



# **Financial Policies & Procedures Handbook**

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**HARRIET TUBMAN SCHOOL OF SCIENCE AND TECHNOLOGY FINANCIAL  
POLICIES & PROCEDURES**

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**PART 1. Overview**

The Governing Board of HARRIET TUBMAN SCHOOL OF SCIENCE AND TECHNOLOGY ("HTCSAT") has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of HTCSAT to support the mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Governing Board formulates financial policies and procedures, delegate's administration of the policies and procedures to the Executive Director and reviews operations and activities on a regular basis.
2. The Executive Director has responsibility for all operations and activities related to financial management.
3. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
4. All documentation related to financial matters will be completed by computer, word processor, typewriter, or ink.
5. The Governing Board can appoint someone else to perform the Executive Director's responsibilities in the case of absence.

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**PART 2. Accounting, Auditing and Financial Reporting**

**SECTION 1: Annual Operating Budget**

SECTION 1.1. Responsibility. The Executive Director will ensure that HTCSAT follows a budgeting process that is consistent with the requirements of Federal and Georgia statutes, State Board of Education Rules and Regulations, and all other laws, regulations, and rules that may apply.

SECTION 1.2. Preparation. The Chief Financial Officer (CFO) is responsible for the preparation of the annual budget, and timely presentation to the Finance Committee and to the Board.

SECTION 1.3. Needs analysis. Each year, prior to the drafting of the annual Operating Budget, the Executive Director shall ensure that a needs assessment of HTCSAT is drafted and finalized by a budget committee consisting of the Executive Director, the CFO, and other individuals designated by the Board. The needs assessment shall be the basis for the drafting of the annual budget.

SECTION 1.4. Public hearings. Georgia HB 65 requires at least two public hearings, which cannot be held within the same week, before final adoption of the budget. Public hearings can be held before or after adoption of a tentative budget, as long as it is before adoption of the final budget. The Board Chair and Treasurer shall be responsible for scheduling the public hearings.

SECTION 1.5. Adoption. The Board shall formally adopt the budget in an open meeting held in accordance with the Board's bylaws no later than June 30<sup>th</sup> of each year. No spending can occur (for salaries, rent, maintenance, or any other category) prior to the formal budget adoption of a budget by the Board.

SECTION 1.6. Minutes. The Board Secretary will record the adoption of the budget and any amendments in the Board meeting minutes for the meeting where the adoption occurs.

**SECTION 2: Accounting System Policies**

SECTION 2.1. Fiscal Year. HTCSAT adopts a fiscal year that begins on July 1 and ends on July 30 of the following calendar year.

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SECTION 2.2. Financial Accounting Policy. HTCSAT will fully comply with generally accepted accounting practices (GAAP), and any other applicable federal, state, or local standards for financial management systems. The school will comply with all federal, state, and local laws, regulations, policies, and requirements.

SECTION 2.3. Responsibility. The CFO will ensure that all accounting systems, software, processes, and procedures comply with this policy, and that appropriate school staff are knowledgeable and receive sufficient training to be able to implement this policy.

SECTION 2.4. Accounting records. The school will maintain records that will adequately identify the source and application of funds. These records must contain information pertaining to grants or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

SECTION 2.5. Internal controls. The school 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. The school shall adequately safeguard all such property and assure that it is used solely for authorized purposes. With respect to the use of Federal funds, consistent with 2 C.F.R. § 200.303:

- a. HTCSAT's internal controls shall provide reasonable assurance that HTCSAT is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.
- b. HTCSAT shall comply in all respects with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal Awards;
- c. HTCSAT shall evaluate and monitor its compliance with statutes, regulations, and the terms and conditions of Federal awards.
- d. HTCSAT shall take prompt action when instances of noncompliance are identified, including noncompliance in audit findings.
- e. HTCSAT shall take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the HTCSAT considers consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

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SECTION 2.6. Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payroll reports, time and attendance records, contract and sub-grant award documents, etc., and be filed in a consistent and timely fashion, and be easily and readily retrievable if requested for audit or other inquiry.

SECTION 2.7. Budget control. The CFO will provide a report that compares actual expenditures or outlays of state or federal funds with budget amounts for each fund, grant or sub-grant. Financial information may be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in 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 allocation of costs.

SECTION 2.8. Account Code Structure. HTCSAT will use the account code structure as described in the Georgia Department of Education's LUA Chart of Accounts.

