

Business Office Policies & Procedures Handbook

Arkansas Charter School



Fiscal Year 2022

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OVERVIEW

The following policies and procedures have been adopted to ensure the most effective use of the school's funds to support the mission and to ensure that the funds are budgeted, expended, accounted for, and maintained appropriately. The Business Manager will meet the requirements as outlined in ADE Rules Governing Qualification for Business Managers and will have completed the required course of study and received a certificate issued by the Arkansas Department of Education. The district has contracted services with School Business Advisory Services, Inc. who serves as the Business Manager.

The Parent Board of Directors formulates financial policies and procedures, delegate's administration of the policies and procedures to the School Governance Council and the Superintendent and reviews operations and activities on a regular basis. This procedure manual details processes and internal controls for all of the school's business functions including procurement, contracting with 3rd parties, payroll and benefit management. The Superintendent has responsibility for all operations and activities related to financial management. The Superintendent may authorize expenditures and may sign related contracts within the approved budget. The Board of Directors will review all expenditures. This will be done through monthly financial reports which include Statement of Expenditures and Fund Balance Report, Budget to Actual Report. The School Governance Council is authorized to approve contracts up to \$25,000 and make recommendations to the Board of Director to approve contracts at 25,000 and above.

The Superintendent must approve all purchases. The Director of Operations will manage the day to day financial operations of the school, collecting and depositing funds and maintain accurate records while the business manager provides an oversight role and financial management functions to maintain, accurate, and compliant financial records within the framework of the Arkansas Financial Accounting Handbook, chart of accounts as allowed within EFINANCE. A funds balance reserve of at least 5% of the total unrestricted General Funds revenues will be established during the initial three years of operations and maintained thereafter.

The Business Manager will provide the Superintendent and School Governance Council with financial statements monthly and will keep the Board of Directors apprised of the school's cash flow situation.

The Board of Directors will commission an annual financial audit by an independent third-party auditor who will report directly to them and the Superintendent. The Board of Directors will approve the final audit report, and a copy will be filed with the Arkansas Department of Education and the Division of Legislative Audit within nine (9) months following the end of the fiscal year. Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Board of Directors, Superintendent, the Arkansas Department of Education (ADE), and the Division of Legislative Audit. The Superintendent can appoint someone else to perform the Principal or Director 's responsibilities in the case of absence. The Superintendent, Director, and, Principal have responsibility for all operations and activities related to financial and academic management.

Financial duties and responsibilities must be segregated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts. Business Manager will be responsible

for the segregation of duties within the business office. All documentation related to financial matters will be completed by computer, word processor, typewriter, or ink and will be filed monthly by funds.

Annual Financial Audit

1. The Board of Directors will select an auditor by June 1st prior to the fiscal year end. The audit will comply with the schedule of statutes required by the Arkansas Department of Education to be addressed in the independent auditor's report on compliance.

Budget

1. The school budget process will ensure that the estimate funds needed to operate the school's educational and support programs for the coming year are allocated accordingly and within compliance with state rules. The budget development begins with solidifying revenue based on the anticipated student enrollment and will include any additional donations, federal and state funds. The School Governance Council will work directly with the Business Manager and Superintendent to review the school's academic goals, ongoing model priorities, and operation and facility priorities. The School Governance Committee's first consideration of the budget occurs at a regular business meeting in February. All regular business meetings are open to the public and are posted with the agenda on the School website. The Superintendent and Business Manager will present the First Draft which is a preliminary exercise that incorporates the latest estimates of costs, such as contractual obligations to employees, utility rates, and governmental increase in cost of living rates, and applies them to the latest enrollment figures, assessment of special education population needs, and the current regular education program. It also includes a projection of additional resources that might be recommended during the upcoming budget cycle, above and beyond a level service budget. The SGC will make a recommendation for approval or revisions to the Board of Directors who will also review the budget with the Business Manager and Managing Director. In April, the Superintendent presents the "Recommended Budget" to the School Governance Council at a regular business meeting which will be based on input from school leaders and teachers. Any additional adjustment will be made, and the Final Budget will be approved in May by the Board of Directors.
2. In September, if anticipated revenues are less than the Recommended Budget and budget shortfall occurs, reductions will be made to accommodate a lower enrollment. Going forward, annual budgets will be drafted by the Superintendent with advisement from the Business Manager, reviewed by the School Governance Council, and approved by the Board of Directors each year at the May Board meeting. The notice of an allocation of funds carries no authority to spend.
 - a. No funds, unrestricted or restricted, may be obligated or expended unless included in School Board's approved budget.
 - b. Additionally, no **restricted** funds from a cash balance, funds in reserve or uncommitted funds can be obligated or expended until included in a program or project budget by means of a formal application (ACSIP, ARRA, etc.) to the ADE.
3. Business Manager will enter the adopted budget totals into eFinance to allow for monthly generation of budget vs. actual reports (Revenue Status Report and Expenditure Status Report) and assistance in coding expenditures.

