

**DIXON MONTESSORI CHARTER SCHOOL  
FISCAL CONTROL POLICY**

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**1. Purpose**

The Dixon Montessori Charter School Board of Directors (“Board”) has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds available to support the mission of the school and to ensure that funds are budgeted, accounted for, expended, and maintained appropriately.

**2. Duties**

- a. The Board determines financial policies and procedures, delegated administration of the policies and procedures to the Executive Director, and reviews operations and activities on a regular basis.
- b. The Executive Director has responsibility for all operations and activities related to financial management.
- c. Financial duties and responsibilities shall be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
  - i. Cash receipts are to be received in double custody by either two staff members or one staff member and Treasurer or President of the Board of Directors.
  - ii. Disbursements are to be made only within signing authority. Signing Authority to be assigned and approved by Board of Directors. Routine budgeted expenses are to be exempt of above mentioned signing authority.
  - iii. Payrolls are to be submitted and reviewed by School Director on a monthly basis. Further, any exception to normal payroll/budgeted payroll expenses should be reviewed and reported to the board on a quarterly basis if the budgeted payroll expense exceeds 10% of budgeted cost.
  - iv. Reconciliation of Bank Accounts should be completed by DMCS upon receipt of monthly budget report which should include expenditures to date
  - v. Purchases/hiring outside of budgeted expenses shall be presented to the Board of Directors with a cost benefit analysis to the school. The cost benefit analysis shall include but not be limited too the following. Budgeted cost of acquisition, actual job/function of purchase, financial benefit to DMCS, any ancillary benefit to the school.
- d. All documentation and communication related to financial matters shall be in writing.
- e. Board of Directors shall appoint signers to each bank account with specific signing authority determined by Board of Directors.

### **3. Financial Code of Ethics**

All Governing Board members and employees of Dixon Montessori Charter School shall:

- Act with honesty and integrity, including handling actual or apparent conflicts of interest between personal and professional relationships in an ethical manner;
- File complete, accurate, timely, and understandable disclosure statements as required by applicable laws, rules, or policies;
- Comply with applicable federal or state laws and local ordinances, and with other applicable rules;
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing one's independence of judgment to be subordinated;
- Share knowledge and maintain skills important and relevant to job requirements;
- Respect the confidentiality of information acquired in the course of work and made confidential by law; and
- Proactively promote ethical behavior in all financial dealings and other activities within Dixon Montessori Charter School.

### **4. Annual Financial Audit**

- a. The Board shall commission an annual financial audit by an independent third party auditor who shall report directly to them.
- b. The Board shall annually appoint an audit liaison or committee by March 1 to select an auditor by May 1 prior to year end (June 30<sup>th</sup>).
- c. Any persons with expenditure authorization or recording responsibilities within the school may not serve as the liaison or on the committee.
- d. The liaison or committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit.
- e. The audit shall include, but not be limited to:
  - i. An audit of the accuracy of the financial statements;
  - ii. An audit of the attendance accounting and revenue accuracy practices;
  - iii. An audit of the internal control practices.
- f. The Board shall approve the final audit report and a copy shall be provided to the chartering authority, the County Superintendent of Schools, the State Controller and the CDE.
- g. The Charter School's Executive Director along with an audit committee will review any audit exceptions and deficiencies and report to the Board with recommendations on how to resolve them.

- h. Any audit exceptions and/or deficiencies shall be resolved to the satisfaction of the Board and the chartering authority.

## **5. Purchasing**

- a. The Executive Director may authorize expenditures and may sign related contracts within the approved budget up to \$5,000 without prior Board approval. Any expenditure between \$2000 and \$5000 shall be reported to the Board at the following monthly meeting. Any board approved expenditure or contract executed in excess of \$5000 must be reported to the Board subsequent to the Executive Director's authorization of expenditure or execution of contract. The accounting information shall be available at all meetings for the Governing Board to review any and all expenditures.
- b. All expenditures over \$5,000 must be approved by the Board prior to execution by the Executive Director. The Executive Director may not verbally or otherwise obligate the school prior to Board approval of such expenditures.
- c. The Executive Director or Board must approve all purchases. When purchase orders are used they shall be submitted to the executive assistant following the procedure outline in the Dixon Montessori Charter School Employee Handbook. Purchase orders authorizing the purchase of items must be signed by the Executive Director.
- d. When approving purchases, the Executive Director must:
  - i. Determine if the expenditure is budgeted;
  - ii. Determine if funds are currently available for expenditures;
  - iii. Determine if the expenditure is allowable under the revenue source;
  - iv. Determine if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations;
- e. Determine if the price is competitive and prudent. All purchases over \$2,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. Individuals who use personal funds to make unauthorized purchases shall not be reimbursed.
- f. Individuals other than the Executive Director are not authorized to make purchases without written pre-approval. This includes members of the Board and subcommittees of the Board.
- g. Written pre-approval shall be in the form of an approved Purchase Order Requisition form.
- h. Written pre-approval may also be in the form of a budget submitted to the Board for a specific project or activity and approved by the Board during a scheduled meeting.

