



**THE COLLABORATIVE
CHARTER SERVICES
ORGANIZATION**

**Fiscal Control Policies
and Procedures**

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OVERVIEW

The Board of Directors of the Collaborative Charter Services Organization (“CSO” or “Organization”) has reviewed and adopted the following procedures to ensure the most effective use of the Organization's funds to support its mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Board of Directors formulates financial policies and procedures, delegates administration of the policies and procedures to the Chief Executive Officer, and reviews operations and activities on a regular basis.
2. The Chief Executive Officer (CEO) has responsibility for all operations and activities related to financial management with oversight by the Board of Directors
3. Financial duties and responsibilities shall be separated so that no one employee has sole control over cash receipts, disbursements, and reconciliation of bank accounts.
4. The Board of Directors shall commission an annual financial audit by an independent third-party auditor who will report directly to it. The Board of Directors shall approve the final audit report, and a copy will be provided to the member charter schools in The Collaborative and other legally required entities. Any audit exceptions and/or deficiencies shall be resolved to the satisfaction of the Board of Directors and the member charter schools.

Annual Financial Audit

The Board of Directors recognizes the importance of transparent and accurate accounting in alignment with generally accepted accounting principles. As a nonprofit organization, the financial records of the CSO will be subject to an annual audit and made available to its member charter schools upon request.

1. The Board of Directors will annually select an auditor by March 1 prior to year end (June 30th).
2. The audit shall include, but not be limited to:
 - a. An audit of the accuracy of the financial statements
 - b. An audit of the internal control practices
3. The audit will be presented at a meeting of the Board of Directors and provided to the member charter schools.

Purchasing

1. The CEO or designee may authorize expenditures up to \$5,000, and may sign related contracts as outlined. The CEO or designee must approve all purchases. The Board of Directors must approve contracts or expenditures over \$5,000.
2. The Board of Directors must approve any expenditures, as outlined, that would result in a budget line item variance of \$10,000, whichever is higher.
3. All expenditures will be ratified by the Board of Directors at the subsequent board meeting.
4. When approving purchases, the CEO or designee shall:
 - a. Determine if the expenditure is budgeted
 - b. Determine if funds are currently available for expenditures (i.e. cash flow)
 - c. Determine if the expenditure is allowable under the appropriate revenue source
 - d. Determine if the price is competitive and prudent for all purchases by attempting to secure multiple quotes for comparison. The determination and recommendation to the Board must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services for purchases over \$5,000.
5. All purchases will be entered into a shared system with the back office provider for the purposes of tracking and documentation.
6. Using personal funds to make purchases on behalf of the CSO shall be avoided. Employees who use personal funds to make unauthorized purchases shall not be reimbursed. Authorized purchases shall be promptly reimbursed upon submission of the receipts and approval of the supervisor through the approved online system or by use of the Expense Reimbursement form.

Debit Cards

The use of the debit card is intended for emergencies or for legitimate purchases where there is no other option, such as conference reservations, group meals, hotel reservations, or flights, and may not be used to circumvent the standard process of accounts payable for routine or planned purchases for business purposes. Additionally, strict enforcement of these procedures must be adhered to in order to operate in compliance with audit requirements in regard to debit card usage and receipt documentation, and to prevent misuse, fraud, or potential embezzlement of funds.

The Chief Executive Officer and designated management staff will be issued a debit card in their name in order to purchase items that cannot be purchased by check request. The individual will be trained in the procedures for use of the card, be provided a copy of the policy, and sign an acknowledgment form upon receipt of the debit card. The employee will be responsible for the use and charges made to the card, and for coding, preparing and submitting the appropriate forms and documentation for each purchase. The CEO must ensure that all debit card purchases are in compliance with state and federal laws.

Debit Card Use:

1. The debit card shall be issued from a bank account with a balance not to exceed \$3,000.
2. The debit card may never be used for:
 - a. the withdrawal of funds or cash advances;
 - b. personal or non-business purchases;
 - c. the purchase of alcoholic beverages.
1. The debit card may not be used for purchases greater than \$1,000 for any one transaction or more than \$1,000 per day.
2. The Chief Executive Officer must give prior approval before use of the debit card for any expense to exceed \$500.
3. Immediately after the transaction is executed, the Chief Executive Officer or designee will be responsible for:
 - a. Updating the Debit Card Approval Form with the actual expense
 - b. Scanning and attaching all relevant backup/receipts to the Debit Card Approval Form in the shared Google folder
 - c. Routing the Debit Card Approval Form and back up documentation for approval
 - d. Entering each transaction onto the Debit Card Summary Sheet located in the shared Google folder
4. Original receipts must be scanned and attached to the Debit Card Approval form. Receipts must be itemized.
5. The individual making the charge may be held responsible for the expense, if a receipt is lost. The employee must provide alternate documentation of the expense, and the expense must be approved by the CEO and Board of Directors.