4. Total expenditures cannot exceed the approved budget even though funds are held in reserve or are otherwise available from the allotments; however formal budget adjustments can be made if approved by SGC.
5. When approving expenditures, the Superintendent and Director of Operations must indicate from which budget line item funds will be expended. Business Manager will provide some assistance in achieving this objective.
6. Any line item that is substantially over or under budget (\$5,000 or +/- 10% of approved budget, whichever is greater) require a budget adjustment using a ***Budget Adjustment Form***.

PROCUREMENT

1. The Superintendent may authorize expenditures and may sign related contracts within the approved budget. The Board of Directors must also approve contracts over \$25,000 and any contract extending past the end of the fiscal year.
2. The Superintendent will work with the Business Manager to develop a board approved monthly recurring bill list which will consist of payments for contracted services, monthly utilities and related services, debt payments and other items as approved.
3. The Superintendent, Director of Operations, and Principal must approve the purchase of all goods and services. ***Purchase Orders***, authorizing the purchase of goods and services, must be signed by the Superintendent after being approved and before it is forwarded to the vendor.
4. Once received, Operations Manager will log the purchase order into the purchase order log and make the purchase order log available to the Superintendent / Director of Operations.
5. When approving purchases, the Superintendent or Director of Operations must:
 - a. Determine if the expenditure is budgeted
 - b. Determine if the source document is properly coded
 - c. Determine if funds are currently available for expenditures (i.e. cash flow).
 - d. Determine if the expenditure is reasonable, necessary, and allowable under the appropriate revenue source.
 - e. Determine if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations
 - f. Determine if goods and services are sufficiently described on purchase order.
6. Determine if the price is competitive and prudent. The school will request bids or quotations verbally on transactions not expected to exceed \$5,000, and in writing for transactions between \$5,000 and \$10,000. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school. No individual may make purchases on behalf of the school without a Purchase Order executed by the Superintendent.
7. Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be reimbursed by check during the next open accounts payable cycle upon receipt of appropriate documentation of the purchase.
8. The Superintendent, Director of Operations, and Principal may authorize an individual to use a school purchase card to make an authorized purchase on behalf of the school, consistent with guidelines provided by the Superintendent.
 - a. Credit cards, debit cards, or purchase card purchases or payments must be supported with

- properly authorized Purchase Order.
- b. The school credit card will be issued to the Superintendent and authorized individuals must sign the credit card out and must return the credit card and related documentation of all purchases within 24 hours of the purchases, unless otherwise authorized by the Superintendent or Director of Operations.
 - c. If invoices are not available or are "missing", the individual making the charge will be held responsible for payment.
 - d. Credit cards, debit cards or purchase cards will bear the names of; The district and the Superintendent.

Contracts

1. Office staff will keep and maintain a contract file evidencing the competitive bids obtained and the justification of need for any contracts over \$10,000.
Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.
2. Written agreements (contracts), signed by both parties will be maintained for all contractors (i.e. consultants, independent contractors, subcontractors).
 - a. The contract must clearly define the specific services to be provided or goods to be delivered.
 - b. The contract must outline the specific timeline for goods, services, or products to be completed or delivered.
 - c. Contractors must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Superintendent may also require that the contractor(s) list the school as an additional insured, provide a certificate of insurance and bonding if required.
3. If the contractor is not a publicly traded company, the Director of Operations (school employee) will obtain a Form W-9 from the contractor, prior to submitting any requests for payments, and submit the completed form to Business Manager
4. Contract service providers will be paid as work is performed and invoiced in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
5. The Superintendent / Director of Operations will be responsible for ensuring the terms of the contracts are fulfilled.
6. Potential conflicts of interest will be disclosed upfront, and the Superintendent, Director of Operations and/or Member(s) of the Board of Directors with the conflict will excuse themselves from discussions and from voting on the contract. ADE Commissioner's approval may be necessary.

