

Channing Hall Financial Polices

General Standards & Responsibilities

Preface to Financial Policies

Channing Hall will administer its financial affairs with integrity, intelligent planning, appropriate and legally required Board approvals for its budget and activities and will always focus on providing the most effective educational benefits for its students, parents, employees and a supportive community.

To accomplish an important part of this, Channing Hall will keep informed of State & Federal laws and regulations and will provide for the resources to ensure that the Board and employees can comply with these laws and regulations with both the intent and actual operations.

Specific Focus Areas that permeate all financial policies of Channing Hall:

Honor the Ethics Code of Utah for Public Officers' and Employees as contained in the Utah Code Sections 67-16-Sections 1 through 15. The standards are wide ranging from the management of information, prohibited receipt of gifts or other compensation, prohibitions of receiving or offering donations, payments or services to an agency in exchange for approval, unethical transactions and sundry potential conflicts of interest. Educators shall also comply with Utah Educator Standards (Utah Administrative Code Rule 277-217). For non-licensed employees, Rule 277-316 applies. All employees are to receive annual training on these standards and rules.

Training of Employees that includes a comprehensive plan covering the following topics and involves complete topic training for employees at the beginning of the school year and a shorter reminder review training session each March:

1. Ethical behavior
2. Payroll time reporting and leave requests and reporting
3. Receiving cash and donations
4. Appropriate fund raising activities
5. Spending requests and buying
6. Use of Class Wallet for teachers making classroom supply purchases.

Written policy and procedure materials covered by the employee training will be provided.

Web Posting – All financial policies will be published on the school's main web site and are available to employees and patrons.

Compliance with Laws

The school shall follow all applicable state and federal laws and regulations in the United States of America and the State of Utah such as (but not limited to):

Title IX (and shall not discriminate on the basis of sex in education programs).

Department of Labor regulations, including the Fair Labor Standards Act.

The Family and Medical Leave Act (FMLA).

The Consolidated Omnibus Budget Reconciliation Act (COBRA).

The Immigration Reform and Control Act.

The Employee Retirement Income Security Act (ERISA).

Internal Revenue Service and Social Security Administration Regulations.

The Americans with Disabilities Act (ADA).

Utah Constitution Article X, Section 3.

Title 63G, Chapter 6a, Utah Procurement Code.

Title 51, Chapter 4, Deposit of Funds Due State.

Title 67, Chapter 16, Utah Public Officers' and Employees' Ethics Act.

Family Educational Rights and Privacy Act, 20 U.S.C. 1232g.

Title 63G, Chapter 2, Government Records Access and Management Act.

Title 53G, Chapter 7, Fees and Textbooks.

Section 53E-3-403, Establishment of Public Education Foundations; Title 53G, Chapter 7, Part 7, Student Clubs Act.

Title 51, Chapter 2a, Accounting Reports from Political Subdivisions, Interlocal Organizations, and Other Local Entities Act.

Additional state legal compliance guides for operating LEAs and non-operating LEAs as published by the office of the state Auditor.

Subsection 51-7-3(26), Definition of Public Funds.

Title 53G, Chapter 7, Part 4, Internal Audits.

Rule R277-107, Educational Services Outside of Educator's Regular Employment.

Rule R277-113, LEA Fiscal and Auditing Policies.

Rule R123-5 Audit Requirements for Audits of Political Subdivisions and Governmental Nonprofit Corporations.

Rule R277-217, Utah Educator Standards and LEA Reporting.

Rule R277-407, School Fees.

Rule R277-605, Coaching Standards and Athletic Clinics.

2 C.F.R. 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Other applicable state and federal laws and regulations will be adopted and followed by the school as program funds and grant funding is accepted and received.

Policy Additions and Revisions – Responsibility for any addition or change to the financial policies and procedures first requires a recommendation of the Board Finance Committee followed by the normal course of action taken by the Board in making policy revisions. All financial policies are to be reviewed annually.

General Governance & Safeguards

The Channing Hall Board of Trustees directs and controls all school assets of the school. They are also authorized and directed to (1) adopt bylaws and rules for its own procedures; (2) enforce rules necessary for the control and management of Channing Hall; and (3) do all other things necessary for the maintenance, prosperity, and success of the school and the promotion of education.

The Business Manager is the budget officer of Channing Hall. (Utah Code 53G-7-302)

The Business Manager shall among other things (1) be custodian of all school funds; (2) be responsible and accountable for all money received and disbursed; (3) keep accurate records of all revenues and their sources; (4) use uniform procedures which shall be in accordance with generally accepted accounting principles or auditing standards; (5) training of school employees in financial operating procedures; and (6) ensure that adequate internal controls are in place to safeguard school funds and assets.

All employees shall take every reasonable precaution to safeguard Channing Hall's financial assets and resources from theft, robbery, vandalism, and unauthorized use; this is considered a fiduciary duty within his/her job duties and responsibilities. Any known abuses of school assets are to be reported to the Head of School or the Business Manager.