The debit card account will be replenished from the main bank account to restore the \$3,000 balance when:

1. the card reaches a balance of \$1,500, or
2. at the end of each month following the bank reconciliation of the account by the back office provider in conjunction with the business staff.

Contracts for Service

1. The Board of Directors must approve all contracts over \$5,000.
2. Consideration shall be taken of in-house capability and capacity to accomplish services before contracting for them for purchase orders (PO's) over \$5,000.
3. Written contracts clearly describing the scope of work to be performed shall be maintained for contract service providers (e.g. consultants, independent contractors, subcontractors).
 - a. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability and worker's compensation insurance currently in effect. The CEO may also require that contract service providers list the Organization as an additional insured.

- b. Contract service providers will be required to submit to fingerprinting requirements via LiveScan in order to comply with Education Code Section 45125.1 if the assignment will entail working with students unsupervised.
- c. Contract service providers who have frequent or prolonged contact with students will be assessed and examined (if necessary) for tuberculosis prior to working with students.
4. Contracts that must be signed outside of the Organization's online purchase order system must be approved and signed by the CEO.
5. Contract service providers shall be paid in accordance with approved contracts after work is performed unless otherwise agreed upon in the contract.

ACCOUNTS PAYABLE

Bank Check Authorization

1. Staff will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received.
2. When receiving tangible goods from a vendor, the person designated to receive deliveries shall trace the merchandise to the packing list and note any items that were not in the shipment. Staff will adjust the invoice for any missing items not received before processing for payment.
3. Staff will stamp a check authorization on the invoice and complete the required information, including noting the specific budget line item that is to be charged for the specified expenditures and SACS coding as applicable.
4. Invoices and supporting documentation will be provided to the appropriate supervisor for approval.
5. All invoices and supporting documentation shall be sent to the organization's back office provider on at least a weekly basis. The back office provider shall process the invoices for payment only upon receiving sufficient supporting documentation.
6. The CEO may authorize the back office provider to pay recurring expenses (e.g. utilities) when the dollar amounts fall within a predetermined range. A list of the vendors and the dollar range for each vendor must be provided to the designated back office provider in writing and updated on an annual basis.

Bank Checks

1. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
2. The back office provider will record the check transaction(s) into the appropriate electronic checkbook and in the general ledger.
3. The back office provider will distribute the checks and vouchers as follows:
 - a. Original – mailed or delivered to payee
 - b. Duplicate or voucher – attached to the invoice and filed by account number
 - c. Canceled Checks – filed numerically with bank statements

Bank Reconciliation

1. The Budget Analyst will examine all paid checks for date, name, cancellation, and endorsement and report any discrepancies to the CEO. Any discrepancies regarding the paid checks or any undeposited checks over 60 days will be researched and resolved.
2. The back office provider will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
3. The back office provider 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 CEO or designee.
4. The back office provider will prepare a monthly summary report to be approved by the CEO and ratified by the Board of Directors

ACCOUNTS RECEIVABLE

Cash

The Organization will not accept cash for any reason. All forms of payment or reimbursement must be provided to the Organization in the form of a check, cashier's check, or through electronic payment and made payable to The Collaborative Charter Services Organization.

Check Receipts

1. Refunds from vendors will follow the refund check deposit procedures.
2. The Organization will not accept transactions in cash.
3. Check receipts will be immediately endorsed with the organization's deposit stamp and will be endorsed as follows: "The Collaborative Charter Services Organization; For Deposit Only; bank account number."
4. Staff will identify the source of the check and reason, and will log checks received into the Bank Deposit Reconciliation form.
5. The Bank Deposit Reconciliation form will be completed by the budget analyst and submitted to management for approval of the deposit. The form and documentation for all receipts (copy of check(s), etc.) will be uploaded to the online secure file system for recording by the back office provider.
6. Deposits will be made within five days of receipt of the check(s).

