COMMUNITY ACADEMIES

Financial Policies

&

Procedures

COMMUNITY
ACADEMIES

Corporate Credit Card
Best
Practice

It is the Best Practice of Community Academies of New Orleans to provide select employees with corporate credit cards for the purpose of conducting organizational business.

Corporate credit card user and credit limit approvals are at the discretion of the CEO. Currently, the only approved corporate credit card holders are the CEO, CFO, COO, CSO, CAO and Principals.

Best Practice Requirements

1. All corporate credit cards are the property of Community Academies of New Orleans and authorized users shall take the necessary precautions to ensure the safekeeping of the card.

2. Each cardholder must read and sign a statement agreeing to adhere to the corporate card best practice.

3. The CFO is responsible for assuring that the cardholder receives and reads a copy of this corporate card best practice prior to issuance of a card.

4. Corporate credit cards may not be used for personal expenditures of any kind.

5. No cash advances or gift card purchases are allowed.

6. Payments on a corporate credit card account must be made based on an authorized Purchase Requisition Form (and accompanying Credit Card Statement) and made by accounts payable.

7. Receipts are required for any expense. Confirmation statements, shipping receipts or similar reports may be used to document telephone orders or fax orders. Any exception shall be explained in writing and signed.

8. Statements will be reviewed for validity and accuracy by the CEO and the CFO prior to being paid. The CEO will review and approve the CFO's statements prior to payment being submitted. The Board Chairperson will review and approve the CEO's statements prior to payment being submitted. The CFO will review and approve the COO's, CSO's, CAO's and Principal's statements prior to payment being submitted.

9. Any employee noting cardholder irregularities (i.e. overdue expense reports or non-business expense) will report the information, in confidence, to the CEI. In the event the cardholder is the CEO, the CFO should first bring it to the CEO's attention. If the problem is not resolved, he or she should report the irregularities to the Board President.

COMMUNITY
ACADEMIES

Budgeting Process

State Required Procedures
The Louisiana Department of Education (LDOE) requires all Type 1 Charter Schools to submit a copy of the school's board-approved budget to NOLA PS by September 30th. In addition to this NOLA PS requirement, Type 1 Charter Schools are required to submit the following budget-related documents by the deadlines listed below:

Report	Due Date
First Quarter Financial Report	October 31st
Second Quarter Financial Report	January 31st
Third Quarter Financial Report	April 30th
Annual Operating Budget	July 31st

Internal Procedures

Budget Development
The CFO and CEO typically start the budgeting process for the upcoming fiscal year in February of the preceding year. The initial step of the budget development process is to analyze the projected variances in revenue and expenditures compared to the previous fiscal year. Once those variances have been analyzed, the CFO and CEO work together to develop a preliminary budget that will meet the school's academic goals for the upcoming school/fiscal year. The Finance Committee is kept abreast throughout the budget development process. Several drafts of the preliminary budget are developed and eventually results in a draft budget to be submitted to the Finance Committee for review.

Finance Committee Re iew
The CFO and CEO typically submit a draft budget to the Finance Committee in September. The timing of this submission is directly related to the school's enrollment which drives most of the school's revenue streams.

The Finance Committee reviews the budget to ensure it is in line with the Board's goals for the school. The CFO and CEO address questions from the Finance Committee and make modifications to the budget as needed. Once all questions are addressed, the Finance Committee approves the draft budget for submission to the full Board for approval.

Budget Approval
The Treasurer typically submits the draft budget to the full Board for approval at the June board meeting. The full board reviews the draft budget to ensure it is in line with its goals for the school.

The CFO, CEO and Finance Committee address questions from the full Board. If no modifications are required, the board votes to approve the draft budget at the July meeting, which allows for one month of public review and comment subsequent to the June board meeting. If modifications are required, the CFO will make the modifications, and the Finance Committee Review process and Board Approval Process must be repeated until the board approves the budget.

Budget Review and Analysis

Prior to each monthly board meeting, the CFO presents the monthly financial statements to the CEO and the Finance Committee. The CFO provides detailed explanations for all significant budget variances on the Income Statement. The CFO addresses questions from the CEO and Finance Committee. Once all questions are addressed, the Finance Committee approves the draft financial statements for submission to the full Board.