The use of any school property for personal use or any commercial use is strictly prohibited.

If an employee becomes aware or suspects any willful violation of Channing Hall financial policies or fraudulent activities within the school, an immediate report should be made to the Head of School and/or the Business Manager. If the matter involves either the Head of School or the Business Manager, then notify the Accountant and the matter will be relayed to the Board Treasurer. Another approved reporting method is: The "State Auditor Hotline" provides an avenue for citizens, including public employees and contractors, to report their concerns about potentially improper governmental activities (800) 622-1243).

Finance Committee

This is a committee of the Board, composed of three Members who meet as needed several times a year with a focus on an annually updated committee charter. The committee addresses wide-ranging matters, including the budget and need for revisions, employee compensation, the internal control system, compliance matters of the state and federal governments, and the selection process and reporting of the external auditor.

In a supporting role, the Head of School, the Business Manager, and the Accountant provide input per agenda requests and present current management challenges for joint consideration.

Political Contributions

No funds or assets of the school may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. Following are examples of prohibited activities:

- Contributions by an employee that are reimbursed through expense accounts or in other ways;
- Purchase of tickets for political fundraising events;
- Contributions in-kind, such as lending employees to political parties or using the school's assets in political campaigns.

Recordkeeping

To provide an accurate record of all financial transactions (a good audit trail), the school's books, records, and accounts are maintained in conformity with generally accepted accounting principles (GAAP) as required by state law applicable to a charter school. This includes recordkeeping compliant with GASB requirements. Audited financial statements certified by an independent auditor will be prepared annually using GASB standards, and in accordance with GAAS and GAGAS. Further, the school specifically requires that:

- No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the formal books and records of the school.
- Receipts and disbursements must be fully and accurately described in the books and records;
- No false or fictitious vendors, invoices or entries may be made on the books or records nor any false or misleading reports issued.
- All receipts for revenues and all expenditures will be recorded within the appropriate program classifications per the approved budget, as the transactions occur. This includes initial transactions and adjusting entries at any time during the year. GAAP requires the proper use of the published USBE Chart of Accounts, specifically the recording of a fund, program code, function, location, and object code or revenue class for each transaction.
- All school fees and fee waivers will be recorded on an accrual basis with the use of contra-revenue accounts to record fee waivers in the accounting system.
- The Business Manager shall maintain all financial reports filed with the USBE, the Office of the State Auditor, and all audits, agreed-upon procedures, engagements, and financial reports prepared by the independent auditor.
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Measurability of Revenues

Channing Hall recognizes funds as measurable and recorded in the accounting records if the revenues are collected within ninety (90) days of year end. A receivable may be recorded on the books if it is

anticipated that the funds will be received within this timeline. In the event the funds are not received, an adjustment will be entered on the books before issuing the audited financial statements.

Security of Financial Data

The school's accounting software will be maintained to ensure that adequate internal controls and security measures are established to minimize unauthorized access to school data (i.e., proper password protection). The system's accounting data shall be backed up daily to ensure the recoverability of financial information in case of failure. Backup files will be stored separately in the school and online with proper security measures taken.

Internal Controls

These are processes and procedures implemented to provide reasonable assurance for the safeguarding of school assets, the detection of errors, for addressing effectiveness and efficiency of operations, for providing reliable financial reporting, and to ensure compliance with Board Governance Policies, and state and federal laws and regulations. Specific internal controls apply in all areas of school financial operations.

All transactions are to be recorded as they occur within an operating calendar month.

All expenditures require the approval of the Head of School based on requisitions, credit card reports, contracts, and employee agreements. The initiation of an expenditure may come from a staff member, Board Member, or the Business Manager. The Business Manager has the first line responsibility for the monitoring and recording of all expenditures, followed by extensive reviews, reconciliations, and reporting performed by the Accountant.

Segregation of Duties

To ensure that no single individual is placed in a circumstance where it is possible to cause or conceal accounting irregularities (or be vulnerable to others doing so), the Business Manager, whenever possible, shall separate the following three key duty types among available staff so that no one employee performs more than two of the following key duty types:

- a) Custody – having access to or control over any physical asset such as cash, checks, equipment, supplies, or materials;
- b) Authorization – the process of reviewing and approving transactions or operations; and
- c) Record keeping – the process of creating and maintaining records of revenues, expenditures, inventories, and personnel transactions to include reconciliations.

When, due to limited staffing and related constraints, a single employee performs all three key duty types, the Business Manager shall use compensating controls and/or ensure that monthly independent internal reviews of the documents and transactions related to the duties performed are conducted and documented. These mitigation control measures are addressed by the independence of the Accountant who does not create any cash transactions nor render any approvals. All records of transactions and access to all finance system records and reports are available to the Accountant.