Returned Check Policy

1. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). Unless otherwise pre-approved by the back office provider or the CEO,

payment of the NSF check and processing fee must be made by money order or certified check.

2. In the event that a second NSF check is received for any individual, in addition to the processing fee, the individual will lose check-writing privileges. Payment of the NSF check, the processing fee and any subsequent payment(s) by that individual must be made by money order or certified check.
3. If unsuccessful in collecting funds owed, the Organization may initiate appropriate collection and/or legal action at the discretion of the CEO and/or Board of Directors.

PERSONNEL

1. A position control list will be established and updated during the budget development process. The back office provider will notify the Board of any variances to position control throughout the year.
2. The Board will approve the positions and staffing on an annual basis and upon hire or separation of employees.
3. Job Descriptions will be maintained for all positions and approved by the Board for distribution to staff.

PAYROLL

Payroll Taxes and Filings

1. Staff will oversee and ensure the preparation of payroll check summaries, tax and withholding summaries, and other payroll tracking summaries prepared by the payroll services provider.
2. Paychecks will be provided to nonexempt staff on a semi-monthly basis on the 10th and 26th of the month. Exempt staff will be paid on a monthly basis on the 26th of the month.
3. The Human Resources staff will enter employee rates of compensation as approved by the CEO and the Director of Human Resources into the payroll system. The Payroll Supervisor will review the entries for accuracy with the issued employment agreement prior to processing paychecks.
4. The Director of Human Resources will perform quarterly audits of the payroll records to ensure compliance with the Board approved staffing levels and rates of compensation.
5. Staff will ensure the accuracy and filing of state and federal quarterly and annual payroll tax forms to the respective agencies.

Record Keeping

1. Staff will maintain records of all employees' use of sick leave, vacation pay, and any other unpaid time.
 - a. Staff will immediately notify the CEO if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences.
 - b. Records will be reconciled and provided at the employees request. A reasonable cost may be charged for hard copies of personnel records requested by former employees.

EXPENSES

Expense Reimbursement

1. Due to the virtual nature of this business, it may sometimes be most practical for employees to initiate purchases locally and be reimbursed for those expenses. Reasonable, actual business expenses incurred by employees for the purpose of conducting business on behalf of the Organization shall be reimbursed upon approval of the supervisor. For the CEO, the President of the Board shall review and approve expense reimbursements.
2. Expense reimbursement requests must be submitted within thirty (30) days of the date of the expense.
3. The mileage reimbursement rate is based on the rate established by the Internal Revenue Service. Employees must include verification of miles driven either using a platform adopted by the Organization, or by attaching a Mapquest/Google map or the like, with the request for reimbursement.

Travel

1. The Board supports staff attendance at professional workshops and conferences to improve professional knowledge, networks, and compliance. All attendance at workshops and conferences must be pre-approved by the CEO.
2. Registration fees and travel reservations should be prepaid by the CSO when possible.
3. The Organization will only reimburse actual and necessary expenditures for staff. Attendees shall be held accountable for good judgment regarding the appropriateness of the expenditures. All expenditures must have scanned copies of itemized original receipts, regardless of the amount.
4. The Organization shall not reimburse personal travel expenses including, but not limited to, alcohol, entertainment, laundry, expenses of any family member who is accompanying the employee on company-related business, personal use of an automobile, and personal losses or traffic violation fees incurred while on company business. Factors such as variances in regional costs, travel duration and extenuating circumstances will be considered when approving travel reimbursement.
5. In addition, associated travel fees such as parking fees, taxis/shuttles, and luggage handling are reimbursable expenses.
6. Staff are pre-approved to expense those costs associated with traveling for business-related purposes including testing and professional development. Scanned copies of original itemized receipts are required for reimbursement.

Hotel Rooms

1. Lodging shall be for those days associated with attending the activity, including, if

necessary, the night before. Good judgment shall be used to seek the most reasonable accommodations.

2. Hotel rooms are reimbursed for employees traveling over 120 miles one way. A hotel stay for a distance less than 120 miles must have prior approval.
3. Hotels rooms must be under \$125 per night before taxes. If an employee chooses to stay at a hotel that exceeds this, when a hotel within price range and a 15 mile radius is available, the balance above and beyond must be deducted from the total expense on the expense report. If a hotel is not available within this price range, pre-approval of the expenditure is required.
4. Upon checkout from the hotel, the employee must obtain and submit a zero-balance sheet in order to be reimbursed for a hotel charge.

