

HOGAN

PREP ACADEMY

HOGAN PREPARATORY ACADEMY BOARD POLICIES SECTION 4: FINANCIAL OPERATION

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HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3100 – FINANCIAL MANAGEMENT

(Last approved: 12/19/2019)

The Board will adopt a series of policies to provide direction regarding the School's budget and financial affairs which reflect the educational philosophy of Hogan Prep and provide a framework in which the HPA administration can effectively operate.

The budget and finance processes will conform to all state and local requirements as set forth by the State constitution, State statutes, Department of Elementary and Secondary Education rules, and Board policies. Good business necessitates keeping accurate, legal and understandable records of receipts and expenditures. It is also essential that procedures be followed which will help to insure that the budget adopted by the Board is effective in providing parameters for the fiscal affairs of Hogan Prep.

The purpose of Hogan Prep's budget and financial policies will be to provide direction for a systematized procedure that maintains continuity from year to year and informs the public regarding the education and financial operations of Hogan Prep.

POLICY 3101 – FINANCIAL MANAGEMENT: FEDERAL FISCAL COMPLIANCE POLICY

(Last approved: 12/19/2019)

Fiscal Requirements under Title I, Title II, and Title IV of ESSA

Hogan Prep shall ensure that federal funds will be used to supplement, not supplant regular non-federal funds.

Documentation shall be maintained, or caused to be maintained, by the Chief Finance and Accountability Officer. The documentation must clearly demonstrate the supplementary nature of federal funds.

Prior to expending funds, the Chief Finance and Accountability Officer shall consult the appropriate OMB circular (OMNI Circular) or other federal guidance to determine what costs are allowable under the grant awarded. The Chief Finance and Accountability Officer shall ensure that all grant funds are expended in accordance with the requirements in Allowability and the Circular or other applicable federal law or rule.

Allowability

To be allowable under a federal award, costs must meet the following general criteria and be documented that such criteria are met:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles;
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to the types or amount of cost items;
- Be consistent with the policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity;

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3101 – FINANCIAL MANAGEMENT: FEDERAL FISCAL COMPLIANCE POLICY (continued)

(Last approved: 12/19/2019)

- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a Federal award as an indirect cost;
- Be determined in accordance with generally accepted accounting principles (GAAP);
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period;
- Be adequately documented; and
- Be net of all applicable credits.

Standards for Documentation of Personnel Expenses (2 C.F.R. §200.430, OMNI DESE Memo FAS-15-003 Time and Effort under the OMNI Circular, April 2, 2015)

Time and Effort: Records are required for all employees, including teachers, paraprofessionals, administrators, and other staff that are paid with federal funds to document the time and effort they spend within the program. The portion of the federally paid salary should be reflective of the actual activity, not budgeted, the individual has put forth for that federal program. Time and effort reporting is required when any part of an individual's salary is charged to a federal program or used as a match for a federal program.

Semi-Annual Certification: Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are required to be prepared at least semi-annually.

Monthly Personnel Activity Report (PAR): Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports (PARs). Salaries or wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable under Federal awards. Charges for salaries must be based on records that accurately reflect the work performed. These records must be:

- Supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Incorporated into the official records;
- Reflecting the total activity for which the employee is compensated, not to exceed 100%;
- Encompassing all activities (federal and non-federal);
- Compliant with established accounting policies and practices; and
- Distributed among specific activities or cost objectives.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3101 – FINANCIAL MANAGEMENT: FEDERAL FISCAL COMPLIANCE POLICY (continued)

(Last approved: 12/19/2019)

Charter Schools Program (CSP), ESSA Title IV, Part C

If Hogan Preparatory Academy receives CSP grants, the Chief Finance and Accountability Officer shall ensure that HPA shall comply and use the federal funds in accordance with all statutes, regulations, and approved applications.

The Chief Finance and Accountability Officer shall directly administer or supervise the administration of any projects funding through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

When using CSP funds to enter into a contract for equipment or services the Chief Finance and Accountability Officer shall comply with the applicable federal procurement standards.

Use of Federal Grant Funds for Procurement

The Chief Finance and Accountability Officer shall ensure that all procurement transactions are conducted in a manner that provides open and free competition. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to Hogan Preparatory Academy considering price, quality, and other relevant factors deemed appropriate by Hogan Prep.

Pursuant to the Conflict of Interest Board Policy, no employee, officer, or agent of, who has a real or apparent conflict of interest, will participate in the selection, award, or administration of a contract supported by federal funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

- a. The solicitation of bids or offers must provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed including the minimum acceptable standards and specific features of brand name or equal descriptions that bidders are required to meet;
- b. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible;
- c. The type of procurement instruments used (eg. Purchase orders) must be appropriate for the particular procurement;
- d. Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;
- e. Procurement documents shall be made available, upon request, to appropriate government officials.