Mid-Year Budget Revisions

The CFO and CEO typically start the mid-year budget revision process during the month of December. The initial step of the mid-year budget revision process is to analyze the significant variances in year-to-date “actual” revenue and expenditures versus year-to-date “budgeted” revenue and expenditures. Once those variances have been analyzed, the CFO and CEO work together to develop a preliminary mid-year revised budget that will meet the school’s academic goals for the remainder of the school/fiscal year. Several drafts of the preliminary mid-year revised budget are developed and eventually results in a draft revised budget to be submitted to the Finance Committee for review.

The Finance Committee reviews the draft revised budget to ensure it is in line with the Board’s goals for the school. The CFO and CEO address questions from the Finance Committee and make modifications to the budget as needed. Once all questions are addressed, the Finance Committee approves the draft revised budget for submission to the full Board for approval.

At the next available board meeting, the Treasurer submits the draft mid-year revised budget to the full Board for approval. The full board reviews the draft mid-year revised budget to ensure it is in line with its goals for the school. The CFO, CEO and Finance Committee address questions from the full Board. If no modifications are required, the board votes to approve the draft mid-year revised budget. If modifications are required, the CFO will make the modifications and the Finance Committee Review process and Board Approval Process must be repeated until the board approves the mid-year revised budget.

BEST PRACTICE for CASH DISBURSEMENTS

Control Objective

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

Practices/Procedures

1. Mail is opened by the Administrative Assistant who sorts the invoices and forwards them to the Operations Manager.
2. Operations reviews all invoices for accuracy and forwards them to the Accounts Payable Manager for processing.
3. A pre-numbered check is prepared by the Accounts Payable Manager who attaches all supporting documentation: (e.g. vendor invoice, purchase order, purchase requisition, etc.) and submits the package to the CFO for budgetary approval.
4. All invoices submitted for approval will include approvals for payment, expense account(s) charged, grant account(s) charged check number and date of payment.
5. Checks are signed, after examining the supporting documentation. Either the CEO or the CFO can sign for all checks less than $1,500. All checks ranging from $1,500 to $14,999 must be signed by the CEO AND the CFO. All checks in excess of $14,999 must be signed by the CEO AND one Board Member (Chairperson or Treasurer).
6. After having been signed, the checks are mailed directly to the payee by Accounts Payables Manager.
7. On a periodic basis, cash disbursement records are matched against accounts payable/open invoice files for any discrepancies by the Finance Director or Staff Accountant.
8. Bank statements are reconciled on a monthly basis soon after receipt by the Finance Director and reviewed by the CFO.
9. The CFO submits monthly reports to the CEO and Finance Committee.

Cash Defined:
Cash is defined as all currency and coins and all demand deposits maintained at banking institutions. This definition includes deposits held by state agencies on behalf of the school.

Cash Equivalents Defined:
Cash equivalents are defined as highly liquid investments that are convertible to a known amount of cash, have an original maturity of less than twelve months at the time of purchase and have insignificant risk of change in fair market value due to shifts in the interest rate. An example of cash equivalents would be cash in money market and cash invested in the Investment management Boards (IMB) polled investments.

BEST PRACTICE
FOR
CASH RECEIPTS

Control Objective

To record cash receipts completely and accurately and to prevent the diversion of cash assets.

Practices

1. Mail is opened by the Secretary who sorts the checks and forwards them to the Operations Manager.
2. All checks are restrictively endorsed immediately by the Operations Manager.
3. The Operations Manager prepares the deposit slips.
4. The Staff Accountant verifies and confirms that accuracy of the deposit slips.
5. The Operations Manager makes a copy of each check and attaches a copy of the deposit slip.
6. The Operations Manager makes deposits on a daily (or no later than on a weekly basis). If deposits are made other than daily, the deposit is maintained in a fire-proof safe in the Operations Manager's office.
7. The check copy, deposit slip copy and deposit receipt are emailed to the Staff Accountant.
8. The Staff Accountant inputs journal entries.
9. The Director of Finance reviews, signs off and posts all journal entries.
10. Reconciliation of cash receipts to deposit slips and bank statements are performed by the Staff Accountant and approved by the Finance Director on a monthly basis.
11. The CFO submits cash receipts reports to the CEO, Finance Committee on a monthly basis.