Employee Conflict of Interest

Channing Hall and its employees have a duty to avoid real, perceived or potential conflicts of interest. A conflict of interest is defined as an event or transaction where an employee is in a position to influence a decision or have business dealings on behalf of the School that might result in personal gain of the employee, one of his/her relatives. Examples of conflict of interest include, but are not limited to, accepting gifts of any value associated with the procurement or other business dealings, requesting or granting favors, conducting undisclosed or undeclared business for personal gain. A conflict of interest for personal gain can result from situations where you or a relative receives a bribe, gift, special consideration or kickback as a result of a transaction involving the School. Channing Hall employees may not transact undisclosed business when a conflict of interest is present. Failure of an employee to declare a conflict of interest in writing to the Head of School, Business Manager and/or the Board of Trustees prior to business dealings where a conflict of interest is present may be subject to disciplinary action, up to and including termination of employment and may be subject to criminal prosecution. All Channing Hall employees shall follow applicable laws or administrative rules associated with conflicts of interest. Although it is not possible to specify every action that might create a conflict of interest, this policy sets forth the actions that most frequently present problems. If you have any question whether an action or proposed course of conduct would create a conflict of interest, you should immediately contact the Head of School or the Business Manager to obtain advice on the issue. The purpose of this policy is to protect you from any conflict of interest that might arise.

Cash & Investment Accounts

Basic Standards

- The school will comply with the Utah Money Management Act (Utah Code 51-7) particularly with regard to the use of qualified depositories, investment accounts, and requirements of reporting to the Money Management Council.
- As authorized by the Board, only one primary bank account will be used for the school's normal cash transactions. All cash and investment transactions occurring during a month will be formally recorded in the same month.
- For the accounting of the school's debt service requirements, the US Bank Trustee will manage a separate bank account and various investment trust accounts.

- All new accounts require the approval of the Board's Treasurer.
- Except for currency and coins, all payments received at the school for deposit must be in the name of the school.
- All funds received by the school, including those received at the school, will be deposited in the school's bank account daily, if practical and no later than once every three banking days as required by state law (Utah Code 51-4-2). Recommendation is that deposits are made every Monday and Thursday, unless school events with significant collections require more frequent deposits.
- It is the intent of the school to encourage and develop methods for cash transactions to utilize electronic forms, in order to reduce inherent risks.
- All funds received by the school are considered public funds, independent of their sources.
- All funds received in electronic form must be in the name of the school.
- No personal payments for any reason should be made using school revenue. No asset of the school should be held in a personal account. No transactions are allowed that would create a deficit balance for these accounts.
- The Accountant will review and reconcile all cash and investment accounts monthly and record any necessary entries in order to maintain current and accurate records. This includes both restricted and unrestricted accounts.

Investments

The school will follow state law and rule, including those of the Utah Money Management Council (MMC) regarding investing the school's fiscal assets. By law, the school shall not deposit fiscal assets into brokerage accounts and are limited to institutions approved by the MMC.

While ensuring sufficient cash balances are maintained in the school's general operating account to cover all regular monthly expenditures, the school shall consider the deposit interest rates of the Public Treasurer's Investment Fund (PTIF) compared to other approved institutions and propose to the Board investment plans consistent with this policy. All transfers of cash between school accounts must be made within Board policy and upon approval of the Business Manager as authorized by the Board. The order of investment objectives are safety, liquidity and return.

Budget

The school administration prepares an annual operating budget of all projected revenues and expenses annually for approval. The Board approves a final budget for the operation of the school for the prior twelve months. Both of these budgets are

presented prior to June 1st and approved in an open public budget hearing no later than June 30th of each fiscal year. The budgets are available for public inspection prior to approval (Utah Code 53G-7-302). During the year the budget is monitored and revised as necessary.

- The fiscal year (budget year) of the school is July 1st through June 30th. The appropriate accounting period is used for all adjusting entries and accruals.
- Financial statements displaying budget vs. actual results are prepared by the Accountant, reviewed by the Business Manager and presented to the Board each month.
- Administration shall follow the Board approved budget with exceptions approved by the Board.

Channing Hall Procurement Policy

Purpose

The policy has been adopted to allow the school to carry out its procurement functions in a manner that is consistent with state and federal laws, dealing fairly with all vendors, and providing for an efficient management and proper expenditure of school resources. This policy is applicable to all purchases using public funds. It is expected that all school employees will act in an ethical manner that is consistent with the Public Officers' Employee's Ethics Act, the Utah Educators' Standards, and State procurement law.

State & Federal Laws

The policy is established pursuant to Utah Code 63G-6a and the standards enumerated in Administrative Rule R33, along with the federal procurement standards of 2 CFR 200.318. Channing Hall has the authority to adopt procurement policies that are more restrictive than the State rules and laws. On specific concerns, school contracts must follow the guidelines of the State Code in general and also regarding the length of multi-year contracts. Construction projects must comply with the Code at the time of construction and with existing approval and reporting standards as required by State departments and any inspections required by Draper City.