The Chief Finance and Accountability Officer shall ensure there is a cost or price analysis made and documented with every procurement action as well as appropriate documentation for the basis of contractor selection. The Chief Finance and Accountability Officer shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract.

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SECTION 4: FINANCIAL OPERATION

POLICY 3101 – FINANCIAL MANAGEMENT: FEDERAL FISCAL COMPLIANCE POLICY (continued)

(New Policy Addition - Required)

All prequalified lists of persons, firms, or products which are used in acquiring goods and services must be reviewed and kept current and shall include enough qualified sources to ensure maximum open and free competition.

Hogan Prep shall utilize the most appropriate procurement method based on the particular procurement. Hogan Prep will utilize one of the following methods or any more restrictive method:

- Micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services which are up to \$10,000. This purchase may be awarded without soliciting competitive quotations.
- Small purchase procedures. Small purchase procedures are those simple and informal procurements for securing services, supplies or other property that cost between \$10,001 and \$249,999. Price and rate quotations must be obtained from at least two qualified sources.
- Sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract is awarded. This method is preferred for procuring construction.
- Competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer and either a fixed price or cost reimbursement type of contract is awarded.
- Noncompetitive proposals. This is the solicitation of a proposal from only one source and may be used only when one or more of the following applies:
 - The item is available only from a single source;
 - The public emergency for the requirement will not permit a delay;
 - The pass-through entity authorizes noncompetitive proposals in response to a written request; and/or
 - After solicitation of a number of sources, competition is determined inadequate.

Travel Costs

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. These costs are reimbursable with appropriate approval and documentation of expenses. Travel costs charged to Federal awards/funds must meet the requirements of 2 C.F.R. § 200.474.

Travel costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days if the trip and results in charges consistent with those normally allowed in like circumstances in Hogan Prep's non-federally-funded activities and in accordance with Hogan Prep's written travel reimbursement policies.

Cost incurred by employees for travel, including costs of lodging, other subsistent, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed changes normally allowed by the school as a result of Hogan Prep's written travel policy.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3101 – FINANCIAL MANAGEMENT: FEDERAL FISCAL COMPLIANCE POLICY (continued)

(Last approved: 12/19/2019)

If these costs are charged to the Federal award, documentation must justify that (1) the participation of the individual is necessary to the Federal award, and (2) the costs are reasonable and consistent with Hogan Prep's travel policy. Documentation may include any of the following: an agenda; prior written approval; and/or written justification statement.

Hogan Prep shall not use its grant funds for temporary dependent care costs unless specifically permitted by the authorizing statute, regulation, and Department.

Compliance with Cash Management Improvement Act

In order to comply with the Cash Management Improvement Act (CMIA) the Department of Elementary and Secondary Education will only make payments to Hogan Prep for reimbursements. Reimbursements are only for funds "spent" – transactions that are recorded on Hogan Prep's books and the funds delivered to the recipients.

Hogan Prep may only make requests for payment once an initial budget application for the grants has been approved and must only include actual cumulative expenditures up to the payment request submission date.

Hogan Prep must at least annually submit an accounting of any interest earned on any Federal funds to the federal Department of Health and Human Services through the Department of Elementary and Secondary Education. The school may retain up to \$500 of earned interest annually on all combined Federal programs for administrative expenses. The school must document all administrative expenses in order to claim the interest offset. Under this section, the interest calculation is the amount of reimbursement times the annualized Federal interest rate for the fiscal year times the number of business days the funds were held until delivery. The federal interest rates may be found at <http://www.fms.treas.gov/cmia/index.html>.

POLICY 3106 – FINANCIAL MANAGEMENT: FRAUD PREVENTION

(Last approved: 12/19/2019)

Hogan Prep is committed to protecting the public funds with which it has been entrusted. Minimizing the losses to fraud and corruption is an essential part of ensuring that all of the Hogan Prep's resources are used for the purpose for which they are intended.

The public is entitled to expect Hogan Prep to conduct its affairs with integrity, honesty and openness, and demand the highest standards of conduct from those working for it and with it.

Definition of Fraud and Corruption

Although there is no precise legal definition of fraud, the term is used to describe a multitude of offences, including deception, forgery, theft, misappropriation, collusion and false representation of material facts. Corruption arises when a person receives any benefit which influences them and causes them to act differently when conducting HPA business.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3106 – FINANCIAL MANAGEMENT: FRAUD PREVENTION (continued)

(Last approved: 12/19/2019)

Hogan Prep's Response

Board policy requires that matters involving any financial irregularities are referred to the Superintendent for investigation. These matters are taken seriously and additional action, such as disciplinary proceedings and/or prosecution, will be taken where evidence of offences is found.