- i. The Executive Director may delegate authorization power to a member of the Board or the Office Manager in the event of the absence of the Executive Director.
- j. Receipts to be reimbursed from an Open Purchase Order with a date of approval or receipt dates older than 90 days shall not be reimbursed.
- k. Authorized purchases shall be submitted to the Office Manager along with appropriate documentation of the purchase within 30 days of the purchase. Reimbursement shall be made by a bank check reviewed and signed by the Executive Director within four days following submission.
- l. Expense sheets for the Executive Director shall be approved by a member of the Board and then submitted to the board president for payment.

## **6. Volunteer Expenses**

- a. Only expenses with prior written authorization from the Executive Director will be paid or reimbursed.
- b. All requests for reimbursement must be accompanied by an original, itemized vendor receipt.
- c. Authorized volunteer expenses shall be forwarded to the Office Manager for reimbursement according to the same timeline and procedure as above.

## **7. Contracts**

- a. Consideration shall be made of in-house capabilities to accomplish services prior to contracting for them.
- b. All contracts over \$5,000 must be approved by the Board prior to execution by the Executive Director. The Executive Director may not verbally or otherwise obligate the school prior to Board approval of such contracts.
- c. The Executive Director shall keep and maintain a contract file showing the competitive bids obtained (if any) and the justification of need for any contracts over \$2,000. While charter schools are not bound by the Public Contracts Code requiring multiple bids, all contract decisions made on behalf of the School must be in the best interests of the School, and the Board/Executive Director shall solicit multiple bids in those situations deemed appropriate and with the potential to obtain substantially similar or identical goods or services at a lower cost.
- d. Written contracts clearly defining work to be performed will be maintained for all contract service providers.
  - i. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance for employees. Dixon Montessori Charter School shall be named as an additional insured on these policies.
- e. If the contract service provider is a sole proprietor or a partnership (including LP and LLP) the Executive Director shall obtain a W-9 from the contract service

provider prior to submitting any invoices to Accounts Payable. A copy of the W-9 shall accompany the first invoice submitted to Accounts Payable.

- f. The Executive Director shall approve proposed contracts and modifications in writing.
- g. Contract service providers shall be paid in accordance with approved contracts as work is performed.
- h. The Executive Director will be held responsible for ensuring the terms of the contract are fulfilled.
- i. Potential conflicts of interest shall be disclosed immediately, and the Executive Director and / or members of the Governing Board with the conflict shall excuse themselves from discussion and from voting on the contract in accordance with the Dixon Montessori Charter School Conflict of Interest Policy.

#### **8. Bank Check Authorization**

- a. The Office Manager shall carefully review each invoice, attach any further supporting documentation, and verify that the specified services and/or goods were received. When receiving tangible goods from a vendor the person designated to receive deliveries shall trace the merchandise to the packing list and note any items that were not received on the packing list. The packing list shall be attached to the invoice and accompany it to Accounts Payable so that missing items may be adjusted for prior to payment.
- b. The Office Manager shall be responsible for immediately forwarding all original invoices to the Executive Director for approval, ensuring that all supporting documentation in the Office Manager's possession is attached.
- c. Invoice approval shall be indicated by the words "okay to pay", the date, and the initials or signature of the Executive Director. Only then shall the invoice and its supporting documentation be forwarded to Accounts Payable.
- d. The Executive Director may authorize Accounts Payable to pay regular, recurring expenses such as utilities without the Executive Director's formal approval (signature) on the invoice when dollar amounts fall within a predetermined range. The Office Manager shall prepare and maintain a list of vendors and the dollar range for each vendor, forwarding this list to Accounts Payable at least annually.

#### **9. Bank Checks**

- a. The Board shall approve the list of authorized signers on the school accounts and their established limits.
- b. The Governing Board shall be authorized to open and close bank accounts.
- c. Accounts Payable or designee shall be responsible for all blank checks and shall keep in a locked cabinet or drawer.

- d. When a bank check is needed, the Executive Director shall send appropriate approved documentation in writing to Accounts Payable. Enough lead time will be given so that payments are not late or rushed.
- e. Checks over \$5,000 shall have two authorized signatures.
- f. Checks may not be written to cash, bearer, or petty cash. Under no circumstances will any individual sign a blank check.
- g. Accounts Payable shall be responsible for ensuring that the check transaction is recorded into the appropriate accounts in the general ledger. Items shall be reviewed regularly by the Office Manager for accuracy.
- h. Accounts Payable shall attach the check voucher to the submitted invoice and supporting documentation and then return these items to the Office Manager, who will then file this documentation according to expense code.
- i. Voided checks shall be retained in a voided check file by Accounts Payable. They shall be marked as void and have the signature line cut out.