Authority

The Board Treasurer is delegated authority by the Board of Trustees to oversee the purchasing functions of the school and to ensure that these functions are in accordance with the mission of the school and in compliance with other related board policies, in addition to full compliance with state law and administrative rule. The Treasurer delegates day-to-day purchasing authority to the Head of School and the Business Manager. The Business Manager coordinates all procurement activities.

Scope

The policy applies to all purchases made by the school covering all programs and activities of the school, independent of the source of the money or methods used in making purchases. It includes all direct purchases, leases and leases with an option to purchase, and all procurement items, i.e., supplies, furniture and equipment, materials, and services.

Whenever possible, local markets and vendors shall be favored in the purchase of goods and services, where price and quality are equal to other sources. Competitive prices shall be sought from all available sources whenever possible before negotiations for a purchase are entered into, and preference shall not be given in such a way that one vendor has an advantage over any other vendor. The Business Manager, or designated agents, reserves the right to negotiate any quotation received by the school. When only one source of a supply exists, the Business Manager will negotiate the price, quality, and conditions of delivery. Channing Hall employees will not be recognized as independent contractors for any services related to the school.

Procurement Thresholds

Channing Hall is authorized to make necessary purchases within the stated procurement thresholds, with the thresholds applied to the whole purchase and not individual items. It is unlawful to intentionally divide any procurement purchase into two or more smaller purchases in an attempt to avoid seeking competitive quotes, or artificially dividing a purchase for billing, ordering, or any other purpose.

- The school defines a “small purchase” as one with a total cost of less than \$50,000. The State procurement policy subdivides small purchases into several levels determined by the amount of the intended purchase. Competitive pricing is required for all purchases above \$1,000.
- The “individual procurement threshold” for Channing Hall is \$1,000. This is the maximum amount that can be expended to obtain a single item or service from a one vendor at one time without requiring a competitive purchasing approach.
- The “single procurement aggregate threshold” for the LEA is \$5,000. This is the maximum amount that the LEA can expend to obtain any combination of individual procurement items/services costing less than \$1,001 from one vendor at one time up to \$5,000, without requiring competitive purchasing.
- The “annual cumulative” threshold is \$50,000. This is the maximum total annual amount that can be expended to obtain individual items costing less than \$1,000 from the same vendor during the fiscal year.
- For purchases between \$1,000 and \$5,000, a purchase may be made after obtaining at least two price quotes which should include the complete description of the items to be purchased, the quantity, the price, total costs, the vendor’s name and address, the date and the name of the person providing the quote. An award shall be made to the responsible vendor that meets the

specifications. It is preferable that all quotes from vendors are in written form, including a letter, web-based quote, fax quote, or another format that provides the required information.

- For purchases between \$5,000 and \$50,000, a purchase may be made after obtaining at least three price quotes, following the similar requirements within the previous section. An award shall be made to the responsible vendor that meets the specifications. All quotes should be included with a requisition, forming the record for a potential purchase order or purchase agreement with a vendor.
- A purchase over \$50,000 is not considered a small purchase. For purchases over \$50,000, the school shall formally prepare a bid or proposal using either a competitive bidding process or a request for proposal process, in accordance with state law, including full specifications development, publishing public notices, and all other requirements.
- The use of statewide cooperative contracts as prepared by the Utah State Purchasing Division is encouraged as a consideration in making a purchase decision. With this approach, it is not necessary to request quotes from vendors.

Exceptions

Sole source procurement shall be used only if a purchase requirement is reasonably available from a single supplier. Any request that the procurement be restricted to one potential vendor shall be accompanied by a written explanation as to why no other vendor will be suitable or acceptable to meet the need. If there is a reasonable doubt, then competitive quotes must be obtained.

Emergency Purchasing

An emergency condition is a situation that creates a threat to public health, welfare, or safety and may arise from serious flooding, epidemics, riots, etc. and establishes an immediate need for supplies or services that cannot be met through normal procurement methods. In such a situation, the school is authorized to suspend the normal methods and obtain the required items in time to meet the emergency.

Multi-Year Contracts

For multi-year contracts that are intended to cover at least five (5) years, a request for proposal process will be followed before any contract is awarded. If annual agreements with individuals or business entities are in place for a period of five years, the RFP process will also be used prior to any additional year(s) of receiving services.

Purchasing Card

With approval of the Head of School and the Business Manager, school personnel may obtain a purchasing card from the State for use in making small purchases. Any purchase over \$100 requires the written permission of the Business Manager, as well as the approval of the Head of School. This purchasing method is to encourage buying efficiencies, but all transactions must be held in strict compliance with the procedures and practices established by the State Purchasing Division.

