

<b>4100</b>	<b>Fiscal Policy</b>
<b>Approval Date:</b>	<b>February 2015</b>
<b>Category:</b>	<b>Fiscal Management</b>
<b>Governance Accountability:</b>	<b>Board of Directors, Leadership</b>
<b>Audience:</b>	<b>Employees, Board of Directors</b>

The Pine Lake Preparatory Board of Directors, Head of Schools, and Chief Financial Officer are responsible for the oversight and management of the school finances. Pine Lake Preparatory will operate with complete transparency and will post budgets and general updates on the Pine Lake website. Charter Schools are required to meet generally accepted standards of fiscal management. (NC Gen. Stat. 115C-238.29E). The Fiscal Management Policy is designed to provide reasonable assurance regarding the achievement and maintenance of the following fiscal management standards as set forth by the Office of Charter Schools:

- 1. A fiscal year balanced budget that clearly defines achievable goals as defined in the Charter and approved by the Board of Directors in the form of a budget resolution.*
- 2. Full compliance with Uniform Education Reporting System (UERS) policies and procedures.*
- 3. Accounting records will properly and accurately record and account for all transactions including cash. Accounting information should be relevant, reliable, comparable and consistent and must be available for the preparation of reliable financial statements.*
- 4. Demonstrate compliance with Federal and State laws/regulations, State Board of Education policies and other compliance requirements.*
- 5. Documentation outlining internal controls on business practices and operation.*
- 6. All accounts payable must be current.*
- 7. Transactions executed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on State and Federal funds.*
- 8. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.*
- 9. Required independent audits are performed and submitted when due in a timely manner as prescribed by the Local Government Commission.*
- 10. Documentation that supports the financial statements and that reflect our financial position/condition, results of operations or changes in net assets and where appropriate, cash flows for any fiscal period/year.*

*11. Positive financial cash flow maintained as required by the General Accepted Accounting Principles.*

*12. Any necessary corrective action plans on any audit findings are to be in writing and proposed changes implemented in the subsequent fiscal year.*

*(Standards taken from Office of Charter Schools – Charter School Financial Guide)*

### **Annual Operating Budget**

A proposed budget, compiled by the Chief Financial Officer and Head of Schools, is presented to the Board of Directors no later than June 1 each year. A statement shall be submitted with the proposed budget, describing the major objectives of the school to be undertaken during the ensuing fiscal year and the manner in which the budget proposes to fulfill the objectives. The proposed budget will include those elements of revenue and expenditures as prescribed by state statute. The Board of Directors will consider the proposed budget and make such changes therein as it deems advisable. Through the budget resolution, the Board of Directors approves the budget sufficient and proper for the budget year. The budget resolution will be entered in the minutes of the Board of Directors. Once the budget resolution is adopted and entered in the minutes of the Board of Directors, the budget will be submitted to the State.

The Board of Directors provides the school with maximum flexibility in the use of funds to enable the school to accomplish its student performance goals. The Chief Financial Officer will work in partnership with Principals and Academic Partners to implement the approved budget. Budgetary accountability will be held to total budget category item accounts. If needed, the Head of Schools and/or Chief Financial Officer may change line item amounts within a budget category as long as the change does not change the total budget amount of the category. The Board of Directors will be informed of any changes in line items within a budget category. Budget modifications that change the monetary amount of any budget category must be brought to the Board of Directors for approval before any changes are made. If approved, the Chief Financial Officer will issue a budget amendment detailing the approved change.

The Chief Financial Officer will present budget reports at the monthly meetings of the Board of Directors. Any deviation within a total budget category of 5% shall be specifically and separately reported and a written explanation shall be supplied.

### **Student Accounting and School Attendance**

In order to maintain compliance with Uniform Education Reporting System (UERS) policies and procedures, the student accounting, school attendance, and the average

daily membership will be monitored and reports submitted as required by the State.

NC Gen. Stat. 115C-238.29F(d) requires a school calendar to include a minimum of 185 days or 1,025 hours.

### **Fiscal Accounting and Reporting**

The Chief Financial Officer shall be responsible for receiving and properly accounting for all funds of Pine Lake Preparatory. The accounting system used shall conform with the requirements of the State and with generally accepted accounting principles; providing for the appropriate separation of accounts funds, and special monies. Accounting, financial reporting and management control systems will be designed and maintained to enable the Board of Directors to have access to accurate, reliable and relevant data, and to permit audits and periodic reports adequate to show funds have been handled within legal requirements and in accordance with policy.

Internal fiscal procedures to include internal controls on business practices and operation will be adhered to by all staff. Internal fiscal procedures also include the handling of accounts payable, accounts receivable, bank reconciliations, chart of accounts, credit cards, deposits, payroll, petty cash, purchasing, and reimbursements.

### **Contracts, Leases and Grants**

The execution of contracts, leases and grants shall be within the scope of Pine Lake Preparatory's mission, goals, and strategic plan. All contracts and leases must be reviewed by the Chief Financial Officer and Head of Schools prior to execution. All competitive bids will be granted equal consideration, although the Board of Directors may, in the best interest of Pine Lake Preparatory, provide for prequalification of bids. Whenever possible, a minimum of three bids should be obtained. However, there are times whenever this may not be possible. For example, when purchasing proprietary products there are no other competitors to obtain bids from. The Head of Schools and/or Chief Financial Officer have the authority to enter into agreements with third parties provided that the amount involved is less than \$10,000. All contracts and leases for \$10,000 or more shall first be authorized by Board of Directors resolution. For construction projects \$50,000 and greater, a formal bid procedure to obtain competitive bids shall be followed (see Competitive Bidding for Construction Projects below). After Board of Directors approval, all contracts shall be executed by the Head of Schools and/or Chief Financial Officer. One properly executed copy signed by all parties shall be kept on file with the Chief Financial Officer.