The Superintendent/designee will:

- Compile a report of findings for submission to the Board with a recommendation as to whether disciplinary action is appropriate.
- Where appropriate, coordinate with the police in order for them to consider taking criminal action.
- Advise departments on how to address procedural weaknesses identified during investigation.

The Investigation Process

The purpose of any investigation is to establish the facts in an equitable and objective manner.

The process will involve the use of authority or delegated powers to:

- screen allegations or information to gauge their credibility;
- secure all evidence;
- interview suspects;
- interview witnesses;
- take statements; and
- coordinate with departments or other agencies (including the police).

The Superintendent/designee will establish and record the basis of the concerns raised and establish what further actions are required. The Board will be informed of all reported disclosures and the actions being taken. In the case of disclosures on alleged fraud and corruption, the Chief Financial Officer will inform the Hogan Prep's external auditors.

Whenever possible, the individual raising the concern will be advised of the outcome of the investigation. If an individual is not satisfied with the response received and any subsequent action taken, they should put their concerns in writing to the Superintendent who will arrange any further investigation as he/she deems appropriate. The Superintendent will send a written response to the individual concerned.

Reporting Suspicious

If fraud or corruption is suspected, then the matter should be reported without delay. Employees should report suspicions to a supervisor at the outset and retain all evidence. However, if it is thought the supervisor might be involved or there may be a conflict of interest, the matter should be reported directly to a more senior administrator.

It is recognized that for some individuals, raising a concern under this procedure may be a difficult experience.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3106 – FINANCIAL MANAGEMENT: FRAUD PREVENTION (continued)

(Last approved: 12/19/2019)

All reported incidents will be investigated.

All reports will be dealt with in confidence, with staff being informed on a need to know basis only.

To ensure that this policy is adhered to, and to assure staff that the concern will be taken seriously, Hogan Prep will:

- not allow the person raising the concern to be retaliated against for doing so;
- treat retaliation against whistle blowers as a serious matter leading to disciplinary action that may include dismissal;
- not attempt to conceal evidence of poor or unacceptable practice;
- take disciplinary action if an employee destroys or conceals evidence of poor or unacceptable practice or misconduct; and
- ensure confidentiality clauses in employment contracts do not restrict, forbid or penalize whistle blowing.

Overall Objectives

Hogan Prep's overall objective is to identify and maintain good practices, address weaknesses in current processes and introduce improved systems for the management of those processes. The end result is that of minimizing the amount of fraud and corruption which may occur within the system and significantly reduce the opportunity for fraud or corruption to occur in the future.

POLICY 3110 – FINANCIAL MANAGEMENT: PREPARATION OF BUDGET

(Last approved: 12/19/2019)

Each year the Superintendent of Schools is required to submit to the Board of Education for their consideration a detailed annual budget showing estimates of income and expenditures for the ensuing fiscal year. The Board may accept, reject, modify or request revisions of the budget, but will adopt a budget by June 30, according to statutory provisions.

By law the approved estimated expenditures for each fund cannot exceed the estimated revenues to be received plus the unencumbered beginning cash balance for the fund. After the beginning of the fiscal year, the Superintendent shall review with the Board the adopted budget in relationship to the beginning cash balances for each fund.

POLICY 3111 – FINANCIAL MANAGEMENT

(Last approved: 12/19/2019)

The fiscal year begins annually on the first day of July and ends on the thirtieth day of the following June.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3112 – FINANCIAL MANAGEMENT: BUDGET IMPLEMENTATION AND TRANSFER

(Last approved: 12/19/2019)

The annual budget governs the expenditures and obligation of all funds for Hogan Prep. The Superintendent/designee will establish procedures for funds management and reporting.

No funds may be spent which are not authorized by the annual budget. If an unanticipated need arises, the Board may approve the Superintendent's recommendation to (1) appropriate an amount to cover a needed expenditure from unencumbered budget surplus from the proper fund, or (2) revise the budget to transfer funds from one account to another as permitted by state statutes and DESE regulations.

The Superintendent or Finance Administrator will prepare or oversee the preparation of a monthly statement to account for each month's expenditures and the total spent to date for the fiscal year. The monthly statement will include all receipts and remaining balances for each fund account.

POLICY 3120 – FINANCIAL MANAGEMENT: CASH MANAGEMENT

(Last approved: 12/19/2019)

Hogan Prep has occasion to receive cash during its normal operations. The following shall govern all cash transactions:

Documentation

All cash transactions shall be recorded in writing, such as by handwritten receipt detailing from whom the money and in what amount, which shall be signed and dated by the principal or his or her designee who has the authority to receive cash on behalf of Hogan Preparatory Academy.

Depositing Cash

Hogan Prep's Chief Finance and Accountability Officer or their designee shall be responsible for collecting cash from the schools and depositing that cash in the bank account. Cash will be collected and deposits will be made monthly at a minimum. All undeposited cash shall be kept in a secured location on school premises with limited access.

