness and institutional issues.
4. The Head of School or his/her designee will contact local institutions as needed to determine the best rate of return for investments.
5. The Board of Directors will define, annually, a policy for a minimum cash reserve and investment of excess reserves.

5.05 BANKING POLICY

1. Collegiate Hall will keep all funds available not already invested in a federally insured bank.
2. Support Local Banks if Economically Feasible: All assets kept in bank accounts will be in banks defined as local. "Local" is defined as having a physical presence for customer service within the Tulsa, Oklahoma service area.
3. No single account shall contain funds that exceed Federal insurance limit, unless the treasurer requires that the financial institutions deposit collateral securities or instruments to secure the deposits of the school. The

amount of collateral securities or instruments to be pledged for the security of deposits shall be established by the Treasurer consistent with the provisions of the Security for Local Public Deposits Act; provided, such amount shall not be less than the amount of the deposit to be secured, less the amount insured.

5.06 BUDGET PRINCIPLES/PROCEDURE

Structure of the budgetary process shall evolve from the mission and by-laws of Collegiate Hall, with consideration given to the requirements of any of the organization's funding partners.

Budget Principles

1. The budgetary process shall comply with the organization's funding partners and in accordance with applicable state and federal laws and with Collegiate Hall's charter.
2. The budgetary process shall comply with the guidelines and principles set forth by the Board of Directors.
3. Annually, each program area shall identify and develop a plan for its operation. The budgets needed to execute the plan shall be developed by appropriate personnel, with concurrence from the Head of School.

Procedures

1. The organization's Head of School will prepare and submit an operating budget to the Board of Director's 60 days prior to the beginning of the new fiscal year and prior to submission to funding sources.
2. If budget submission is due to funding sources prior to 60 days before the beginning of the fiscal year, the organization's Board of Directors will review a preliminary budget and adopt it if necessary.
3. The approved preliminary or final operating budget will become the blueprint for the budget submission to all outside funders.
4. Differences in budget line items between the organization's operating budget and a funder's approved budgets will be resolved in negotiations between the Head of School and the funding agency.

Adjustments in Budget/Spending Plans

1. Any adjustments or changes in spending policies/budget plans which vary by more than 10% from the original approved budget will be initialed by the Head of School and submitted for approval to the Board of Directors.
2. These changes will be communicated in writing to funding sources as required by contractual agreements.
3. If proposed changes are unsatisfactory to the funder, the Head of School will communicate this response to the Board of Directors, who may authorize:
 - a. Changing the budget/plan to one which is satisfactory to the funder, or
 - b. Entering into negotiations to develop a compromise satisfactory to the funder and the Board of Directors.
4. After approval of the changes by all parties, the changes will be communicated in writing to all affected management staff.

5.07 AUDIT PROCEDURE

1. Collegiate Hall will contract for an independent audit to be performed by a Certified Public Accountant (CPA) approved by the State Auditor & Inspector prior to the conclusion of each fiscal year.
2. The Finance Committee of Collegiate Hall shall constitute the audit committee. The independent auditor shall report directly to the Board of Directors.
3. The auditor(s) will test accounting mechanisms in accordance with generally accepted auditing standards for not-for-profit organizations and as contractually required by funding sources.
4. The auditor(s) will complete the audit within four months of the conclusion of the fiscal year and submit a report to the Board that includes the audited financial statements and an opinion regarding those financial

statements. The auditor will also include in the report any information and documentation required by the District.

5. If during its established fiscal year, Collegiate Hall expends over \$300,000 in federal funding, it will contract for an audit that meets the requirements of applicable OMB guidelines or policies.
6. A formal written report of the audit will be presented to the Board of Directors and to each funding source to whom delivery is either prudent or required.

Timelines

1. Preliminary Estimate of Needs Due December 31st each year.
2. Final Estimate of Needs Due by September 1st each year.
3. Audit completed within 120 days of fiscal year end.
4. Annual Budget completed by April 30 each year for next school year.
5. Annual review of bonding amount.