GOAL ACADEMY
Financial Controls Policy

Section: D- Personnel
Policy Number: D-1
Policy Name: Financial Controls
Approval Authority: Board of Directors
Responsible Executive: Chief Financial Officer
Responsible Office: Finance
Originally Issued: 10/14/2009
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1. **Policy Statement**
    a. GOAL Academy is an organization that annually receives and manages governmental and private funding for the purpose of providing education for at risk high school students.

2. **Reason for Policy**
    a. The Financial Controls policy is designed to provide sound financial controls and safeguard the assets of GOAL Academy. The Board of Directors and all staff members have roles and accountabilities in the exercise of fiscal due diligence and prudence in operating and managing GOAL Academy.

3. **Who Should Read This Policy**
    a. All members of the GOAL Academy community.

4. **Related Documents**

5. **Contacts**
    a. Chief Financial Officer

6. **The Policy**

In addition to providing sound financial controls for GOAL Academy (GOAL), this Financial Controls Policy is designed to fulfill GOAL's obligations under the Charter School Contract between GOAL and its authorizer as the same may be renewed or amended from time to time (the "Charter Contract").

1. PROCESS AND MANAGEMENT OF BUDGET

The Board of Directors (the Board), Chief Executive Officer, Chief Financial Officer, 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. This is a 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 Chief Executive Officer 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 and the preparation of GOAL's financial audit. The Finance Committee shall have at least one board member but not more than would exceed a quorum as defined by the board by-laws.

c. *The Chief Executive Officer* - Ultimate staff accountability for executing the financial plans of the organization is vested in the Chief Executive Officer. The Chief Executive Officer is supported in this task by consulting with the Finance Committee as needed and by the Chief Financial Officer. The Chief Executive Officer reports to the Board.

d. *The Chief Financial Officer* – The Chief Financial Officer 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 Board-approved budget, and for working with the Chief Executive Officer and the Finance Committee. This position shall be the primary point of contact for other members of the staff and shall report directly to the Chief Executive Officer and remainder of the Board of Directors.

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.

- **<u>Budget Control</u>**:
  a. *Budget* - The Board will receive a working draft of the annual budget for the upcoming year in advance of the deadlines stated in the Charter Contract or under applicable law.

  b. *Budget Flexibility and Variances* – Actual totals for any expense line item will usually not match the budget exactly. If at any time, for any budgeted period (whether annually, quarterly, monthly or otherwise) any budgeted expense or liability exceeds the budgeted amount by 10% or more or is reasonably expected to differ 10% or more from the budgeted amount with the passage of time, the Chief Executive Officer and the Chief Financial Officer must present the disparity to the Board for ratification and approval together with reasonably sufficient background and explanation to describe the reason and the need for the disparity.

  Without limiting the foregoing, at the end of the year, any variance between the Board-approved budget and the actual end-of-fiscal year 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 Chief Executive Officer and the Chief Financial Officer 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 Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Director other direction.

- **Financial Contingency Reserve**

  a. *Establishment of Financial Contingency Reserve.* In addition to all other reserves required under the Charter Contract or by state law, including without limitation Section 20 of Article X of the Colorado Constitution (the Taxpayer's Bill of Rights), the School for fiscal year 2019-2020 and thenceforward shall establish a reserve fund of not less than three months of budgeted expenditures, referred to herein as the " Financial Contingency Reserve."

  b. *Access to Funds; Board Approval Required*. If the Chief Executive Officer, in consultation with the Chief Financial Officer, determines that it is in GOAL's best interest to access the Financial Contingency Reserve to meet the financial needs of the school, the Chief Executive Officer shall seek approval of the Board to release the assigned funds from the Financial Contingency Reserve. No funds may be withdrawn from the Financial Contingency Reserve absent approval of the Board.

  c. *Reinstatement of Financial Contingency Reserve*. Amounts withdrawn from the Financial Contingency Reserve shall be replaced as defined in GOAL's fund balance policy.