Expenditures

Under no circumstances will cash be used to make purchases.

Segregation of Duties

The Superintendent or their designee shall ensure that appropriate segregation of duties exists with regards to the handling of all money transactions including reconciliation.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3130 – FINANCIAL MANAGEMENT: STATE AND FEDERAL PROJECTS

(Last approved: 12/19/2019)

With Board approval, the School may operate various specially funded programs that must be administered in accordance with particular federal and/or state laws, regulations and other conditions for use of such funds.

The Superintendent shall be the designated official responsible for coordinating funded projects, administering programs and ensuring that the various departments operating these programs do so within the guidelines of the particular program. The administration shall keep accurate and separate records, as required by state and federal programs, to enable Hogan Prep to verify program compliance and success. The Superintendent shall keep the Board fully informed.

Staff involvement will be solicited by the administration in the planning, implementation and evaluation of programs authorized and approved within the guidelines of Title I of the Improving American Schools Act of 1994 and/or other significant legislative enactments. The vehicle for such involvement shall be determined by the administration, with the approval of the Board.

POLICY 3140 – FINANCIAL MANAGEMENT: BANKING SERVICES

(Last approved: 12/19/2019)

Bank Accounts

The Board President and Superintendent have the authority to open a business checking account, a business operating account, and a business line of credit on behalf of Hogan Preparatory Academy to be used to hold the school's assets.

The Board President and Superintendent have the authority to enter into an agreement with a bank or other Federally insured financial institution once the Board has adopted a formal resolution at a board meeting held in accordance with its bylaws designating the bank for Hogan Prep to use for its financial transactions. Once the resolution has been adopted, the Board President and Superintendent have the authority to enter into an agreement with the selected financial institution. The agreement should be signed by the Board President and Superintendent.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3140 – FINANCIAL MANAGEMENT: BANKING SERVICES (continued)

(Last approved: 12/19/2019)

Checks

Any authorized check drafted on the Hogan Prep's designated bank account over \$5000 shall require two signers from the Board. Each check must be completed in its entirety before it is signed by either party. The following officers and staff are authorized to sign checks from the bank account on behalf of the school:

- Board President
- Superintendent
- Chief Operating Officer
- Chief Finance and Accountability Officer
- Chief Academic Officer

Checks received shall be endorsed "for deposit only" and deposits should be made daily by someone other than the person who prepared the deposit.

Services or products rendered, reimbursement requests with original receipts, or mileage reimbursements may receive payment with a check. An expense reimbursement form containing the name of the payee and the details of the reimbursement must be completed by the requestor and approved with a signature by his/her manager. The expense reimbursement form will then be submitted to Hogan Prep's business office for processing.

Checks payable to cash for any reason are prohibited.

Mail Procedures

A non-accounting staff person should receive the mail, open it and immediately turn over all received checks to the Chief Finance and Accountability Officer for deposit.

Bank Reconciliations

There will be a segregation of duties between individuals responsible for cash receipts and cash disbursement and the individual(s) responsible for bank reconciliations.

The Chief Finance and Accountability Officer or their designee is responsible for bank reconciliations a minimum of once monthly. Each bank statement, assets, and liabilities shall be reconciled to both the checkbook and general ledger.

Credit Card Procedures

Credit card use shall be limited and only the following employees are currently authorized to use credit cards:

- Superintendent
- Chief Operations Officer
- Chief Finance and Accountability Officer
- Chief Academic Officer
- Building Principals

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3140 – FINANCIAL MANAGEMENT: BANKING SERVICES (continued)

(Last approved: 12/19/2019)

Credit cards are to be used for school expenditures only. They may not be used for personal purchases and/or cash transactions and shall be maintained using the highest level of security.

Hogan Prep shall maintain a credit card limit of no more than \$15,000, to be split among the approved card holders.

Credit card transactions over \$3,000 must receive prior board approval. Credit card transactions exceeding \$10,000 are prohibited.

All credit card transactions must be accompanied by the original receipts documenting each transaction or a missing receipt form signed by the employee's manager.

POLICY 3150 – FINANCIAL MANAGEMENT: PAYMENT PROCEDURES

(Last approved: 12/19/2019)

All money received by Hogan Prep shall be disbursed only for the purposes for which they are collected or received.

The Superintendent will give final authorization for all bills paid. Payment of bills shall be approved by the Chief Finance and Accountability Officer after verification of delivery and satisfaction by the department or staff receiving the item(s). No payment for goods or services shall be made without an itemized invoice showing the name of the person or firm to whom payment is due and presented. Furthermore, the invoice must have been issued in response to an approved purchase order.