Purchasing Procedures

1. **<u>Written Quote/Invoice</u>** - Employees wishing to purchase items must obtain a written quote or invoice for the requested items.

2. **<u>Complete Purchase Requisition</u>** - Employees must complete Purchase Requisition Form documenting the requested items to be purchased. The Purchase Requisition Form is available for download on each school's web sites.

3. **<u>Pre-Approval Prior to Ordering Goods/Services</u>** - Employees must obtain written **<u>pre-approval</u>** from the Principal **<u>AND</u>** CFO **<u>prior to</u>** ordering goods/services. The easiest way to obtain written pre-approval is to obtain signatures on the Purchase Requisition. Email approval is also an acceptable form of written pre-approval.

   <u>Note</u>: all academic materials and supplies require additional written pre-approval by the Chief Academic Officer.

4. **<u>Order Good/Services</u>** – After pre-approval, the employee or the Operations Manager may order goods or services.

5. **<u>Forward Purchasing Documents to Accounts Payable Manager</u>** - After good/services have been ordered, the following documents must be forwarded to the Accounts Payable Manager:
   1) Completed Purchase Requisition Form;
   2) Written Quote or Invoice for requested items; and
   3) Written approval from the Principal and CFO.

6. **<u>Invoice Processing</u>** – Accounts Payable Manager will add vendors to the vendor list and enter invoice details into the accounting system. All documentation is forwarded to the Accounts Payables Manager to process the payment.

7. **<u>Vendor Payments</u>** – Payments will be remitted to the vendor usually within 30 days of invoice receipt. Vendor checks are cut and signed periodically. Time-sensitive vendor check requests should be submitted at least 10 business days in advance.

BEST PRACTICE
for
FIXED ASSET CAPITALIZATION

Control Objective

Capital Equipment - tangible personal property having a useful life of one year or more and an acquisition cost of $1,000 or more per unit.

Acquisition cost - the net invoice price of the equipment including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment operable. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included in determining the acquisition cost.

Practices

Capital equipment at The School is tangible personal property having a useful life of one year or more and an acquisition cost of *$1,000* or more per unit. All equipment meeting this definition should be recorded on the school's equipment inventory and should be tagged with a control number for tracking purposes. The School's IT staff are responsible for ensuring all fixed assets are accounted for.

Personal Computers

All personal computer system packages valued at *$1,000* or more are to be recorded on the equipment inventory. PC system packages consist of a central processing unit (CPU), system software, and all accessories necessary to make the property operable. The value of computer monitors purchased with PC systems should be capitalized as part of the PC system. Monitors purchased as replacements or upgrades to existing systems are to be accounted for in the manner outlined below under 'Repairs, Replacements, and Upgrades.'

Software

Software is intangible property and is not considered capital equipment under this best practice. The value of pre-loaded computer software may be included in the cost of the equipment recorded on the school's inventory when the cost of this software is not separately identified on the sales invoice. Major systems software valued at $25,000 or more may be capitalized for financial statement purposes.

Accessory Equipment

The cost of an accessory purchased separately – after the equipment has been received and made operable – should be added to the value of an item of capital equipment listed on the inventory. When an accessory meets all the criteria of capital equipment (i.e., it is tangible personal property having a useful life of one or more years and an acquisition cost of *$1,000* or more), it should be treated as a separate item of capital equipment and assigned a The School control number and recorded on the school's equipment inventory.

Repairs, Replacements, and Upgrades

Equipment repair, replacement, and upgrade costs will be capitalized only when these costs are *$1,000* or more and they extend the useful life of the original piece of equipment by one year or more. When these costs are capitalized, the asset value and useful life of the original piece of equipment – as recorded on the school's equipment inventory – should be updated to reflect the new value and remaining useful life of the asset.

Donated Equipment

Equipment donated to the school by a third party is covered by this best practice. For capitalization and inventory purposes, the recorded value of the donated equipment should be the fair market value of the equipment at the date of the gift. Generally, the fair market value of such an item of property is the price at which the item or a comparable item would be sold at retail, taking into consideration the age and condition of the property on the date of the gift.