### **Competitive Bidding for Construction Projects**

The objective of competitive bidding for construction projects \$50,000 or greater is to ensure that jobs are awarded fairly and equitably with prudent use of Pine Lake Preparatory funds; and that pricing, quality, timeliness are all considered in a facilities contractor procurement. These projects shall have established parameters, and/or design drawings and formal specifications that have been established by the Capital and Finance Committee. These documents shall be used to solicit bids by

Commercial Contractors. A sufficient number of bidders will be invited to bid to ensure adequate price competition. The Capital and Finance Committee will review all bids and submit the top proposal to the Board for approval.

Should a cost-plus basis be used by the Commercial Contractor selected and separate bids are solicited by the Commercial Contractor for various components, then those separate bids shall be reviewed and approved by the Head of Schools, Chief Financial Officer and Commercial Contractor. In addition, any single component of the project in excess of \$250,000 shall be reviewed by the Capital and Finance Committee.

All contracts and leases must contain the following State specific language per NC Gen. Stat. 115C-218.105(b):

*No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.*

Pine Lake Preparatory will apply for and receive appropriate federal, state, and private grants that will support the Strategic Plan or otherwise assist in improving student achievement as a source of supplemental funding. Academic Partners are also encouraged to learn about special funding opportunities and to participate in the development of proposals to obtain funding. Academic Partners shall not make an application for grant funds without approval by the Chief Financial Officer.

Any grant in excess of \$25,000 or requiring the expenditure of non-budgeted funds must be approved by the Board of Directors. The Chief Financial Officer shall have the authority to approve all grants less than \$25,000. Additionally, the Chief Financial Officer shall establish procedures for grant administration and for all grant applications. The Chief Financial Officer shall provide a quarterly report to the Board of Directors of all awarded grants.

### **Inventories**

Pine Lake Preparatory maintains a system for the inventory of all tangible fixed assets including land, buildings, vehicles and equipment. The Chief Financial Officer will cause an inventory of all tangible fixed assets to be performed annually. Principals and the Director of Technology are accountable to the Chief Financial Officer for assets assigned to their respective departments.

### **Sale, Disposal and Lease of School Property**

The Board of Directors will consider the sale and disposal of real property, including land and buildings, as authorized by law. The Chief Financial Officer and Head of Schools shall determine whether school property other than land and buildings are obsolete and/or of no further value to the school, and shall decide the manner of disposal of such property by sealed bid, auction, appraisal, donation, recycle or discard.

School property may be leased to another entity, however the lease will be at the fair market value, except the Chief Financial Officer and Head of Schools may negotiate a lesser amount with another governmental unit.

### **Audits**

In accordance with state law, all funds and accounts of Pine Lake Preparatory shall be audited annually, following the close of the fiscal year by an independent, qualified auditor who is a Certified Public Accountant that is knowledgeable in government accounting. The auditor will be selected by the Board of Directors, and the terms and conditions will be specified in a written contract. The audit must be completed and submitted to the state by October 31 of each year.

From the audit findings, any necessary corrective action plans must be filed in writing and proposed changes implemented in the subsequent fiscal year.

### **Insurance**

Pine Lake Preparatory will maintain a comprehensive insurance policy for loss or damage of school buildings and/or equipment. Insurance policies shall be maintained by the Chief Financial Officer. In addition to insurance of buildings and equipment, Pine Lake Preparatory will also carry general liability insurance, wrongful acts and legal liabilities insurance ("errors and omissions"), auto liability, real and personal property, and workers' compensation. The premiums will be included in the budget as a necessary expense.

The following coverage will be maintained at a minimum:

- Errors and omissions: \$1,000,000 per claim
- General liability: \$1,000,000 per occurrence
- Boiler and machinery: the replacement cost of the building
- Real personal property: the appraised value of the building and contents
- Fidelity bonds: no less than \$250,000 to cover employee dishonesty
- Automobile Liability: \$1,000,000 per occurrence
- Workers' Compensation: as specified by Chapter 97 of the General Statutes

### **Depository of Funds/Authorized Signatures**

The Board of Directors will designate official depositories of the school, one or more banks, savings and loan associations, or trust companies in North Carolina. The Board of Directors must approve the opening or closing of any bank accounts. The signature of the Treasurer and Secretary of the Board of Directors and the Chief Financial Officer shall be required to open or close accounts. All monies received by Pine Lake Preparatory will be deposited in the official depositories.

Checks shall be issued only when within the approved budget and with the approval of the Chief Financial Officer. The Board of Directors will authorize the individuals that will have check signing authority. Two signatures are required for any checks over \$10,000. Voided checks shall be retained to insure proper maintenance of checking

account records.

Pine Lake Preparatory follows a “no cash” policy. Funding for all school events shall be made through personal check, money order, cashier’s check, credit card or ACH transaction (as available).