EXPENSES

Expense Reports

1. Employees having a properly authorized Purchase Order will be reimbursed for authorized expenditures during the next open accounts payable cycle immediately following the presentation of appropriate documentation.

2. Employees will complete ***Expense Reports*** monthly, as necessary, to be reviewed by the Superintendent before being submitted for reimbursement.
3. Invoices (receipts) or other appropriate documentation will be required for all expense reports.
4. The employee and the Superintendent must sign the expense reports.
5. The Director of Operation's expense reports should be approved by the Superintendent.
6. Expenses greater than thirty (30) days will not be reimbursed, unless there are exigent circumstances as determined by the Superintendent.

Travel

1. Employees having a properly authorized Purchase Order will be reimbursed for mileage. Mileage will be reimbursed at a rate determined by the Superintendent as established by July 1st of the school year for the distance traveled, less the distance from the employee's residence to the school site for each direction traveled. The established rate will not exceed the IRS mileage reimbursement rate. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.
2. The Superintendent must pre-approve all out of town travel with a Purchase Order.
3. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by the Superintendent and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates should be negotiated at the lowest rate possible, including the corporate, nonprofit or government rate if offered. Employees will be reimbursed up to the established rate for any breakfast, lunch, or dinner that is not included as part of the related event when providing adequate supporting documentation (invoices).
4. Travel advances require written approval from the Superintendent.
5. Travel advances require invoices (receipts) for all advanced funds upon returning.
6. After the trip, the employee must enter all the appropriate information on an expense report and submit it to the Superintendent or Director of Operations for approval and then it will be sent to the Business Manager for processing.
7. If the advance exceeds the amount of the invoices (receipts), the employee will pay the difference immediately in the form of a check made payable to the school.
8. If the advance is less than the amount of the invoices (receipts), the difference will be reimbursed to the employee in accordance with the expense report during the next open accounts payable cycle.

Board of Directors Expenses

1. The Board will provide the Superintendent with a board approved Purchase Order estimating the amount of travel.
2. The individual incurring authorized expenses while carrying out the duties of the school board will complete and sign an expense report upon returning.
3. The Superintendent will approve and sign the expense report, and submit it to the Business Manager for payment during the next open accounts payable cycle.

CASH DISBURSEMENTS

Accounts Payable

1. All invoices should be matched with its Purchase Order and any other applicable supporting documentation (order forms, packing lists, statements, etc.) and immediately forwarded to the Operations Manager after approval by the Superintendent.
2. The Superintendent or Director of Operations will carefully review each invoice, related purchase order, and all other supporting documentation, and verify that the specified services and/or goods were received.
 - a. When receiving tangible goods from a vendor, the Operations or Operations Manager (school employee) designated to receive deliveries should ensure all items listed on the packing slip were delivered by signing and dating the packing slip. Any items that were not in the shipment or were incorrect should be noted on the packing slip.
 - b. The packing slip should be submitted to the Director of Operations with the invoice and purchase order for review and approval and then sent to the Superintendent for review and approval before they are forwarded to the Business Manager Business Manager will adjust the invoice for any missing items noted on the packing slip before processing for payment.
 - c. Additional items purchased, but not approved on the original Purchase Order will require an additional Purchase Order and corrective action by the Superintendent and Director of Operations.
3. Once approved by the Superintendent and Director of Operations, they will initial and date the invoice(s) and verify that the appropriate budget line item(s) (budget codes) have been charged for the specified expenditures. All approved purchases will be batched into the eFinance and checks printed on the agreed payment date, if the Superintendent / Superintendent wants to hold certain checks from being paid, then that individual must document this request to Business Manager
4. The invoice and supporting documentation will be sent to Business Manager on at least a weekly basis (Superintendent / Director of Operations should be aware of invoice due dates to avoid late payments). Business Manager will then process the invoices **with sufficient supporting documentation** in the next accounts payable cycle. **All accounts payable cycles close four (4) business days before the agreed upon check dates. Invoices received after this date (close date) will be held until the next accounts payable cycle.**
5. The Superintendent may authorize Business Manager to pay recurring expenses (e.g. utilities, contractual agreements, etc.) without their formal approval (signature on the invoice and purchase order) when dollar amounts fall within a predetermined range. A list of the vendors, appropriate budget codes, and the dollar range for each vendor must be provided to Business Manager in writing and updated on an annual basis.
6. After receiving all necessary documentation Business Manager will generate check(s) through eFinance, record the transaction(s) in the general ledger, and forward the check(s) back to the Director of Operations.
7. The Superintendent / Superintendent and/or Board Disbursement Officer will sign all checks.
 - a. The Board of Directors will approve, in advance, the list of authorized signers on the board approved school bank account.
 - b. The Superintendent and the Board Disbursement Officer, and any other employee/member authorized by the Board of Directors may sign bank checks within established limitations.

8. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
9. Operations (school employee) will distribute the checks and vouchers as follows:
 - a. Original mailed or delivered to payee.
 - b. Duplicate or voucher - attached to the supporting documentation and filed by fund and by month.
 - c. Voided checks will have the signature line cut out and will have **VOID** written or stamped in ink on the face of the check. The original check will be attached to the duplicate along with any other related documentation as appropriate and filed in a monthly voided check file.
10. All or any part of the Accounts Payable function may be managed electronically through a system agreed upon by the Superintendent and the Business Manager.

Petty Cash

1. The school may maintain a petty cash fund with a balance of \$200, which will be maintained and secured by the Operations (school employee).
2. The Operations (school employee) will maintain a log of all disbursements made from the petty cash fund and use a **Petty Cash Voucher** for all petty cash disbursements. No disbursements will be greater than \$75.
3. All petty cash will be kept in a locked petty cash box in a locked file cabinet or safe. Only the Operations (school employee) and Director of Operations will have keys to the petty cash box and file cabinet or safe.
4. At all times the petty cash box will contain invoices, petty cash vouchers and cash totaling \$200. An invoice must support the petty cash slip. The individual using the petty cash to make a purchase is responsible for submitting the invoice for the petty cash slip to the Operations (school employee) within 48 hours of withdrawing the petty cash.
5. When expenditures total \$125 (when cash balance is reduced to \$75), the Operations Manager (school employee) will total the disbursements log, obtain an approved Purchase Order from the Superintendent / Principal, and submit a request to Business Manager. This should be done on at least a quarterly basis. The petty cash slips and supporting invoices will be attached to the approved reimbursement request form and forwarded to Business Manager.
6. Petty cash fund reimbursement checks will be made payable to the Operations (school employee).
7. Any irregularities in the petty cash fund will be immediately reported in writing to the Superintendent and Principal.
8. Loans will **not** be made from the petty cash fund.
9. Business Manager will conduct periodic surprise counts of the petty cash fund.
10. The custodian of the petty cash fund will be responsible for any shortages. Excess funds will be receipted and deposited as miscellaneous revenue (19900). Shortages will be paid in cash by the fund custodian and added to the petty cash fund to balance it.

Bank Reconciliation

1. Bank statements will be received directly, unopened, by the Superintendent.
2. Business Manager will examine all paid checks for date, name, cancellation, and endorsement. Any discrepancies regarding the paid checks or any checks over 90 days will be researched and if applicable deleted from the accounting system.
3. A Business Manager accountant not responsible for disbursements or payroll will review and approve the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. A Business Manager accountant will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the Superintendent.
5. The Business Manager accountant will prepare a monthly summary report to be approved by the Superintendent and sent to ADE.