Capitalized Manufactured Equipment

Capitalized manufactured equipment is equipment that is assembled or manufactured by the school using purchased materials, in-house machinery or tools and school labor. Manufactured equipment valued at *$1,000* or more and having a useful life of one year or more shall be capitalized and recorded on the school's equipment inventory. Departments manufacturing equipment are responsible for determining the cost of the equipment. Additionally, it is the responsibility of the department to notify the Business Office of the equipment's existence.

Using, Managing and Disposing of Items
Purchased with Federal Funds
Best Practice

Purpose/Rationale
To provide employees with internal procedures for using, managing and disposing of items purchased with federal funds.

Real Property
(a) Title. Title to real property acquired under a federal grant will vest upon acquisition in the Foundation.
(b) Use. Real property will be used for the originally authorized purposes as long as needed for that purposes, and the Foundation shall not dispose of or encumber its title or other interests.
(c) Disposition. When real property is no longer needed for the originally authorized purpose, the Foundation will request disposition instructions from the awarding agency.

Equipment
(a) Title. Title to equipment acquired under a federal grant will vest upon acquisition in the Foundation.

(b) Use. Equipment shall be used by the Foundation in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

(c) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the Foundation is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
(e) Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made in accordance with EDGAR 80.32(b), EDGAR 80.33, and EDGAR 76.661.

Supplies
(a) Title. Title to supplies acquired under a Federal grant will vest, upon acquisition, in the Foundation.
(b) Disposition. If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally sponsored programs or projects, the Foundation shall compensate the awarding agency for its share in accordance with EDGAR 80.32(b), EDGAR 80.33, and EDGAR 76.661.

Procurement
When procuring property and services under a Federal grant, a Foundation will follow the same policies and procedures it uses for procurements from its non-Federal funds. The Foundation will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

COMMUNITY ACADEMIES

BEST PRACTICE for CASH DISBURSEMENTS

& ACCOUNTS PAYABLE

Control Objective

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

Practices/Procedures

1. Receptionist: opens mail, sorts the invoices and forwards them to the Operations Manager.
2. Operations Manager: reviews all invoices for accuracy.
3. Business Coordinator: prepares a separate cash disbursement packet for every invoice and submits it to the Director of Finance & Operations/Executive Director for approval: Cash disbursement packet includes:
   - A pre-numbered check
   - vendor invoice
   - purchase requisition and/or purchase order
4. Director of Finance & Operations: reviews cash disbursement packet for every invoice ensuring the invoices are for authorized purposes. Also ensure invoice is within the approved budget.
5. Director of Finance & Operations, Executive Director, Board Treasurer, and Board Chair: Checks are signed, after examining the supporting documentation. Either the Executive Director or the Director of Finance & Operations have signature for all checks less than $1,500. All checks ranging from $1,500 to $14,999 must be signed by the Executive Director AND the Director of Finance & Operations. All checks in excess of $14,999 must be signed by the Executive Director or Director of Finance AND one Choice Foundation Board Member (Chairperson or Treasurer).
6. Business Coordinator: After having been signed, the checks are mailed directly to the payee.
7. Staff Accountant: On a periodic basis, cash disbursement records are matched against accounts payable/open invoice files for any discrepancies by the Staff Accountant.
8. Staff Accountant: Bank statements are reconciled on a monthly basis soon after receipt by the Staff Accountant.
9. Controller: reviews and approves monthly bank reconciliation.

BEST PRACTICE
for
TRAVEL

All CANO Schools shall follow the state's travel guidelines as outlined in the Louisiana Travel Guide. The Louisiana Travel Guide may be downloaded from the Division of Administration web site at http://www.doa.la.gov.

For your convenience, the following travel-related forms are available for download and must be approved by the Principal and CFO:

- Travel Request Form
- Travel Expense Form

COMMUNITY
ACADEMIES

Procurement Procedures

All purchases must be approved by the CEO, CFO or their designee.