Sales Tax

A Charter School is exempt from sales tax as both as governmental entity and as a charitable organization:

- The school Board and administration shall maintain the school's IRS (501c3) and public-school tax-exempt status by complying with government regulations at all times.
- The school administration shall follow vendor policies regarding sales tax exemption.
- As authorized, school employees or volunteers may use the school's non-profit tax exemption registration number (and Tax Commission form) only for legitimate school purchases. Authorization may be revoked when necessary.
- Employees or volunteers may not be reimbursed for sales tax, except in specific authorized circumstances where payment of sales tax was unavoidable and reimbursement of a teacher would be appropriate given practical considerations. Otherwise, if sales tax is paid by school employees or volunteers at the point of sale, the school may seek reimbursement of sales tax consistent with applicable rules at its discretion.

Unlawful Activities

Employees. Any employee acting as a procurement officer for the school, or who in any official capacity participates in the procurement of supplies, services, construction, real property or insurance for any such political unit is guilty of a felony if the person asks, receives, or offers to receive any emolument, gratuity, contribution, loan, or reward, or any promise thereof, either for the person's own use or the use of benefits for any other person or organization from any person interested in the sale of such supplies, construction, real property, or insurance.

It is not appropriate for an employee to use their employment position or influence at the school to obtain goods or services for a personal benefit of the employee or others by seeking to make purchases at discounted rates not available to the general school public, receiving items at no cost, or making purchases with the intent of avoiding sales taxes. Activities of this nature subject the employee to disciplinary action, including dismissal and possible criminal charges.

It is allowable for an employee to obtain goods or services for personal use at discounted rates where suppliers normally offer educational discounts to all employees of the school, independent of any employee's position or influence. Employees are responsible for the payment of sales tax and no purchase arrangement shall be made using a school purchase order or purchase card.

Under all circumstances, it is illegal for any employee to accept and receive a “kickback” from a vendor, independent of the individual and/or school benefit to be received.

Vendors. Any person who is interested in any way in the sale of any supplies, services, construction, real property, or insurance to the school, is guilty of a felony if the person gives or offers to give any emolument, gratuity, contribution, loan or reward, or any promise thereof to any person acting as a procurement officer, or who in any official capacity participates in the procurement of such supplies, services, construction, real property, or insurance, whether it is given for his own use or for the use or benefit of any other person or organization.

Utah Code Title 63G

Administrative Code R33

Federal Program Procurement Compliance

Equal Opportunity Requirement

Contracting with small and minority firms, women-owned business enterprises and labor-surplus area firms (44 CFR Part 13.36(i); 2 CFR Part 215.44(b); 2 CFR Part 200.32)

- Must take affirmative steps to assure these firms are used when possible.
- Affirmative steps emphasize assurance that firms receive solicitation if they are potential sources.
- Appears to require that potential Subrecipients (Applicants) maintain a list of such firms. Subrecipients (Applicants) allowed to divide total requirements to permit participation by such firms.
- Use the Small Business Administration (SBA) and Minority Business Development Agency (MBDA) of the US Department of Commerce (DOC) for assistance in complying.

Buy American Provision

Buy American Provision shall be included in all applicable bids, quotes, and food purchases for the School Lunch Program, where possible, in accordance with 7 CFR Part 210.21. In addition, all vendors shall comply with the Buy American Provision.

School Lunch Purchase Decisions

Per USDA-FNS policy, when preparing an RFP for purchasing School Food Service program items and when making a purchase decision, the primary determining factor is the cost of the product.

Termination for Cause (for Contracts in excess of \$10,000, according to Appendix II to 2 CFR Part 200)

Channing Hall may terminate agreements for cause upon ten days prior written notice to the contractor of the contractor's default in the performance of any term of the agreement. Such termination shall be without prejudice to any of Channing Hall's rights or remedies by law.

Termination for Convenience (for Contracts in excess of \$10,000, according to Appendix II to 2 CFR Part 200)

Channing Hall may terminate agreements for its convenience at any time upon 30 days written notice to the contractor. In the event of Channing Hall's termination of the agreement for convenience, the contractor will be paid for those services actually performed. Partially completed performance of the agreement will be compensated based upon a signed statement of completion to be submitted by the contractor, which shall itemize each element of performance.

Cash Disbursements

Purpose

The policy covers the authorization, payments, and review of expenditures of Channing Hall. It encompasses all activities and programs, along with all employees. All dealings of the school and its employees must be held to the strict standards of the Public Education Employees' Act (Utah Code 67-16) and to the State Procurement Code and its related Administrative Rule R33.

General Guidelines

- A cash disbursement is a payment of money and includes checks issued, credit card purchases, and other forms including electronic fund transfers from Channing Hall bank accounts.
- All cash disbursements of the school are from public funds that are owned, held, or administered by the school.
- Compliance standards are school policies, applicable state and federal laws and regulations, including restrictions placed on the funds expended.
- Only expenditures intended by the approved school budget are allowed.
- All expenditures over \$100 must be approved by the Head of School. The methods are controlled by the Business Manager relative to the appropriate purchase tools applied, i.e., school requisitions, purchase orders, online purchases, credit card purchases, and school checks issued.
- Personal purchases for goods or services are prohibited, even if it is intended that an employee will make a repayment to the school.