CASH COLLECTIONS

Cash Receipts

1. The Director of Operations must approve all fundraising activities at the school and informs the School Operations Manager (school employee) and Business Manager. The School Operations (school employee) will establish and maintain a ***Fundraising Activity Log*** (Sponsor's name, grade/club/organization, start date, end date, and reason for the fundraiser).
2. For each fundraising or other event in which cash or checks will be collected, a Sponsor will be designated, who will be responsible for collecting all cash and checks for the purpose of the fundraising activity.
 - a. The School Operations (school employee) will assign a receipt book (three parts) to the Sponsor and log the receipt book out on the ***Receipt Book Log*** (to be provided by Business Manager).
 - b. The Sponsor will record each transaction in the receipt book at the time the transaction is made, with a copy of the receipt provided to the donor. The Sponsor will photocopy all checks collected and remit all funds to the office daily for depositing.
 - c. The cash, checks, receipt book, photocopies of the checks, and a ***Deposit Summary*** (provided by Business Manager with the assistance of the school) must be given to the Operations (school employee) by the end of each day (or next day if the events is after hours).
 - d. Both the Sponsor and the Operations (school employee) will count the funds and verify the amount of the funds listed on deposit summary agrees with the receipt book. The Operations (school employee) will immediately put the funds in a secure, locked location until deposited.
 - e. When the fundraising event is over, the sponsor will return the receipt book to the Operations (school employee) and it will be logged in to the ***Receipt Book Log***.
3. Cash/checks dropped off at the school office will be placed directly into a lock box by the persons dropping off the cash/checks.
 - a. All funds are inserted into the lock box in a sealed ***Envelope***, provided by the school,

- complete with student name, purpose, and composition of payment.
- b. The Operations (school employee) and one other staff member will jointly open the lock box to verify the cash/check amounts, and sign off on the amounts received and make photocopies of all checks received. These funds will be receipted after being counted.
 - c. The lock box will be emptied daily and deposited daily.
 - d. **Lunch/Breakfast payments should also be placed in the lockbox and must be posted to food services platform for the food service fund.**
4. The Operations (school employee) will receipt all payments received through the mail.
 5. At least weekly, the Operations (school employee) will provide Business Manager with copies of all deposit summaries for posting. The deposit summaries should be sent to Business Manager with the weekly mailing of invoices.
 6. All checks will be immediately endorsed with the school deposit stamp, containing the following information: "**For Deposit Only**; School Name, Bank Name; Bank Account Number."
 7. All deposits will be prepared in duplicate and the *first and last receipt numbers will be written on the deposit ticket and the Deposit Summary*. The deposit date and amount will also be written on the last receipt in the receipt book for the deposit range.
 8. The Operations (school employee) deposits funds daily or when cash/checks on hand exceed \$50. The original deposit slip will be retained by the bank and the validated deposit slip (yellow copy) will be attached to the revenue documents and given to Business Manager for posting. These documents will then be returned to the Operations (school employee) for filing in the business office.
 9. All or any part of the Cash Receipt function may be managed electronically through a system agreed upon by the Superintendent and the Business Manager.

Returned Check Policy

1. A returned-check processing fee will be charged for checks returned to the school for any reason. Unless otherwise pre-approved by the Director of Operations, all payments for returned checks and the processing fees must be made by money order, certified check, or cash. The Director of Operations will notify school staff when this fee is not to be collected.
2. In the event that a second returned check is received from any individual in the same semester, in addition to the processing fee, the individual will lose check-writing privileges. Payment for the returned check, the processing fee and any subsequent payment(s) by that individual must be made by cash, money order or certified check. The Director of Operations and Operations (school employee) will maintain a list of individuals that have had their check writing privileges suspended.
3. The Operations (school employee) will receipt the amount of the processing fee (new revenue). The returned check **MUST** be re-deposited on a separate deposit ticket marked as "**REDEPOSIT**" and Business Manager **MUST** be informed as to how the returned check was originally deposited, so that the correct entries can be made in EFINANCE.
4. In the case of a returned check not being redeemed by the parents, failure to pay may result in the withholding of report cards/transcripts at the end of the semester and/or school year until payment is received, unless other mutually agreeable arrangements are approved by the Superintendent / Director of Operations and/or Board of Directors.

5. If unsuccessful in collecting funds owed, the school may initiate appropriate collection and/or legal action at the discretion of the Superintendent and/or Board of Directors.
6. Parents that do not make settlements by the end of each semester will not have their checks accepted (check writing privileges suspended) the following semesters until the settlement has been made.

PERSONNEL

1. The Operations Manager (school employee) will be responsible for ensuring that all new employees complete or provide all of the items on the attached *Personnel File Checklist* and maintain employee files accordingly.
2. An employee's hiring (going to work) is not effective until the employment contract (Offer Letter) has been approved by the Board of Directors, background check is completed and all required employee information is complete in the personnel file. The Director of Operations must provide Business Manager with the employee's title, start date, approved pay rate, and budget line item (coding), along with a signed copy of the offer letter.