#### **10. Bank Reconciliation**

- a. Bank statements shall be received directly, unopened, by the Governing Board Audit Liaison.
- b. The Audit Liaison shall examine all paid checks for date, name, and amount. Any discrepancies regarding paid checks or any checks over 90 days will be researched.
- c. The Audit Liaison shall prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation. Any material discrepancies shall be immediately reported to the Governing Board and the Executive Director.
- d. A monthly summary report shall be prepared by the DMS or designee and approved by the Audit Liaison and then presented to the Governing Board.

#### **11. State and Federal Revenue Accounts Receivable**

- a. Documentation of warrants and revenues received shall be maintained by Accounts Receivable, and recorded accurately in the accounting system.

#### **12. Fundraising Accounts Receivable**

- a. For each fundraiser or other event in which cash or checks will be collected, a Volunteer Coordinator will be designated. This Volunteer Coordinator shall be responsible for collecting and holding all cash and checks for the purpose of the fundraising activity.
- b. The Volunteer Coordinator will record each transaction in a receipt book at the time the transaction is made, with a copy of the receipt given to the donor.

- c. The cash, checks, receipt book, and deposit summary shall be given to the Office Manager by the end of the next school day, and the funds put in a secure, locked location.
- d. Both the Volunteer Coordinator and the Office Manager shall count the deposit and verify the amount of funds in writing. If the Office Manager is not available, the Executive Director may authorize an alternate to perform this function. The alternate shall be a school employee or member of the Governing Board.
- e. Funds and the verification with dual signature shall be forwarded to Accounts Receivable for entry into the accounting system and deposit.

### **13. Donations**

- a. Cash or checks received as donations shall be immediately recorded in a bound receipt book, with a copy given to the donor. The receipt shall record the name and address of the donor and any specific instructions as to how the funds shall be used. A thank you letter shall follow for any donations in excess of \$250.
- b. In the case of field trip donations one entry may be made in the receipt book for the total field trip donation amount. Dual verification of the funds received against the funds recorded on the field trip donation forms submitted shall be performed by the Office Manager or designee and another school employee, a regular volunteer, or member of the Governing Board.
- c. Funds and the verification with dual signature (if applicable) shall be forwarded to Accounts Receivable for entry into the accounting system and deposit.
- d. Monetary, service and material donations shall be reported on a quarterly basis to the board.

### **14. Deposits**

- a. All checks shall be immediately endorsed with the endorsing stamp.
- b. A deposit slip shall be completed by Accounts Receivable or designee and duplicated with all deposit documentation attached.
- c. Deposits shall be made on no less than a weekly basis.
- d. The duplicated deposit slip and deposit receipt shall be attached to the deposit documentation and forwarded to the Office Manager to be filed.

### **15. Returned Check Policy**

- a. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). Payment for an NSF check and the processing fee must be made by cash, money order, or certified check.
- b. In the event that a second NSF check is received, checks will no longer be accepted from that individual. Payment of the NSF check, the processing fee, and

any subsequent payments by that individual must be made by cash, money order, or certified check.

- c. If unsuccessful in collecting funds owed, the school may initiate appropriate collection and/or legal action at the discretion of the Executive Director and/or the Governing Board.

## **16. Personnel**

- a. The Office Manager shall be responsible for all new volunteers and employees completing or providing all of the items on the Personnel File Checklist. The Executive Director shall be responsible for verifying this information is complete prior to an employee or volunteer working on campus and prior to an employee's hiring becoming effective.
- b. The Office Manager shall be responsible for maintaining this information in the format as shown on the Personnel File Checklist. The Executive Director shall be responsible for annually verifying that the information is current and accurate.
- c. The Executive Director shall be responsible for documenting the regular and customary schedule of all hourly employees in their personnel file. A copy of the initial schedule upon hire shall be forwarded to Payroll along with the first submitted timesheet for a new employee.
- d. When the schedule of an employee materially changes it is the responsibility of
- e. The Executive Director to document this schedule in the employee's file and forward a copy of the changed schedule to Payroll with the first timesheets affected by the new schedule.

### **f. Payroll**

- g. Timesheets
  - i. All hourly employees shall complete their timesheets daily. The Executive Director or other appropriate supervisor shall sign the completed timesheet.
  - ii. Completed timesheets shall be submitted to Payroll on the last working day of the designated payroll period. Pay periods are monthly and end on the 20<sup>th</sup> of each month.
  - iii. Incomplete timesheets shall be returned to the signatory supervisor. Employees are expected to make appropriate corrections prior to the submission deadline.
  - iv. By submitting their timesheets an employee is attesting that the hours reported are accurate and true.
  - v. Timesheets for a new employee that are not accompanied by an employee schedule shall be returned to the Executive Director for clarification.



