

# FINANCIAL MANAGEMENT POLICY

**THE SCHOOL RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS DOCUMENT, IN WHOLE OR IN PART.**

## **POLICY:**

The school maintains a financial management system that includes fiscal control and fund accounting procedures to ensure proper disbursement of and accounting for all school funds.

## **PROCEDURES:**

### **Financial Management - General**

The school and finance office are responsible for the following to ensure that best practice and procedures are met:

- Maintains files on all purchase orders
- Enters all accounts payable information in the school's accounting software and Bill.com
- Processes disbursements through Bill.com
- Provides expenditure records monthly
- Maintain accurate account ledgers
- Prepare monthly financial statements
- Maintains files on accounting data
- Reconciles bank statements monthly

In addition, the school and finance office will ensure that the school contracts with an external auditor to complete an audit each year to ensure that the school is following established practices for making disbursements and recording deposits.

### **Financial Management Standards-General**

The school maintains financial management standards that conform to State and Federal requirements including:

- **Identification:** The school identifies, in its accounts, all federal/state awards received and expended and the programs under which they were received.
- **Financial Reporting:** The school maintains accurate, current, and complete disclosure of the financial results of each Federal or State award or program.
- **Accounting Records:** The school maintains records which adequately identify the source and application of funds provided for federally-assisted activities.
  - These records contain information pertaining to grant or sub grant awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and are supported by source documentation.
- **Internal Controls:** "Internal controls" are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:
  - Effectiveness and efficiency of operations;
  - Adequate safeguarding of property;
  - Assurance property and money is spent in accordance with grant program and to further the
  - Compliance with applicable laws and regulations.

The school maintains effective control and accountability for all funds, real and personal property, and other assets. The school adequately safeguards all such property and assures that it is used solely for authorized purposes. In addition, the school ensures proper segregation of duties.

- **Budget Control:** The school ensures actual expenditures or outlays are compared with budgeted amounts and obtains amendments as required.

### **Accounts Payable**

Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

### **General Information**

All disbursements of school funds must be made in accordance with procedures outlined below. The school is accountable to the taxpayers who provide these funds. The school will contract with an external auditor to complete an audit each year to ensure that it is following established practices for making disbursements.

### **Contracted Services**

Occasionally, payments are made to individuals or organizations that have contracted to perform certain services. These payments are taxable and an IRS Form W-9 should be completed by individuals or organizations performing the contracted services. Transactions for these services must be flagged in the accounting system as a 1099 invoice. This process will ensure that a 1099 is produced by the system for these vendors. Final contract approval by the school Principal is required prior to service engagement.

### **Purchase Approval:**

All school expenditures must be approved in writing. All purchases by school staff must have an approved purchase order on file for expenses exceeding \$1,500, unless otherwise required by a vendor/agency.

Recurring purchases that may vary as to the amount (i.e., gas, referees) may be covered by a blanket purchase order, which may be completed by the school for a specific vendor for a specified period of time.

Purchases made under emergency circumstances may be made without advance written approval by the Principal using her/his debit card, credit card, or manual check but this method should be limited in frequency. After an emergency purchase is made, the school will create a Purchase Order and send to Accounting to complete the audit trail. Emergency purchases without written approval are limited to \$5,000 per purchase and may not be subdivided to get around this threshold.

### **Expense Reimbursements**

All expenditures made by school staff with a personal card must be handled with a purchase order through the Principal's office. Purchases made with a personal card must continue to follow the thresholds outlined in the *Procurement Policy*.

However, in the event of an emergency and the normal process of obtaining goods or services is not feasible, school staff can seek reimbursement for the goods or services they purchased with personal cards once approved by the school Principal. All emergency purchases cannot exceed \$500.00 in cost. When goods or services are being purchased by an individual, an *Expense Reimbursement Form* are required to seek reimbursement. A proof of purchase must be attached with the *Expense Reimbursement Form*.

Employee must submit an *Expense Reimbursement Form* within a reasonable timeframe from the day of the purchase.

The processing time for a reimbursement is approximately one week.

### **Travel Reimbursement**

All school staff must follow the guidelines outlined in the *Travel and Meal Policy* when conducting travel related expenses. To be eligible for reimbursement, all travel for school staff must be properly authorized by the school Principal in writing. Travel to schools as required by job duties are not subject to the Pre-Authorization Form. Staff must inform and receive approval from their immediate supervisor prior to traveling. To claim expenditures, school staff must submit an *Expense Reimbursement Form* within 10 business days after returning from a travel. The *Expense Reimbursement Form* must contain expenses that actually incurred.

### **Payment Schedule**

Invoices and reimbursement request to vendors and employees are processed through Bill.com each week. Invoices are entered into Bill.com by the school and approved for payment by the Principal. Disbursements are then released in Bill.com by the Pinnacle CFO.

### **Invoices**

All invoices, unless otherwise noted must be reviewed and approved by the Principal. The Principal must review the invoice to confirm that the goods or services outlined on the invoice have been received by the school. All invoices must contain the date of purchase, name and address of vendor, quantity and description of goods or services rendered, and the amount.

### **Recurring Monthly Invoice**

Vendors that have active contracts on file may submit recurring monthly invoices to be processed without prior Principal approval. The finance office is responsible for reviewing all recurring monthly invoices to ensure that the invoice matches the cost outlined in the contract.

The amount on the recurring monthly invoice must be comparable each month. Comparable is defined as no more than a difference of 5% in cost. The Principal must review the recurring monthly invoice if a large difference is noted on the invoice.

The Principal is responsible for ensuring that contracts are aligned with the school budget. The finance office shall be responsible for verifying contracts are aligned with school budgets.

### **Manual Checks**

Occasionally, payments can be made to individual or organization via a manual check. This method is used only when the due date on the invoice cannot be met using the normal process. The invoice or other supporting documentation requiring a manual check **MUST** be signed by the school Principal. An explanation on why a manual check is needed is required.

After the payment, a copy of the invoice, or other supporting information and manual check must be retained by the school Principal to create an audit trail.

### **Credit Card**

The school does not issue credit cards to its staff.

### **Segregation of Duties:**

All school expenditures must be approved in writing by the school Principal. In addition, all purchases by school staff have a purchase order on file.

## Document History

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Adopted by Board	3/23/21	Erik Miller
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