- **Cost & Commitment Control**:
  Starting with the Chief Executive Officer and extending throughout GOAL – all members of GOAL staff are responsible and accountable for budget compliance as they conduct their day to day activities.

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

  Annually, the Chief Financial Officer will be asked to prepare budget detail schedules for specific expense accounts as directed by the Chief Executive Officer.

- **Reporting:**
  Monthly financial statements will be distributed to the Chief Executive Officer, 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 GOAL's authorizer as required by the Charter Contract. It is imperative that staff is proactive rather than reactive in managing budget variances in compliance with the procedures set forth herein.

Summary of Financial Report Distribution

Monthly:	Board of Directors Finance Committee Chief Executive Officer
Quarterly:	Board of Directors Finance Committee Chief Executive Officer Authorizer
Annual Audited Report:	Board of Directors Finance Committee Chief Executive Officer Authorizer 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, staff may not:

1. Fail to insure against theft, casualty losses and liability losses to board members, staff or the organization itself beyond the minimally acceptable prudent level.
2. Subject facilities and equipment to improper wear and tear caused by insufficient maintenance.
3. Unnecessarily expose the organization, the Board or staff to claims of liability through either action or any unreasonable failure to act.
4. Make any purchase wherein normally prudent protection has not been given against conflict of interest.
5. Make any purchase in violation of the existing conflict of interest policy of GOAL.
6. Make any purchase in excess of $5,000 without obtaining a minimum of three (3) bids unless specifically waived by the Chief Executive Officer. Reasonable exceptions may be granted by the Chief Executive Officer in the case of services or goods that are only available through one vendor (soul source). Generally, the term of any contractual relationships shall not exceed one (1) year, at which time it will be re-bid.
7. Purchase any one item in excess of $25,000 without prior written approval of the Board President, or other designated board member.
8. GOAL is to maintain at least the following insurance coverages:
    - General Liability
    - Non-Owned and Hired Automobile
    - Directors and Officers Liability
    - Worker's Compensation Insurance

Each year the Chief Executive Officer will take the appropriate actions to ensure that quality coverages are secured at the most favorable premiums available. The foregoing asset protection policies may be supplemented from time to time by the Chief Executive Officer without requiring amendment of this Financial Controls Policy.

3. MANAGEMENT POLICIES

a. *Contractual Commitments* – Only the Chief Executive Officer, in compliance with the procedures set forth herein, is 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 Chief Financial Officer has given his or her approval to 'pre-pay' an expense. The Chief Financial Officer should review contracts that include scheduled payments before execution to ensure the availability of sufficient cash. The Chief Executive Officer or his or her designee must be copied to receive every finalized contract.

b. *Value-In-Kind (VIK) Donations* – Value-In-Kind (VIK) donations to GOAL Academy are only to be accepted with prior written Board approval.

c. *Check Signature Policy; Check Signers* – Checks may be signed only by the Chief Financial Officer, Director of Finance (Chief Business Operations Officer), and the Board President, and any other board director as designated by the Board of Directors, each as set forth more fully below.

d. *Signatures Required for Checks and Electronic payments in Excess of $1,000* – All payments in excess of $1,000 or contractual obligations whereby cumulative expenditures by GOAL are reasonably expected to exceed $1,000 must be authorized as set forth below:

	Amount of Check/ACH	Who Must Sign
1.	Less than $1,000	Chief Financial Officer **OR** Chief Business Operations Officer
2.	$1,000 – $24,999 ($9,999)	Chief Financial Officer **AND** Director of Finance(Chief Business Operations Officer)
3.	$25,000 ($10,000) or above	Chief Financial Officer **AND** /OR Director of Finance (Chief Business Operations Officer)**AND** one of: the Board President, designated Board director

If GOAL makes payments in excess of $1,000 by some other means other than a check, then the expenditure must be signed off on the check payment copy (authorized by execution of an authorization form) by the signors listed above.

