

# GOAL Academy Financial Controls

*Adopted October 14, 2009*

In addition to providing sound financial controls for GOAL Academy, this Financial Controls Policy is designed to fulfill GOAL's obligations under the Charter School Contract between GOAL and the Charter School Institute (CSI) dated July 1, 2009 ("Charter Contract"), *see e.g.*, Charter Contract Section 3, as well as be consistent with GOAL's Bylaws.

## 1. Process and Management of Budget

GOAL Academy (GOAL) is an organization that annually manages government and private sums of money. The Board of Directors (the Board), Executive Director, Assistant Executive Director, GOAL Finance Committee, independent auditor, and various members of the GOAL staff all have roles and accountabilities in the exercise of fiscal due diligence and prudence in operating and managing GOAL. This document sets out these responsibilities in more explicit terms, to ensure that all involved understand the scope (and limitations) of their individual and collective responsibilities. Once enacted by the Board (on October 14, 2009), it serves as binding policy for financial operations at GOAL.

- Summary of Accountabilities:
  - a *The Board* - It is the Board's fiduciary responsibility to provide corporate financial oversight and financial direction (including short-term and long-term fiscal goals and targets) to the Executive Director and for the whole of GOAL Academy. The Board approves the annual operating budget and shall oversee the school's financial performance and compliance with legal requirements, operating budgets, and financial plans.
  - b *The Finance Committee* – This Board committee reviews monthly financial activities and assists the Board in its fiduciary duty of financial oversight. The Finance Committee shall have at least one but not more than two Board members on it at all times.
  - c *The Executive Director* - Ultimate staff accountability for executing the financial plans of the organization is vested in the Executive Director. The Executive Director is supported in this task by consulting with the Finance Committee as needed and by the Assistant Executive Director who is directly responsible for ensuring that financial operations are within the boundaries of the Board-approved budget.
  - d *The Assistant Executive Director* – The Assistant Executive Director is directly responsible for detailing and implementing the financial plan and ensuring day-to-day compliance with both the intent and specifics of the plan, and for working with the Executive Director and the Finance Committee.

e) Every GOAL staff member is required to follow leadership direction and guidelines and to exercise financial prudence and conservatism in every action and decision made on behalf of GOAL Academy.

- Budget Control:

a Budget - The Board will receive a working draft of the annual budget for the upcoming year by March 1. This preliminary draft will be submitted to the Board for its approval and forwarded to CSI on or before June 1. *See Charter Contract Section 3.3.*

b Budget Flexibility – Actual totals for any expense line item will usually not match the budget exactly. Any changes will be tracked in a “Projected Year-End” column next to the “Board Approved Budget” in the monthly income statements. This way, the “Projected Year-End” numbers become the “Working Budget” and the comparison of monthly and year-to-date totals to the (Projected Year-End) budget does not lose its effectiveness as a management tool.

At the end of the year, any variance between the Board-approved budget and the actual June 30 numbers must be explained to the Board and to the independent financial auditors so that any necessary explanations can be included in the financial audited reports.

This flexibility is granted to the Executive Director because the purpose of the budget is to provide an effective management tool that will allow for the successful completion of planned programs and activities within the financial framework established by the Board-approved operating budget.

c Budget Revisions - If a change in circumstances or an unforeseen event causes the Executive Director to believe that the current budget has become unrealistic and that it is no longer possible for GOAL to operate within the boundaries of the budget, the Executive Director will give a full report of the circumstances to the Board along with a recommendation for a new course of action. The Board may approve a revised budget or give the Executive Director other direction.

- Cost & Commitment Control:

Staff – starting with the Executive Director and extending throughout GOAL – is responsible and accountable for budget compliance.

The Executive Director has full accountability for delivering the revenue stream projected and maintaining expenses at or below those outlined in the Board-approved budget.