PAYROLL

Payroll Processing

1. For hourly (non-exempt) employees, employees must sign *time sheets* to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The Director of Operations will approve these timesheets. No overtime hours should be listed on timesheets without the supervisor's initials next to the day on which overtime was worked.
 - a. Advanced approval in writing by the authorized supervisor is required for overtime. The supervisor **MUST** have approval from the Superintendent before approving overtime for any employee.
 - b. Overtime only applies to *Non-Exempt* employees and is defined as hours worked in excess of forty (40) hours within a defined work week. Any hours worked in excess of an employee's regular work schedule must be pre-approved by the supervisor, unless it is prompted by an emergency. Overtime will not be granted on a routine basis and is only reserved for extraordinary or unforeseen circumstances. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Superintendent and Director of Operations for further guidance.
 - c. The employee and the appropriate supervisor will sign the completed timesheet.
 - d. The completed timesheets will be submitted to Business Manager on the last working day of the designated payroll period.
 - e. Incomplete timesheets will be returned to the signatory supervisor and **late timesheets will be held until the next pay period.** No employee will be paid until a correctly completed timesheet is submitted.
 - f. If an employee is unexpectedly absent and therefore prevented from working the last day of

the pay period or turning in the timesheet (such as an employee calling in sick), the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. However, the employee must still complete and submit the timesheet upon return.

2. For salaried employees, employees must sign into a log book to verify working days for accuracy. The Operations (school employee) will provide the designated school employee with any payroll-related information such as accessing sick leave, vacation pay, and/or any other unpaid time.
3. For substitute teachers, the Operations (school employee) will maintain a log of teacher absences and the respective substitute that works for them. The Operations (school employee) will verify that the substitute initials the log next to their name before leaving for the day and that the teachers initials the log next to their name upon returning to work. This form will be verified and signed by the appropriate supervisor and submitted to Business Manager
4. The Superintendent / Superintendent and the Director of Operations will notify Business Manager of all authorizations for approved stipends. Stipends should be an attachment to the school's salary schedule and filed with ADE annually, if the school does not have a waiver on salary schedule requirements.
5. Business Manager will prepare and process payroll based on payroll data submitted in a timely manner by school personnel.
6. The Superintendent will approve all payrolls by signing and dating the EFINANCE pre-calc report. Once the Superintendent approves the pre-calc report no payroll will be voided if it can be determined that the correction(s) can be made during the next payroll cycle. Business Manager will correct the payroll if a correction cannot be made during the next payroll cycle.
7. The payroll checks will be delivered to the school. The Superintendent / Superintendent and Board Disbursement Officer will review and sign the payroll checks prior to distribution.
8. All or any part of the Payroll function may be managed electronically through a system agreed upon by the Superintendent and the Business Manager.

Payroll Taxes and Filings

1. Business Manager will prepare all necessary payroll liability reports and will submit payments to proper agencies.
2. Business Manager will prepare the state and federal quarterly and annual payroll tax forms and submit the forms to the respective agencies.

Record Keeping

1. The designated school employee will maintain written records of all full time employees' use of Paid Time Off (PTO, which includes sick leave), vacation pay and any other unpaid time (absences) .
 - a. The designated school employee will immediately notify the Director of Operations if an employee exceeds their PTO or vacation time or has any other unpaid absences. The Director of Operations and Business Manager will be responsible for maintaining these records.
 - b. Records will be reconciled when requested by the employee. Each employee must maintain

personal contemporaneous records

FINANCE

Financial Reporting

1. Business Manager will prepare and submit all FMS cycle reports as required by ADE.
2. Business Manager will provide the Superintendent and Board of Directors with any eFinance financial reports as requested and those required by ADE.
3. Business Manager will assist the school's external auditors with its annual audit of the school's financial records.

Loans

1. The Superintendent and the Board of Directors will approve all loans from third parties. In the case of long-term loans (any loan extending beyond the end of the current fiscal year), lease purchase agreements, or installment contracts, approval may also be required from the Arkansas Department of Education in accordance with the terms of the charter petition/state laws and/or other lenders in accordance with loan documents.
2. Once approved, a promissory note will be prepared and signed by the Superintendent and Board of Directors before funds are borrowed. All loan documents will be filed in the business office and with Business Manager
3. Employee loans are not allowed.