Meal Reimbursement

1. Employees who are required to work or participate in training away from the regular work location may be reimbursed the cost of meal(s). Meals provided in conjunction with conferences, workshops, seminars, meetings that exceed these amounts are excluded from these limitations. No meals will be reimbursed for meals provided at/during the conference/training.
2. The reimbursement rates are:
\$15 for breakfast, \$20 for lunch, \$30 for dinner plus service gratuity maximum of 18%. The total amount reimbursed for meals per day will not exceed \$65. Alcohol is not reimbursable and must be deducted from any reimbursement requests. If an employee exceeds the allotment for meal expenses, the balance above the daily allocation will be deducted from the total expense on the expense report.

Board Member Expenses

1. In most instances, needed items and or services should be purchased through submission by request to the Administrative Assistant. Expenses greater than \$100, must be pre-approved by at least two board members. The individual incurring authorized expenses while carrying out the duties of the organization will complete and sign an expense report.
2. The expense reimbursement request must be submitted within thirty (30) days of the date of the expense.
3. The Board President or CEO if the expense is for the Board President will approve and sign the expense report for reimbursement.

FINANCE

Financial Reporting

1. The CEO or designee shall prepare the annual financial budget for approval by the Board of Directors including revenue calculators and assumptions at the time of budget adoption
2. The back office provider shall submit a monthly balance sheet and monthly revenue and expense summaries to the CEO including a review of the discretionary accounts and any line items that result in a budget variance of \$10,000. The report will be reviewed at the next regular board meeting and action will be taken to approve variances and/or adjust the budget as needed.
3. The CCSO recognizes the need to align with the State budgeting timelines stated in Education Code section 47604.33, in order to provide information timely to its member charter schools. The back office provider will provide the CEO and/or Board of Directors with additional financial reports, as needed or requested, namely:
 - On or before June 20, a preliminary budget;
 - On or before December 15, a first interim financial report, reflecting changes through October 31;
 - On or before March 15, a second interim financial report, reflecting changes through January 31;
 - On or before September 15, a final unaudited report for the full prior fiscal year

Loans

1. The CEO and the Board of Directors will approve all loans from third parties.
2. Once approved, a promissory note will be prepared and signed by the CEO before funds are borrowed.
3. Employee loans, including salary advances, are not allowed.

Financial Institutions

1. All funds will be maintained at a financial institution offering FDIC insurance and balances will remain within the range of FDIC insurance so as not to risk CSO's funds.
2. 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, payroll records, and any other necessary fiscal documentation will be retained for a minimum of seven (7) years. At the discretion of the Board of Directors or CEO, certain documentation may be maintained for a longer period of time.
2. The back office provider will retain records at their site for a minimum of two (2) years; after which, the remaining five years will be the responsibility of the Organization.
3. Financial records will be shredded at the end of their retention period.
4. Appropriate back-up copies of electronic and paper documentation, will be regularly

prepared and stored in a secure off-site location, separate from the Organization.

RESERVES /INSURANCE/LIABILITIES/ASSETS

Fund Balance Reserve

1. A fund balance reserve of at least 5% of the total unrestricted General Funds revenues will be targeted.
2. The back office provider will provide the CEO with balance sheets on a monthly basis. It is the responsibility of the CEO and the Board of Directors to understand the Organization's cash situation. It is the responsibility of the CEO to prioritize payments as needed. The CEO has responsibility for all operations and activities related to financial management.

Insurance

1. The back office provider will work with the CEO to ensure that appropriate insurance is maintained at all times.
2. The designated staff and the back office provider 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 CEO and the back office provider will carefully review insurance policies on an annual basis, prior to renewal.
4. Insurance will include general liability, worker's compensation, professional liability, and directors' and officers' coverage. Coverage will be in line with the limits required for nonprofit organizations.

Asset Inventory

1. Staff shall maintain an inventory or log of all inventory such as equipment and office furniture . The log will include the original purchase price and date, a brief description, serial numbers, and other information to help identify the item.
2. The designated staff shall take a physical inventory before the end of each fiscal year, indicating the condition and location of the item.
3. The CEO shall immediately be notified of all cases of theft, loss, damage or destruction of inventory.
4. The CEO shall submit to the Board of Directors a written notification of plans for disposing of inventory with a clear and complete description of the asset and the date of disposal.