Annually, the Assistant Executive Director will be asked to prepare budget detail schedules for specific expense accounts for the Executive Director. These schedules will be an itemization of the intended uses of budgeted funds. The expense accounts will include categories such as: Technology, Professional Development and Extra Duty Stipends. This is an illustrative list only; it is not exhaustive.

Even after the budget has been approved, the Executive Director or the Assistant Executive Director must pre-approve financial commitments and purchases initiated by the GOAL staff.

This pre-approval process usually takes place by means of the Accounts Payable process (*described below*).

- Reporting:  
Monthly financial statements will be distributed to the Executive Director, the Finance Committee and the Board, all of whom are expected to review the monthly statements in a timely manner. Quarterly financial reports will be sent to CSI “within thirty days following the end of each quarter of each fiscal year.” *See* Charter Contract Section 3.5.

It is imperative that staff is proactive rather than reactive in managing budget variances.

Summary of Financial Report Distribution

Monthly:	Board of Directors Finance Committee Executive Director
Quarterly:	Board of Directors Finance Committee Executive Director CSI
Annual Audited Report:	Board of Directors Finance Committee Executive Director CSI Colorado Department of Education (CDE)

**2. Asset Protection Policies**

GOAL Academy staff may not allow assets to be unprotected, inadequately maintained nor unnecessarily risked. Accordingly they may not:

- 1 Fail to insure against theft and casualty losses and against liability losses to Board members, staff or the organization itself to beyond the minimally acceptable prudent level.
- 2 Allow unbonded personnel access to material amounts of funds.
- 3 Subject facilities and equipment to improper wear and tear caused by insufficient maintenance.
- 4 Unnecessarily expose the organization, the Board or staff to claims of liability.
- 5 Make any purchase without consideration being given to securing a competitive price.
- 6 Make any purchase wherein normally prudent protection has not been given against conflict of interest.
- 7 Make any purchase in excess of \$1,000 without obtaining a minimum of three (3) bids unless specifically waived by the Executive Director. Exceptions may be granted in the

case of required curriculum that is only available through one vendor. Generally, the term of any contractual relationships shall not exceed one (1) year, at which time it will be re-bid.

8. Make any purchase in excess of \$10,000 without Board approval unless it is specifically included in the current budget.
9. GOAL is to maintain at least the following insurance coverages:
  1. General Liability
  2. Non-Owned and Hired Automobile
  3. Directors and Officers Liability
  4. Worker's Compensation Insurance

Each year the Assistant Executive Director will take the appropriate actions to ensure that quality coverages are secured at the most favorable premiums available.

*See also* Charter Contract Section 3.6 (stating that GOAL “shall implement the plan to meet applicable insurance coverage requirements set forth in the Application”); and Bylaws Section 8.2 (“Insurance”).

## **2 Management Policies**

Contractual Commitments – The Executive Director is the only person authorized to sign contracts on behalf of GOAL. This policy includes, but is not limited to, contracts for goods as well as contracts for services.

GOAL’s policy is to schedule/make payments after goods and/or services have been successfully received unless the Executive Director has given his or her approval to ‘pre-pay’ an expense. The Assistant Executive Director should review contracts that include scheduled payments before execution to ensure the availability of sufficient cash. The Executive Director or his or her appointee must be copied to receive every finalized contract.

Value-In-Kind (VIK) Donations – Value-In-Kind (VIK) donations to GOAL Academy are only to be accepted with Executive Director approval. *See also* Bylaws Section 9.3 (“Designated Contributions”).

Check Signature Policy – Checks may be signed by either the Executive Director or by the Board’s President or Treasurer.

Two Signatures Needed on Checks in Excess of \$5,000 – All payments in excess of \$5,000 must be authorized by at least two of the three check signers (*listed above*). Typically, this means that two signatures are required on checks in excess of \$5,000. If GOAL makes payments in excess of \$5,000 by some other means besides a check, then at least two of the check signers must have authorized the payment by means of signing an authorization form.