Financial Institutions

1. The Board of Directors and Superintendent will have the sole authority to open and close bank accounts.
2. All funds will be FDIC insured and collateralized as required by Ark. Code Ann. (A.C.A.).
3. The Board of Directors will require funds to be collateralized by the bank when the balance exceeds the amount of FDIC insurance coverage.
4. All funds will be maintained or invested in high quality, short maturity, and liquid funds.
5. Physical evidence will be maintained on-site for all financial institution transactions.

Retention of Records

1. Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of five (5) years. At the discretion of the Board of Directors and/or the Superintendent, certain documentation may be maintained for a longer period of time.
2. Financial records should be shredded (destroyed) at the end of their retention period.

3. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, should be regularly prepared and stored in a secure off-site location, separate from the school.
- 4.

RISK MANAGEMENT

Funds Balance Reserve

1. A funds balance reserve of at least 5% of the total unrestricted General Funds revenues is strongly recommended.
2. Business Manager will provide the Superintendent, Superintendent and Director of Operations with balance sheets on a monthly basis. It is the responsibility of the Superintendent, Director of Operations and the Governance Board to understand the school's cash situation. It is the responsibility of the Superintendent and Director of Operations to prioritize payments as needed. The Superintendent, Superintendent and Director of Operations have responsibility for all operations and activities related to financial management of the school.

Insurance

1. The Superintendent and Director of Operations should ensure that appropriate insurance is maintained at all times with a high-quality insurance agency.
2. The Operations Manager and Business Manager will maintain the files of insurance policies, including an up-to-date copy of all certificates of insurance, insurance policies and procedures, and related claim forms.
3. The Superintendent will carefully review insurance policies on an annual basis, prior to renewal.
4. Insurance will include general liability, worker's compensation, student accident, professional liability, and School Leaders' and officers' coverage. Supplementary coverage will cover the after-hours and weekend activities. Coverage will be in line with the limits listed in the school's approved charter petition and or other requirements placed on the school.

Property & Equipment Inventory

1. Property and Equipment (P&E) is defined as all items, purchased or donated, with a value of \$1,000 or more and having a useful life of at least two (2) years or more.
2. The Operations (school employee) will tag all P&E as it enters the building with asset ID tags purchased by the school and assigned by the Operations (school employee). Business Manager will be provided with this information in order to assist the school with its capital inventory system and presentation of its financial statements for audit.
3. The School will maintain an inventory system or log of all P&E. The log will include the asset ID number, the original purchase price and date, a brief description, serial numbers, location

and other information appropriate for documenting assets. Business Manager will assist the school with this task but will not be primarily responsible.

4. The School will take a physical inventory of all P&E before the end of each fiscal year, indicating the condition and location of P&E. Business Manager will assist the School with this task when requested but will not be primarily responsible.
5. The Director of Operations will immediately be notified of all cases of theft, loss, damage or destruction of P&E and make any police reports required.
6. The Director of Operations will submit to the Superintendent and Business Manager written notification of plans for disposing of P&E with a clear and complete description of the P&E and the date and manner of disposal plus all cases of theft, loss, damage or destruction of P&E.
7. The Operations (school employee) will maintain a file with all inventory sheets (purchase forms, transfer forms, and deletion forms).

Parking Lot Liability

1. Parking lot related incidences are not covered under any insurance policy. The school assumes no liability for damage to cars:
 - a. Parked in the parking lot during school hours
 - b. Parked in the parking lot after school hours
2. The only exception to this policy will be when a student is observed by an adult accidentally causing damage to a vehicle while engaged in a school activity, such as physical education equipment breaking a window (e.g. a ball)
3. Otherwise, liability is as follows:
 - a. If a student willfully causes damage (i.e. not an accident as described above), the student's parent or guardian is responsible.
 - b. If a parent or other visitor causes damage, that individual is responsible.
 - c. If an employee causes damage, the employee is responsible.
 - d. If an unknown person causes damage and there is no witness, the affected individual would determine if they have applicable coverage through his/her individual insurance policies.

AMENDING THIS MANUAL

The Superintendent and Business Manager will review this manual annually during the month of May of each school year and amend the manual as agreed upon by all parties. No amendments will be made to this manual at any time unless the Superintendent and Business Manager all agree to review and amend the manual and the Board of Directors consents to amending the manual.