Good business practice and the responsibility for the expenditure of school funds dictate the school follows a best practice of obtaining competitive bids/quotations. In so far as practical, purchases shall be made on the basis of competitive prices, considering quality, suitability, delivery and service. School best practices require acceptance of the best bid, prices and other factors considered.

To ensure objectivity and eliminate unfair competitive advantage, suppliers (i.e., vendors) who participate in the development or drafting of specifications, requirements, requests for quotes or proposals must be excluded from competing for such purposes. To avoid potential conflicts of interest, no employee, officer, or agent of the school should participate in the selection, award, or administration of purchases or contracts in which, to his or her knowledge, the employee, immediate family, or partner has a financial interest in the supplier's organization.

The following minimum guidelines have been established to promote competitive bidding. Requisitioners should realize that these are *minimum* requirements and that bids should be solicited, whenever the item(s) can be purchased, from several different, responsible suppliers. Upon request, the Business Office will assist departments in locating potential suppliers and obtaining pricing and product availability information.

Up to and including $5,000 - No Quotes Required
The Business Office or designated School employee may solicit bids when it is determined by the CEO, CFO or their designated representative to be in the best interest of the School.

$5000.01 - $15,000 - Minimum 3 Verbal Quotes
All purchases over $5,000.00 but not exceeding $15,000.00 require at least three (3) quotations from responsible vendors. The quotations may be in writing, via telephone, or facsimile. If by telephone, a complete record of the transaction must be maintained, to include, as a minimum, the following for each supplier contacted, including suppliers from whom quotes were solicited, but did not bid or respond:

- Supplier Name
- Quoted By (Name)
- Date of Quotation
- Quoted Price

Over $15,000 - Minimum 3 Written Quotes
All purchases over $15,000.00 require at least three (3) quotations from responsible vendors. The quotations may be in writing or via facsimile.

Documentation for purchases over $15,000 shall include the following:

- Copy of "Request for Bids" or letter soliciting quotes.
- Names and contact persons for suppliers solicited.
- Copy of quotes from all responsive suppliers.
- Basis for supplier selection and award price.
- Justification for lack of competition when competitive bids were not obtained

Solicitations for quotes or proposals shall set forth all requirements that the bidder must fulfill for his or her bid to be evaluated by the School. Solicitations should be based upon a clear and accurate description of the technical requirements.

Complete information should be provided including, but not limited to, quantity, description, delivery requirement, special conditions, drawings, specifications, bid due date and time.

Specifications or requirements should not unduly restrict competition.
Whenever a "brand name or equal" description is used to define performance or other salient requirements, the specific features of the named brand must be clearly specified.

When evaluating quotes, consideration may be given, but not necessarily limited to, the following:

- Price
- Bidder's previous record of performance and service.
- Ability of bidder to render satisfactory service in this instance (i.e., training, maintenance and repairs).
- Availability of bidder's representative to call upon and consult with the end users.
- Quality and conformance to specifications.
- Delivery Schedule
- Life Expectancy
- Warranty
- Disposal Value

Unsuccessful vendors shall be notified that the bid is closed and awarded. It is not necessary to note the successful bidder.

The School reserves the right to reject any bids, waive informalities and award the contract in the best interest of the School.

Emergency Purchases

The school may make emergency procurement of goods or services when an emergency condition arises and the need cannot be met through normal procurement methods, provided that whenever practical, approval by the chief financial officer (CFO) shall be obtained prior to the procurement. Prior to all such emergency procurement, the CFO, CEO, board chairperson or their designee shall approve the procurement.

An emergency condition is a situation which creates a threat to the school's operations, students, faculty, welfare, safety, or school property such as may arise by reason of floods, epidemics, riots, equipment failures, or such other reason as may be proclaimed by the CFO or the CEO.

The existence of such condition creates an immediate and serious need for supplies, services, or major repairs that cannot be met through normal procurement methods and the lack of which would threaten the functioning of the schools operations, the preservation or protection of school property, or the health or safety of student or staff person. All emergency purchases require:

- Solicitation of quotations via newspaper, Internet or other documented methods when time permits.
- Solicitation of quotations from 3 bona fide vendors when time permits.
- Submit justification for purchase to school CEO and Board Chair.
- Obtain written approval for purchase from CEO and Board Chair.