Reimbursement to Member of the Board of Directors - Directors will be reimbursed for their expenses as dictated by the approved budget. *See also* Bylaws Section 3.17 (stating that

members of the Board “may be paid their reasonable expenses incurred in connection with attendance at Board or Committee meetings or to fulfill Board responsibilities, but only upon Board approval”).

Minimum Fund Balance – GOAL will work towards maintaining a minimum fund balance equal to the greater of: \$500,000 or 20% of current budgeted revenue, or amounts dictated by current debt obligations plus TABOR.

### 3 **Accounting Policies and Procedures**

Purchases – All purchases must be pre-approved by the Executive Director before GOAL will be financially obligated.

Orders for office supplies should be emailed to the Assistant Executive Director. Requests for authorization to purchase other (non-supply) items will be processed as follows:

- a The Assistant Executive Director will email a completed Purchase Order to the Executive Director.
- b The Executive Director will approve the request, and return to the Assistant Executive Director who will assign a Purchase Order number.
- c The order will be placed by either the Assistant Executive Director or his/her designee, as indicated on the Purchase Order.
- d When the invoice is received by the Assistant Executive Director, it will be paired up with the Purchase Order and Packaging Slip and will then be paid.

Accounts Payable – GOAL will only pay expenses upon receipt of an invoice, purchase order and packaging slip. GOAL will not pay in response to a statement of account. Invoices will be paid when due, and discounts offered for prompt payment will be taken if available. Copies of checks written will be stapled to the supporting documentation and filed alphabetically by vendor.

Check Requests – A Check Request Form is to be used to initiate a pre-payment of expense reimbursement. Generally, if one has received pre-approval to purchase something (via purchase order) and an employee personally paid for the purchase, the invoice should be forwarded to the Assistant Executive Director and attached to a check request so that an expense reimbursement can be processed. The Check Request includes space for the purpose, amount and description of the purchase, and also asks the name of the program/account to which it should be charged; it should be signed by the Assistant Executive Director.

GOAL Credit Card Receipts – The use of a GOAL charge card is a privilege. Any use of a GOAL charge card for personal charges will not be tolerated. It is the cardholder’s responsibility to use safeguards with the card and to turn in receipts to the Assistant Executive Director as soon as possible. Violations of these requirements may result in the loss of this privilege. Credit card purchases must still be pre-approved by purchase order.

Charge receipts and the itemized sales/food slip must be attached to a Credit Card Receipt Form (which replaces the check request) and forwarded to the Assistant Executive Director at the earliest time possible. The form must include a detailed description of the expense (covering the

why, where, when, how much and for whom) as well as the expense account to be charged. The staff member with budget authority should sign the form before it is submitted to administration.

Outgoing Mail – Postage and other expenses related to outgoing mail should be properly recorded. If someone has more than 200 letters to go out and they have the exact same contents, GOAL should look into bulk mail. Please let an administrator know in advance that there is a bulk mailing and they will direct the best way to expedite the process.

Bank Deposits – When cash and checks are collected a receipt should be given to the person who paid the money. Checks should immediately be endorsed with the bank stamp. Cash and checks should be stored in a safe or locked filing cabinet until picked up by the Assistant Executive Director, at least once a week.

Month-End Procedures – Financial statements are produced and distributed each month. In order for the reports to be accurate and timely, it is imperative that all personnel recognize the importance of submitting outstanding packaging slips and invoices to the Assistant Executive Director upon receipt but no later than the last day of each month.

Petty Cash – The Assistant Executive Director will maintain petty cash that may be used when staff needs to make an impromptu, routine purchase for an operating expense that will cost less than \$50.00.

- 1 The amount in petty cash is not to exceed \$500.
- 2 There will be *no* cash advances of any sort from petty cash.
- 3 Reimbursement from petty cash requires the submission of the original receipt and the staff member receiving petty cash must sign a petty cash voucher.