POLICY 3160 – FINANCIAL MANAGEMENT: INVESTMENT OF FUNDS

(Last approved: 12/19/2019)

The Board has an obligation to the citizens of the Hogan Prep community to direct the management of HPA funds. The primary objective of Hogan's investment plan will be legality, safety, liquidity, yield and the provision of a capital base for future needs. In the management of such funds, Hogan Prep adheres to the "prudent investor" rule. Investments will be made with judgment and care, under the circumstances, which persons of prudence, discretion and intelligence exercise in the management of their own investments. Funds will be managed for investment, not for speculation considering the safety of the funds invested and the probable income to be derived.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3160 – FINANCIAL MANAGEMENT: INVESTMENT OF FUNDS (continued)

(Last approved: 12/19/2019)

Hogan personnel, including Board members, who are involved in the investment of HPA funds, will not engage in any personal business activity which could:

1. Impair their ability to make impartial decisions concerning investment of HPA funds;
2. Conflict with proper execution of Hogan Prep's investment program; or
3. Create an appearance of impropriety.

Hogan Prep employees and directors involved in investment of HPA funds will disclose any material interests in financial institutions in which they conduct business. Such disclosure will include, but not be limited to any personal financial/investment positions that could be related to the performance of Hogan Prep's investment portfolio. Similarly, Hogan employees and directors involved in investment of HPA funds will not engage in personal investment transactions with the same individual with whom business is conducted on behalf of Hogan Prep.

Investments will be made through banks or securities dealers who have been approved by the Investment Committee of the State Treasurer's Office. Such banks and securities dealers will have been subjected to an appropriate investigation by the staff of the State Treasurer's Office. This investigation will include, among other things, a written review of the firm's financial statements and the background of the sales representatives. All approved dealers must be fully licensed and registered FINERA Brokers/Dealers or exempt banks. Criteria used to select securities dealers include:

1. Financial strength and capital adequacy of firm;
2. Services provided by firm;
3. Research service available;
4. Resume, reputation, and qualifications of sales representatives.
5. Due diligence and firm references; and
6. State government expertise.

The performance goals of Hogan Prep's active investment management program, over time, should produce book yields which are greater than yields from low risk passive investments. In analyzing the results of Hogan's investment program, Hogan Prep will calculate the book yield and total rate of return on HPA funds compared to the appropriate security market indexes.

The Superintendent/designee will direct the preparation of quarterly investment reports providing a summary of Hogan Prep's current investment portfolio and all transactions executed since the last report. Such investment reports will be prepared by the appropriate bank(s) or security dealers for review by the Board and the Superintendent. Investment reports are considered to be public records and will be made accessible to the public.

Criteria and procedures implementing Hogan Prep's investment policy have been approved by the Board and are contained in Regulation 3160.

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SECTION 4: FINANCIAL OPERATION

POLICY 3170 – FINANCIAL MANAGEMENT: PURCHASES BY AND/OR SOLICITATION OF SCHOOL STAFF

(Last approved: 04/27/2020)

Conflict of Interest

Hogan Prep maintains a written code of standards of conduct which governs the performance of Hogan employees who may be engaged in the award and administration of contracts. These standards will include a prohibition against employees who are involved in the selection, award or administration of a contract supported by Federal funds, if a conflict of interest, real or apparent, would be involved.

A conflict of interest would arise if an HPA board member or employee, any member of their family, their partner, or an organization which employs or is about to employ any of the parties named in this paragraph, has a financial or other interest in the firm selected for the award.

Neither Hogan Prep board members, nor employees will accept gratuities, favors, or anything of monetary value from contractors, potential contractors or parties to sub-agreements. This rule will not apply to gifts of less than ten dollars (\$10,00), or is an unsolicited item of nominal intrinsic value. Violations of these conflict of interest provisions will result in disciplinary action up to and including termination for employees, and up to and including public of a violating Board member.

Endorsements

Employees of Hogan Prep will not endorse products or services in such a manner that will identify the employee as an employee of Hogan Prep.

Procurement Activities

In any purchasing activities all employees shall refrain from soliciting, discourage the offer of, and decline gifts if offered by any vendor wishing to do business with, or who is doing business with the School. Instead of making an offer of gifts, the vendor should be encouraged to discount the price of the goods to the school.

Solicitation/Distribution

The advertising of sale or distribution of any goods or service on school property, for any school activity, shall have prior approval from the building principal or Superintendent. This includes but is not limited to: school personnel, students, parents/guardians, relatives, general public and commercial businesses.

Solicitations of School Staff

Agents, solicitors, and salespersons will be denied the privilege of seeing the school staff during the school day except with permission of the administration.