- All disbursements will be recorded to an account and program code that accurately reflects the expenditure being made.
- All checks are to be issued to specified payees and not to “cash”.
- All access to the school’s bank account and its accounting system are secured and controlled by the Business Manager, or designated employee.
- Scheduled cash disbursements should allow for the timely payment of all liabilities due, including checks issued or electronic fund transfers for committed purchases, payroll system benefits, and other payments under contract or special buying arrangements.
- Blank check stock is to be securely stored in the Business Manager’s office.
- All checks issued to the Head of School or the Business Manager should not include the signature approval of the payee.
- The Payments Policy specifies the check signing approval required for each check issued.

Employee Reimbursements

An employee who seeks a reimbursement for a school purchase originally using personal funds, is entitled to a timely reimbursement if the employee received prior approval for the purchase by the Head of School.

The requirements of the school procurement policy must be followed.

A signed, written request should be made within one month of the purchase using a form provided by the Business Manager and must include the type of payment made (cash, credit card, or check), along with a copy of the original receipts as evidence of the purchase. On a weekly basis, the Business Manager will review the requests and complete the process to issue school checks.

On a monthly basis, the Head of School and the Business Manager will be reimbursed \$50 each for their school business use of personal mobile phones.

State Sales Tax

Charter School is exempt from sales tax as both as governmental entity and as a charitable organization. The Board of Trustees and the administration shall maintain the school's IRS (501c3) and public school tax exempt status by complying with government regulations at all times. The school administration shall follow vendor policies regarding sales tax exemption. As authorized, school employees or volunteers may use the school's non- profit tax exemption registration number only for legitimate school purchases. Authorization may be revoked when necessary. The use of the school’s State Tax Exemption Certificate TC-21 is directed by the Business Manager.

A school purchase order or check and/or a State Exemption Certificate TC-21 may be used to establish a tax exemption with a vendor.

Vendor Payment Processing Overview

The system of internal controls for processing payments applies to credit card transactions, employee reimbursements, travel costs, and normal vendor invoice payments.

As invoices and statements are received, it is important to make a current review for accuracy, possibility of a duplication, and completeness of the billing information. Process these weekly.

Using the invoice as adequate support documentation for a check payment, create a Bill Pay in the accounting system with the amount(s) and description. Carefully note the vendor to be paid and assign an account number and program class code for each payment line, conforming to the budget intent covering the purchase.

Receiving report information - in cases where the Head of School and/or Business Manager has direct and managerial knowledge of the services or goods delivered, their signatures on the check are adequate receiving report documentation. For all other cases, the school employee who receives the goods or services is required to provide written, or emailed, dated and signed receiving report verification to confirm proper receipt. All Head of School and/or Business approvals need to be signed and dated, or communicated via emails.

Invoices and other related purchase information should be scanned and attached to each bill in the accounting system. After checks have been printed, follow the Payment Approval Policy in securing signatures.

Credit Cards

Any employee authorized to receive a credit card is to comply with the credit card use standards, as promulgated by the State Purchase Card program. All credit cards issued are to be secured by each card holder. Only the card holder is authorized to use the assigned card. All credit card statements and individual signed account expenditure reports are to be reconciled by the card holder on a monthly basis, with receipts attached and a signed log of purchases. Any missing informational elements or discrepancies are to be resolved immediately with the Business Manager.

Each month the Business Manager will review the credit card statements along with the card holders' expenditure reports. The statement and report of the Business Manager will be reviewed and approved by the Head of School. The statement and report of the Head of School will be reviewed and approved by the Business Manager. Each month the statement and reports of the Head of School will be sent to the Board Finance Committee.

Employee Travel within the State

Employees who travel within the state typically travel using their own personal motor vehicle. Employees may be reimbursed at the current (at time of travel) federal standard mileage reimbursement rate per mile for use of their own vehicle for business related travel. In addition, parking

fees and tolls paid are reimbursable if properly supported. The school shall not reimburse for moving violations or parking tickets.

Employee Travel Out of State

Employees who travel out of state will travel with itineraries approved by the Head of School. Under certain circumstances, employees may be required to use a personal credit card for hotel, meals, and miscellaneous expenses, which are reimbursable upon return. Employees may not use public funds to pay for (or submit for reimbursement) personal expenses not related to their travel or business purpose while traveling for the school.

Electronic Transfers

The majority of these are linked to the processing of semi-monthly payrolls. Included are payments of retirement contributions, insurance premiums, health savings account contributions, and flexible spending account contributions. The Business Manager will make a review of all detailed billings prior to the transfers being made. For others that are internally generated, the payroll deduction registers will be the basis for preparing the transfer payments and vouched reports to a vendor. Each payment should be approved and dated by the Business Manager, with either paper or digital records maintained in labeled monthly folders that substantiate each transfer.

The Accountant will review and record these payments at the end of each month.