Returned Checks – GOAL Academy will charge \$25.00 for each check that is returned by the bank due to insufficient funds.

#### 4 Internal Control

GOAL Academy proactively implements internal control procedures in order to:

- a Encourage adherence to prescribed managerial policies
- b Promote operational efficiencies
- c Safeguard business assets from misuse, fraud and theft
- d Ensure accurate and reliable accounting data

Basic principles considered in the development of GOAL's system of internal control are:

- a Responsibilities should be clearly established
- b Adequate records should be maintained
- c Assets should be insured and employees bonded
- d Record keeping and custody should be separated
- e Responsibility for related transactions should be divided
- f Personnel should be rotated
- g Employees should be informed
- h The system should be under constant review
- i Appropriate documentation should exist

- j Prescribed policies and procedures should be consistently applied
- k Confidentiality of information

Operating Controls - Some specific controls that have been implemented: a segregation of duties in regard to cash disbursements, bank statements, bank account reconciliation and signing authority; locked cabinets for payroll, personnel records and monies to be deposited; checks are stamped for deposit upon receipt; the purchase order system; and a line of authority has been established for all check requests.

Internal controls are regularly reviewed by the Executive Director with the assistance of the Finance Committee as well as by independent auditors during financial audits.

Legal Contracts - Contracts will be reviewed by the Executive Director and a copy of the finalized contract will be given to the Executive Director or his/her appointee.

Cash Advances – When staff is required to go out of the office on business, whether in-state or out-of-state, they may request a cash advance to cover anticipated expenses. If per-diem applies for meals (see Per-Diem below), a cash advance could be requested to cover non-meal related expenses. The request is initiated by using a check request with a description of the event and expected expenses. As with any other check request, the expense must have been pre-approved by the Executive Director or his or her designee through a Purchase Order. Once the event or travel is over, an expense report should be completed with itemized receipts and turned into one of the administrators. Cash advances will not be approved for any employee who has an outstanding cash advance that has not been accounted for.

Cash advances may also be requested for approved purchases that will be made by an employee.

Employees are liable for cash advances until their expense report with attached itemized receipts has been approved by the Assistant Executive Director.

Expense Reports – An expense report must be completed for each cash advance. It should include a date and description of the event, the purpose of the event, the names and relationship of persons for whom expenses were paid. The receipts should be taped to an 8 ½” by 11” sheet of paper, numbered and stapled to the expense report. The forms are available from the Assistant Executive Director. Personal expenses, such as personal telephone calls, alcoholic beverages or entertainment costs are the responsibility of the staff member and may not be used in any accounting for a cash advance.

Per Diem – Per-Diem may be approved for staff meal expenses for out-of-town trips on behalf of GOAL (see the Per Diem Worksheet). The per diem rate will depend on the location of the event, but will normally be calculated as follows: \$7 for breakfast; \$10 for lunch; \$18 for dinner for a total of \$35 per day. When you receive per-diem for your meals, you are not required to submit an expense report or receipts. If you are aware of meals that will be provided by your host, that meal should not be calculated into your per-diem. For example, if you are going to a seminar and know that a lunch will be provided you should deduct \$10 from your daily rate for that day. Also, if you have requested per-diem for a meal and someone else picks up your check, that amount should be refunded to GOAL upon your return to the office. For example, if you have per-diem for dinner, and a host, friend, business associate pays for your dinner you should

refund \$18 to GOAL upon your return to the office. You may request per-diem by submitting a Per Diem Worksheet to the business office with the Assistant Executive Director's signature.

## **6. Conflicts of Interest**

Each year members of the Board of Directors are required to review and sign the "Board of Directors Code of Conduct Agreement" (located at the end of the Bylaws). The signed Code of Conduct Agreements should be delivered to the Board Secretary for safekeeping. At all times the Board and officers of GOAL must follow the conflict of interest policy contained in Article VI of the Bylaws.