POLICY 3180 – FINANCIAL MANAGEMENT: PROCUREMENT OF PROFESSIONAL SERVICES

(Last approved: 12/19/2019)

The Board and the Administrators recognize that some professional services are necessary on certain occasions to assist in the governance of Hogan Prep. These services include attorneys to provide legal counsel with specific expertise regarding education policy matters, architects, certified public accountants to

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3180 – FINANCIAL MANAGEMENT: PROCUREMENT OF PROFESSIONAL SERVICES

(Last approved: 12/19/2019)

annually audit the financial statements of Hogan Prep and to provide answers to questions that arise during the course of the fiscal year. Similarly, it may be necessary to obtain financial advisory services to monitor the long range debt objectives of Hogan Prep, as well as, bond counsel to address questions that arise with existing debt and various reports occasionally sought by the Missouri State Auditor and the United States Treasury branch of Internal Revenue Service and others.

While in some instances it may be possible to seek bids for the financial services and bond counsel each time a need arises, there are also numerous benefits to maintaining longer term relationships with specific professionals. Having a satisfactory relationship with a professional service provider includes fair pricing, timely delivery, dependable and sound advice concerning areas of expertise, a personality match with administrators and board members and numerous other factors. As long as the board members and administrators are comfortable with the quality of services provided, it is not essential that annual bidding occur merely to drive prices to their lowest level. By losing historical memory of any professional service provider, Hogan Prep may in the long run incur more expense for the new firm to educate their representatives. On other occasions if the administrator expresses belief that service quality is slipping, expenses and fees are escalating at unacceptable levels, or any other non-favorable working situation is developing, nothing in this policy is intended to preclude seeking proposals from other vendors offering similar services. The Board and Administration believes that the collective expertise within Hogan Prep is sufficient to judge if and when seeking alternative providers is prudent.

POLICY 3230 – PAYROLL: EXPENDITURES FOR CERTIFICATED STAFF

(Last approved: 12/19/2019)

The Board shall expend for tuition, teacher retirement, and compensation for certificated staff an amount that reflects the requirements as outlined in state statute and Department of Elementary and Secondary Education regulations.

POLICY 3310 – REVENUE: REVENUE FROM TAX SOURCES

(Last approved: 12/19/2019)

State Tax Sources

All state funds will be accepted for the operation of Hogan Prep as provided by entitlement by law and through regulations of the Missouri State Board of Education or Missouri Department of Elementary and Secondary Education.

The Superintendent or their designee is responsible for filing all required reports and forms to obtain state funds to which Hogan Prep is entitled to receive according to developed rules and regulations.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3330 – REVENUE: BONDED INDEBTEDNESS

(Last approved: 12/19/2019)

The School Board may issue bonds for any Hogan Prep expenditures as prescribed in state law. Funds raised through the sale of bonds may be expended only for the purpose set forth in the election which authorized the sale.

POLICY 3331 – REVENUE: BORROWED FUNDS

(Last approved: 12/19/2019)

State law authorizes the Board to borrow funds in anticipation of the collection of revenue in order to insure the continuity in the operations of Hogan Prep. The Board must approve in advance all applications for loan indebtedness. The amount borrowed and the repayment of notes payable shall be within the guidelines established by state law and rules and regulations of the Missouri Department of Elementary and Secondary Education.

POLICY 3340 – REVENUE: BUILDING USE

(Last approved: 12/19/2019)

All receipts from fees for the use of school property by individuals or community groups shall be deposited in the General Fund.

POLICY 3350 – REVENUE: STUDENT FEES AND FINES

(Last approved: 12/14/2020)

No fees shall be charged for enrollment, supplies, equipment or costs attributable to courses of study, which are offered for credit. Students are required to pay for materials, which are used in constructing projects or other items, which are to be removed from the school, and are thereby the property of the student.

Students may be charged fees or admission for participation in activities, which are voluntary, such as attendance at school athletics, or other co-curricular events. The fee schedule for such events shall be submitted to the Board for approval annually.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3370 – REVENUE: FUND-RAISING

(Last approved: 12/19/2019)

All fund-raising activities and planning for fund-raising shall be done after school hours unless prior permission is received from the Superintendent or their designee.

Any fund-raising activity which involves students or employees shall require the approval of the Superintendent or their designee. Involvement is defined as: any activity which advertises the school, students, or school organization.

POLICY 3380 – REVENUE: SALE/LEASE OF REAL PROPERTY

(Last approved: 12/19/2019)

The Board may vote to sell or lease real property, land and/or buildings which are no longer needed by Hogan Prep.

POLICY 3390 – REVENUE: SALE/LEASE OF PERSONAL PROPERTY

(Last approved: 12/19/2019)

Whenever Hogan Prep has personal property (ie., desks, file cabinets, materials, equipment) which it no longer needs, a majority of the Board may vote to sell or lease such surplus property. The proceeds from the sale or lease of surplus personal property will be placed in the appropriate fund.