Accountant Assignments

At the end of each month, the Accountant will review all vendor checks (including payments of credit card charges) issued for current payment status, complete and appropriate account numbers and programs assigned, and to select a statistical set of checks for a complete review of invoices & other documentation attached. Any voided checks will also be reviewed.

Each month, the primarily bank account, investment account(s), and the Debt Service Reserve accounts managed by the US Bank Trustee will be reviewed/reconciled with monthly transactions recorded, as necessary.

On a quarterly basis, the Accountant will review the general ledger accounts payable account and all of the payroll liabilities accounts, focused on timely, complete transaction recording, and accuracy.

At the end of a fiscal year, the Accountant with the Business Manager will make a thorough search for unrecorded liabilities and coordinate the appropriate segregated recording of these by fiscal year. This involves a review of prepaid expenditures. For all of the June 30th liabilities, a review of the details of each invoice/statement will be made.

Payment Approval Policy

1. Signing Requirements:
 - a. Any check exceeding \$8,000 requires two board member's signatures.
 - b. Checks between \$6,000 and \$8,000 requires at least one board member signature. The second signer may be a board member, the Businesses Manager or the Head of School.
 - c. Checks less than \$6,000 may be signed by the Business Manager and the Head of School, except when the payee is a Channing Hall employee.
 - d. Checks to employees over \$1,000 must be signed by at least one board member. The second signer may be the Businesses Manager or Head of School.
 - e. Checks to employees of \$1,000 or less may be signed by both the Business Manager and the Head of School.
 - f. Authorized board signers are:
 - i. President
 - ii. Vice President
 - iii. Treasurer
2. Any Accounts Payable System or Electronic Payment that does not comply with Section 1 must be on a Payments Schedule pre-approved by the Board President or the Treasurer. All payments will be reviewed by the Accountant during the end of month closing process and the bank reconciliation.
3. Any item over or not included in the approved budget must be signed by two board members.
4. Payroll processing is outside of the requirements of Section 1.
 - a. Payroll salaries, stipends, and wages must be approved in the annual budget.
 - b. Each payroll processing must be approved in advance by both the Head of School and the Business Manager.
 - c. Each payroll must be reviewed by the Accountant at time of reconciliation and recording.
 - d. All individual payroll bonuses greater than \$1,000 must be prior approved by the Board President or the Treasurer. All bonuses to complete groups of salary and/or wage based employees must be prior approved by the Board.

Cash Receipts

Purpose

The policy covers the handling of all monetary transactions involving the need for cash receipts as linked to any form of the receipt, including currency, checks, and electronic transfers.

- All funds received by the school are “public funds” and subjected to all of the state laws, rules, and Board Policies, regardless of the sources and methods of collection and are owned, held, and administered by Channing Hall.
- All cash receipt transactions will conform to the Utah Money Management Act.
- It is the intention of Channing Hall that approximately 98% of all cash is received via direct electronic deposits, in a goal to improve the internal controls particularly involving the collections, depositing, and recording functions of the funds received.
- At the end of each month a detailed review of all cash receipts, focused on timeliness, accuracy, and completeness, for all accounts will be made by the Accountant with an additional focus on general ledger records and account balances.

Particulars

1. All cash received (including lunch money) shall be deposited daily or within three days after receipt as required by Utah Code 51-4-2(2)(a).
2. All checks should be made payable to the school and restrictively endorsed upon receipt. Checks should not be made payable to an employee, a specific department, or a program.
3. Two-party checks should never be accepted.
4. Cash should always be verified. Where verification is difficult, cash should be counted by two individuals.
5. All funds (cash, checks, credit card payments, school lunch payments, etc.) received must be receipted by student name, if possible, and recorded in accounting records. School lunch money will be posted by student name into the SIS program.
6. No receipting of funds should take place in the classroom or in unapproved off-site locations. Provisions shall be made for cash receipting/collection at approved activities or functions.
7. All funds shall be kept in a secure location controlled by the Business Manager until they are deposited. Employees should never hold funds in any location for any reason. Cash receipts should not be taken home by employees or volunteers, or left in offices or cars.
8. Disbursements are never to be made directly from cash receipts (i.e., for purchases, reimbursements, refunds, or to cash personal checks)
9. All activities involving cash must be supervised by a school employee or authorized volunteer to ensure adequate controls are in place.

Payroll Processing Standards

Payments to all employees who perform any service for the school must be paid through the payroll system. The only allowable payments to employees using the accounts payable system are limited to approved expense reimbursements.

The school uses a semi-monthly payroll plan and contracts with a third party for actual payment processing and preparation & filing of required federal and state reports. All involuntary taxes are also paid directly by the processor to the federal and state entities.

The school manages all post payroll reporting and payments of retirement and group insurance benefits.

All payroll payments to employees, whether salaries, wages, or stipends, require prior inclusion and approval within the applicable budget.

No employee should be paid without having filed a current IRS W-4 form and an I-9 form and subjected to the federal E-Verify process.