e. *Additional Check Restrictions* – No signor may execute any blank check. No payments intended to effect a single transaction may be executed in a series of consecutive or related payments with the intended or resulting consequence of reducing the number of required signatures pursuant to the foregoing section.

f. *Reimbursement to Member of the Board of Directors* - Directors will be reimbursed for their expenses as dictated by the approved budget but only upon Board approval of such reimbursements. No reimbursement request shall be considered or discussed in executive session of the Board.

g. *Reimbursement to Chief Executive Officer* – In addition to all other reimbursement procedures generally applicable to all personnel of GOAL and without limitation, the Chief Executive Officer is also required to submit to the board of directors on not less than a monthly basis an itemized statement of all the Chief Executive Officer's expense reimbursements and a concise rationale for the same. Without limiting the generality of the foregoing, examples of such expenses include all PCard expenditures, travel, mileage reimbursement requests, etc. No reimbursements may be made to the Chief Executive Officer without board approval of the same.

h. *Minimum Fund Balance* – GOAL will work towards maintaining a minimum fund balance as defined in GOAL's Fund Balance policy.

i. *GOAL Credit and Debit Cards* – All restrictions applicable to the check signature policy shall apply to any expenditure using a GOAL credit or debit card. GOAL may adopt additional credit or debit card policies and procedures from time to time.

j. *Surrender of GOAL Accounts* - An individual issued authority to expend funds on behalf of GOAL is authorized to retain and utilize the company accounts only for so long as the Chief Executive Officer permits. The Chief Executive Officer in his or her sole discretion may require an individual to surrender withdrawal authority. Immediately upon termination as an officer or employee of the Company for any reason, the individual must immediately surrender any GOAL credit cards and may no longer extend the credit or finances of GOAL in any way.

4. ACCOUNTING POLICIES AND PROCEDURES

a. *Purchases* – All purchases must be pre-approved by the procurement department and in accordance with any Purchasing Policy in effect at the time.

b. *Accounts Payable* – GOAL will only pay expenses upon receipt of an invoice and purchase order if required. 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. Payments for invoices will be processed in accordance with any Accounts Payable policy in effect at the time.

c. *Cash Receipts* – All employees will follow GOAL's Cash Receipt policy in effect for receipt of cash and checks.

d. *Petty Cash* – The Chief Financial Officer may maintain petty cash funds that may be used when staff needs to make an impromptu routine expenditure that will cost less than $100.00. All purchases made with petty cash funds will be done in accordance with any Petty Cash policy in effect.

e. T*ravel Cash Advances* – When staff is required to be out of the office on school related business, whether in-state or out-of-state, necessary expenses will be prepaid and/or reimbursed as per GOAL's travel policy in effect at the time.

5. INTERNAL CONTROLS

GOAL Academy proactively implements internal control procedures and measures to safeguard its assets, check the accuracy and reliability of its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed Board and managerial policies.

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

- Responsibilities should be clearly established.
- Adequate records should be maintained.
- Assets should be insured.
- Segregation of duties.
- Employees should be informed.
- The system should be reviewed.
- Prescribed policies and procedures should be consistently applied.
- Personal and financial information should be confidential to the extent permissible under law.

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6. DIRECTOR AND OFFICER CODE OF CONDUCT AND CONFLICTS OF INTEREST

Each year members of the Board of Directors and Chief Officers are required to review and sign the "Code of Conduct Agreement" (located at the end of the Bylaws). The signed Code of Conduct Agreements should be delivered to the School for safekeeping with its corporate books and records. At all times the members of the Board and all Chief Officers of GOAL must follow the conflict of interest policy as may be adopted and amended by the Board from time to time.

7. ADDITIONAL POLICIES

Consistent with and subject to this Financial Controls Policy, GOAL administration may adopt additional policies from time to time without amending or modifying this Financial Controls Policy. Some policies which may be adopted include, without limitation:

- P-Card Policy
- Internal Controls Policy
- Purchasing Policy
- Travel Policy
- Payroll Policy
- Cash Receipts Policy
- Fund Balance Policy

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