POLICY 3410 – ACCOUNTING AND REPORTING: ACCOUNTING SYSTEM

(Last approved: 12/19/2019)

Hogan Prep adopts a fiscal year that begins on the first day of July and ends on the thirtieth day of the following June.

The Hogan Preparatory Academy will adhere to the accounting guidelines of the Missouri Department of Elementary and Secondary Education.

Accounting Records

Hogan Prep shall maintain records that adequately identify the source and application of funds. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Internal Controls

Hogan Prep shall maintain effective control and accountability of all state and local funds, federal grant and sub-grant cash, real and personal property, and other assets obtained with local, state or federal funds. Hogan Prep shall adequately safeguard all such property and assure that it is used solely for authorized purposes.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3410 – ACCOUNTING AND REPORTING: ACCOUNTING SYSTEM (continued)

(Last approved: 12/19/2019)

Source Documentation

Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc.

Budget Control

Hogan Prep shall compare actual expenditures or outlays of state or federal funds with budget amounts for each fund, grant or sub-grant. Financial information must be related to performance or productivity data, including the grant or sub-grant agreement. Applicable federal cost principles, agency program regulations, and the terms of grant and sub-grant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

Account Code Structure

Hogan Prep shall use the account code structure as described in the Missouri Department of Education's Chart of Accounts.

POLICY 3425 – ACCOUNTING AND REPORTING: ACCOUNTABILITY PORTAL

(Last approved: 12/19/2019)

By September 1, 2019, Hogan Prep will develop, maintain and make publically available, on its website, a researchable accountability portal containing an expenditure and revenue document. The document will detail actual income, expenditures and disbursements for the current calendar or fiscal year. Hogan Prep's financial accounting software will detail actual year-to-date income; actual year-to-date and expenditures; and detail the year-to-date check register. The data may be in the form of a searchable Word, Excel or PDF document or provide a link to a database Hogan may have. Alternatively, Hogan Prep may provide on its website a direct link to the Department of Elementary and Secondary Education's (DESE) website which has detailed financial and budgetary information about HPA.

Hogan Prep's accountability portal will contain only information that is a public record and not confidential or otherwise protected by state or federal law. Hogan Prep will not post online any personal information relating to payroll including but not limited to payroll deductions, payroll contributions, or any other information that is confidential or statutorily protected. As provided elsewhere, employee contracts are public documents and are subject to Sunshine Law requests.

The financial data contained in Hogan Prep's accountability portal will be updated at least quarterly. HPA will archive the financial data for a minimum of ten (10) years. The archived financial data will remain accessible and searchable during this period.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3430 – ACCOUNTING AND REPORTING: AUTHORIZED SIGNATURE

(Last approved: 12/19/2019)

The Board of Hogan Preparatory Academy shall designate at least one current board members to be included as an authorized signature on all financial accounts of Hogan Prep.

The Board shall notify all financial institutions that serve Hogan Prep of the board member who is to be included as an authorized signature on financial accounts.

The Board shall annual certify to the Missouri Charter Public School Commission that the financial institutions that serve Hogan Prep have on file the authorization form for the board member who is to be the signature on all financial accounts.

POLICY 3440 – ACCOUNTING AND REPORTING: TRAVEL AND REIMBURSEMENT

(Last approved: 12/19/2019)

It is the policy of the Board to pay reasonable travel expenses for those who travel on Hogan business and whose trip has been approved in advance from the Superintendent or their designee. These expenses may include registration, transportation, meals, lodging, tolls and parking charges. Expense are reimbursed only when properly accounted for by an individual and approve by the Superintendent or their designee.

Reimbursements to Board members must be approved by the Board.

POLICY 3450 – ACCOUNTING AND REPORTING: SALES TAX

(Last approved: 12/19/2019)

Pursuant to Chapter 144, R.S.Mo., schools are exempt from Missouri sales and use tax on purchases. All sellers or vendors shall be furnished a copy of the official State of Missouri Tax Exemption Letter by the Finance Office at the time a purchase order is delivered.

Administrators, teachers, or other school staff who have been authorized to make purchases for Hogan Prep from local retail dealers will provide a copy of the tax-exempt letter to such dealer at time of purchase.

Hogan Prep representatives are prohibited from using the HPA tax-exempt letter for purchase of articles for personal use.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3510 – ACCOUNTING AND REPORTING: ANNUAL AUDIT AND FINANCIAL REPORT

(Last approved: 12/19/2019)

Annual Audit

Annually, the books and accounts of Hogan Prep will be audited by an independent certified public accountant in conformance with the prescribed standards and legal requirements. The Chief Finance and Accountability Officer shall place before the Board the matter of the retaining of a certified public accountant. The auditor shall be selected by the Board. The audit shall be presented to the Board for examination and approval.