The hiring approval for all employees, except the school director, is the responsibility of the Head of School with all details of an assignment related to calendar timeframes, beginning and ending fiscal year work year dates, benefit determination in some cases, assignment parameters, and the annual salary, hourly wage, or stipend. The Head of School will confer with the Business Manager on all assignment details.

No payroll deductions will be made for political purposes. (Utah Code 34-32-1.1)

No pre-payments for any employee services are allowed.

The Business Manager is responsible for all payroll functions, including responsibilities for maintaining employee agreements and compensation files, processing all semi-monthly payrolls, payments of taxes and benefit deductions, and the maintenance of all related files.

Prior to each payroll completion, the Business Manager will review the payroll with the Head of School and obtain prior written approval.

After each payroll has been processed, the Accountant will make a thorough review and formally record the transactions.

Donations Policy

1. Monetary gifts and donations to Channing Hall will be considered public funds.
2. Channing Hall will comply with all applicable state and federal laws, the Utah state procurement code and State Board of Education rules.
3. The collection and expenditure of donated funds will comply with Channing Hall's receipts and expenditures policies.
4. Donations will become the exclusive property of Channing Hall upon delivery.
5. Donations will be accounted for at an individual contribution level.

6. Donations shall be directed to Channing Hall and its programs, and not to employees or individual students.
7. Donations may be used to support employees, including teacher's aides and specialists as a group, but shall not be used to compensate individual school employees.
8. Donations made to support performance pay will be made to the school where they will be used in accordance with board approved performance pay policies. Donations that are restricted to pay related benefits of a single employee shall not be accepted.
9. If donations are offered in exchange for advertising or other services, an objective valuation will be performed and charitable receipt will be issued by the Business Manager.
10. Donations for specific programs shall be evaluated for need and potential school benefits. Gratuities, kickbacks, and unlawful use of position or influence shall not be allowed.
11. Donations will only be accepted where there is no expectation or promise, expressed or implied, of remuneration or any undue influence or special consideration.
12. Donations and gifts over \$250 will be provided with an acknowledgement of contribution.
13. Donor recognitions may be placed on Channing Hall structures with approval from the Board of Trustees.
14. The Head of School may authorize banners, flyers, posters, signs, or other notices recognizing a donor or school business partner. Such materials shall feature the school-business partnership and not promote or endorse the business named.
15. Channing Hall reserves the right to reject any donation its Board of Trustees deems to be in conflict with the schools goals and mission or is deemed ill-advised.

Fundraising Policy

- 1 Fundraising is permitted within Channing Hall to allow additional funds to be raised to supplement school-sponsored academic programs.
- 2 "School-sponsored" means activities, fundraising events, clubs, camps, clinics, programs, sports, etc., or events, or activities that are authorized by the school, school board, administration, or board committees, including the parent organization or authorized curricular school clubs, activities, sports, classes or programs that also satisfy one or more of the following criteria. The activity:
 - i. Is managed or supervised by school administration, staff, the CHAPS parent organization, or by authorized volunteers
 - ii. Uses the school's facilities, equipment, or other school resources.
 - iii. Is supported or subsidized, more than inconsequently, by public funds, including the minimum school program dollars and donations.

3 All monies raised through fundraisers for school-sponsored activities are considered public funds. All funds raised shall follow the school's Cash Receipts policy and other applicable school policies and state laws and rules. This includes all donations to the school, regardless of whether or not such donations are part of any fundraising activity or event.

4 Properly approved school-sponsored activities may:

- i. Use the school's name, facilities, and equipment.
- ii. Utilize school employees and other resources to supervise, promote, and otherwise staff the activity or fundraiser.
- iii. Be insured under the school's liability insurance policy.
- iv. Provide additional compensation or stipends for school employees with the approval of the director or immediate supervisor and under school payroll policies and consistent with the school's budget

5 Fundraising at the LEA level shall be approved by the Head of School following consultation with the Business Manager. All fund raising events will be school wide. No student will be required to participate in any fund raising event. Participation in any activity or program of the school will not require a student to participate in any fund raising event. Student participation in school-sponsored fundraising activities shall not impact grades, academic credit, or eligibility for teams, clubs, classes, or programs.

The approval of expenditures for Channing Hall managed fund raisers rests with the Head of School. For fund raisers sponsored with coordination provided by the Head of School and supervised by CHAPS (parent organization which is a part of the school), the approval rests with the CHAPS President.

6 General Fundraising Standards for LEA and School - Sponsored Activities

- i. LEA reserves the right to prohibit any fundraising activities
- ii. Fundraising revenues should be accounted for at the individual contribution level or participation level.
- iii. Employees who approve or oversee fundraising activities must declare conflicts of interest.

7 Capital Fundraising and Large Fundraising Projects

- i. Fundraising activities for large projects such as construction, facilities renovations/improvements will be approved by the LEA's board. The board reserves the right to tentatively approve plans, pending fundraising, donations, equity, and other conditions.

Major State Financial Policy Requirement: R277-113

May 2022 Update