- vi. Timesheets that materially vary from previous timesheets but are not accompanied by a schedule change or explanation shall be returned to the Executive Director for clarification.
  - vii. If an employee is unexpectedly absent and therefore prevented from working the last day of the pay period or turning in the timesheet, the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. Upon return, the employee must still complete and submit the timesheet.
- h. Overtime
- i. Advance approval in writing by the Executive Director is required for overtime pay. All overtime hours on timesheets shall have the Executive Director's initials next to the day on which the overtime was worked.
  - ii. Overtime shall not be granted or worked on a regular basis and is only reserved for extraordinary and unforeseen circumstances.
- i. Salaried Employees
- i. All salaried employees must sign into a log book to verify working days.
  - ii. When a salaried employee is absent the Office Manager is responsible for entering this absence into the log book and documenting the substitute who worked for the salaried employee on that day. A Request For Time Off sheet shall be completed and shall accompany the substitute's timesheet when it is forwarded to Payroll.
  - iii. When salaried employees are authorized to receive stipends for additional work they shall complete a timesheet itemizing this additional work. The timesheet shall be signed by the employee and the Executive Director and forwarded to Payroll on the last day of the payroll period.
  - iv. Payroll checks shall be prepared by Payroll and returned to the school no later than the last day of the month following the end of the payroll period.

## **17. Payroll Taxes and Filings**

- a. Payroll will prepare, and cause to be paid, the monthly state and federal payroll tax payments. Additionally, Payroll will prepare and submit the state and federal quarterly and annual payroll tax forms. Prior to submission these forms shall be reviewed by a designee.

## **18. Record Keeping**

- a. Both Payroll and the Office Manager shall independently track full-time employee's use of paid and unpaid time off.
- b. When a Request For Time Off sheet is submitted to Payroll it will be confirmed that Payroll's records and those of the Office Manager agree. Any discrepancies shall be resolved prior to paying the employee.

- c. If an employee's records do not match those of Payroll and the Office Manager records shall be reconciled to mutual satisfaction immediately.

#### **19. Travel**

- a. Employees shall be reimbursed for mileage when pre-approved by the Executive Director. Mileage shall be reimbursed at the government-mandated rate for the distance traveled from the school site. For incidental travel, mileage shall only be reimbursed if the one-way mileage exceeds twenty miles. Mileage may not exceed standard coach airfare for the trip.
- b. The Executive Director must pre-approve all out of town travel.
- c. Employees shall be reimbursed for overnight stays at hotels when pre-approved by the Executive Director and the event is more than 120 miles from either the school site or the employee's residence. Hotel rates shall be negotiated at the lowest level possible, including corporate, nonprofit, or government rate if offered. Employees shall provide receipts for approved expenses and will be reimbursed no more than the established IRS per diem rate for area traveled. Meals that are part of the related event will not be included in per diem.
- d. When traveling on school business, employees should attempt to secure the lowest available commercial discount airfare. Otherwise, customary standard airfare costs are allowable. Any airfare costs in excess of the customary standard airfare are allowable only when approved in advance by the Executive Director or Board of Directors. Travel agent fees will not be reimbursed. An employee may choose to upgrade his/her flight, but the employee will be responsible for the excess costs incurred.
- e. Travel advances shall not be given.

#### **20. Loans**

- a. The Executive Director and the Governing Board shall approve all loans from third parties.
- b. Employee loans are not allowed.

#### **21. Financial Institutions**

- a. All funds shall be maintained at a high quality financial institution.
- b. All funds shall be FDIC insured or insured by excess deposit insurance provided by the financial institution.
- c. All funds shall be maintained or invested in non-speculative, high quality, short maturity, and liquid funds.

#### **22. Retention of records**

- a. Financial records, such as transaction ledgers, bank statements, attendance and entitlement records, payroll records, and any other necessary fiscal documentation shall be retained for a minimum of seven (7) years. At the discretion of the Governing Board or Executive Director documents may be retained for a longer period of time.
- b. Financial records shall be shredded at the end of their retention period.
- c. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, shall be regularly prepared and stored in a secure, off-site location, separate from the school.

**23. Funds Balance Reserve**

- a. A funds balance reserve of at least 5% of the total unrestricted General Fund revenues or four (4) months of operating costs, whichever is greater, shall be maintained.
- b. DMS shall provide the Executive Director and the Governing Board with balance sheets on a monthly basis.
- c. It is the responsibility of the Executive Director and the Governing Board to understand and keep informed of the school's financial condition.
- d. It is the responsibility of the Executive Director to prioritize payments as needed to remain within budget.

**Adopted on: March 16, 2010**

**Revised on: November 26, 2010**