Once the Board receives the final report, it must vote to accept the contents of the audit at either its next regularly called meeting or at a special meeting called in accordance with the Board's bylaws.

The Superintendent shall ensure that a copy of the annual audit report is filed in a timely manner with the Sponsor. The audit report should include a certificate signed by the Chair of the Board that the Board voted to accept the contents of the audit. If the Board did not accept the contents of the audit report, that should be noted with the submission.

Annual Financial Statement

The Chief Finance and Accountability Officer shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

- a. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general source from which funds are derived;
- b. the total disbursements of the fund, itemized by the nature of the expenditure; and
- c. the balance in the fund at the close of the fiscal year.

The Superintendent shall ensure that the annual financial statement is submitted to the Sponsor in a timely manner pursuant to deadlines.

POLICY 3610 – SCHOOL ACTIVITIES FUND: MANAGEMENT

(Last approved: 12/19/2019)

School activity funds are used to finance a program of student activities which supplement but do not take the place of the instructional programs provided by the Board. Whether funds are collected from student contributions, club dues, special activities, or result from admissions to events or from other fund-raising activities, all funds will be under the jurisdiction of the Superintendent and building principals. The funds will be expended to benefit students currently enrolled in school. The management of the funds will be in accordance with good business practices, including sound budgetary and accounting procedures, and will be audited in the same manner as Hogan Prep funds. There shall be full disclosure of the sources and expenditures of all funds.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3710 – INSURANCE: INSURANCE PROGRAMS

(Last approved: 12/19/2019)

The Board shall maintain adequate insurance programs to cover property, liability and personnel, within the requirements of good risk management and state law. The administration will recommend to the Board the kind and amount of property, casualty and/or liability insurance needed for the protection of the Hogan Prep property, employees, and Board, and will administer insurance authorized by the Board, unless otherwise directed.

Every effort shall be made to obtain insurance at the most economical cost consistent with required service by obtaining quotations or by negotiations, whichever method is advantageous to Hogan Prep. Hogan Prep will maintain coverage on all buildings and capital outlay contents. Coverage should be 100% without coinsurance if available.

Liability coverage should include comprehensive general liability, employee benefits liability, vehicular liability and school board legal liability. (See also Policy 3730 - Liability Insurance.)

POLICY 3730 – INSURANCE: LIABILITY INSURANCE

(Last approved: 12/19/2019)

The Board recognizes that legal actions may be initiated from time to time against Hogan Prep as a corporate entity, against the Board as a whole, against Board members as individuals, or against HPA officers, employees or other agents. The Board also recognizes the contribution that is rendered to the Hogan students by volunteers and is mindful that legal actions may be initiated against these individuals as well.

To protect members of the Board, Hogan officers, employees, other agents and volunteers in the performance of their duties and responsibilities, the Board will defend its Board members, officers, employees, other agents and volunteers against claims for suits arising out of the performance of their duties and responsibilities. The Board shall indemnify its Board members, officers, employees, other agents and volunteers against all financial liability or loss resulting from such claims or suits including judgments for damages, attorney's fees, fines, court costs and amounts paid in settlement of such matters and reasonable and customary ancillary costs. Ancillary costs may include, for example, travel expenses incurred by Board members or others if they must appear for a case that is being tried outside the area.

The protection provided by this policy shall apply on an occurrence basis, which means that an individual will be indemnified even though he/she is no longer a member of the Board or employed by or otherwise associated with Hogan Prep when the lawsuit is filed.

HOGAN PREPARATORY ACADEMY BOARD POLICIES

SECTION 4: FINANCIAL OPERATION

POLICY 3730 – INSURANCE: LIABILITY INSURANCE (continued)

(Last approved: 12/19/2019)

The Board reserves the right, however, to deny representation and indemnification to any person covered by their Board policy in any instance in which there would be no coverage under the Hogan Prep applicable liability insurance program in which the claim "results in civil judgment or criminal conviction for" an intentional tort, immoral conduct, violation of any criminal or civil statute or violation of Board policy or regulations or administrative order or directive, whether verbal or written.

As a prerequisite to the right of legal representation and indemnification, any person who is served with legal notice commencing any action or proceeding against him/her for which indemnification is sought is required to immediately notify the Superintendent of the legal action after receipt of such legal notice.

Hogan Prep shall maintain a program of self-insurance and/or insurance coverage sufficient to provide the legal defense and indemnification described in this policy. However, Hogan Prep's purchase of liability insurance does not waive HPA's entitlement to sovereign immunity.

POLICY 3740 – INSURANCE: BOND FOR EMPLOYEES

(Last approved: 12/19/2019)

All employees who are authorized HPA check signers shall be covered by a Surety/Fidelity bond in an amount to be determined by the Board with premiums to be paid by Hogan Prep.