### **SECTION 3: Financial Reporting**

SECTION 3.1 Monthly Reporting. The CFO will submit a monthly balance sheet, revenue & expense summaries and 12-month cash flow forecast to the Executive Director including a review of the discretionary accounts and any line items that are substantially over or under budget (\$10,000 or +/- 10% of established budget, whichever is greater). The report will be reviewed with the Finance Committee and presented by the CFO or the Treasurer to the Board at the scheduled board meeting and action will be taken, if appropriate. The CFO will provide the Executive Director and/or Governing Board with additional financial reports, as requested.

SECTION 3.2. Annual Financial Statement. The CFO shall prepare and Executive Director shall review, or cause to be prepared, an annual financial statement for each fund to the Board no later than 90 days after the end of the fiscal year showing:

- a. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state

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- money, gifts, or other general sources 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.

**SECTION 4: Annual Financial Audit**

SECTION 4.1. Annual Audit. Annually, the Treasurer of the Board shall ensure the engagement of a certified public accountant (CPA) or the Georgia Department of Audits to conduct a fiscal audit. The audit shall include, but not be limited to:

- a. An audit of the accuracy of the financial statements
- b. An audit of the revenue accuracy practices
- c. An audit of the internal control practices

SECTION 4.2: Auditor Selection. The Governing Board will annually appoint an audit committee by January 1 to select an auditor by March 1 prior to year end (June 30th). The Board shall ensure that the school provides timely assistance to the auditors in order to provide them with the necessary information to ensure that the audit can be submitted to the necessary authorities within the required timeframe.

SECTION 4.3. Board Action. Once the Board of HTCSAT 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.

SECTION 4.4. Submission to Authorizers. The CFO shall prepare a copy of the annual audit report and submit to the Executive Director in a timely manner. The Executive Director will ensure a copy of the annual audit report is filed with the State Board of Education on or before the deadline. 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 and comments related to the reason for the exception, should be noted with the submission.

**SECTION 5: Fiscal Compliance**

SECTION 5.1. Regulations. The CFO shall ensure that HTCSAT complies with all state and federal laws, rules, and regulations concerning the budget and all activities and procedures of the school.

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The Board and Executive Director will monitor compliance during regular touchpoints and monthly reporting.

### **SECTION 6: Transfer of Information**

SECTION 6.1. Policy. Any individual serving in a position with access to school financial systems, bank accounts, payroll records, school TRS accounts, or any similar or related systems who ends their relationship with the school through resignation or termination from HTCSAT shall immediately give school management all necessary logon information including user names, passwords, and other related information. The school will change the passwords and other security information once the individual ends their employment or other association with the school.

## **PART 3. Purchasing and Procurement**

### **SECTION 7: Purchasing**

SECTION 7.1. Policy. HTCSAT will implement practices and procedures that will facilitate the determination of needs for goods and services, such as inventory, equipment, office supplies, and professional services, that consider adequate quantities, reasonable prices, timely receipt, proper specifications, and desired quality, which will avoid the disruption of operational efficiency because of improper or untimely purchases and potential losses and use of cash caused by excessive purchases.

SECTION 7.2. Order requisition. Requisitions initiate the purchasing process. Once an employee determines the need for a particular supply item or service, the employee should complete a requisition form that identifies the item or service required, the quantity requested, how the item will be used, who will use it, and the date that the item needs to be available for use. The completed requisition form will be routed for approval.

SECTION 7.3. Approval Authority. The CFO, or their designee, must approve all purchases. Purchase requisitions, authorizing the purchase of items, must be signed by the Executive Director or Assistant Executive Director and submitted to the Accountant and CFO with the related invoice. When approving purchases, the Executive Director/Assistant Executive Director must:

- a. Determine if the expenditure is budgeted

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- 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 expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations
- e. Determine if the price is competitive and prudent. All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services

Individuals other than those specified above are not authorized to make purchases without pre-approval.

SECTION 7.4. Receipts. The physical receipt of all purchased goods is the responsibility of the requesting department. The receiver inspects goods for conformity with specifications on purchase orders. Quantities are verified by counting, weighing, or measuring. All receipts should be forwarded to the Accounts Payable office to be matched with the associated invoice(s).

SECTION 7.5. Procurement Procedures and Standards when Using Federal Funds. Consistent with 2 C.F.R. § 200.318, when using Federal funds, HTCSAT will abide by the following standards and procedures:

- a. HTCSAT will avoid acquisition of unnecessary or duplicative items.
- b. HTCSAT will consider consolidating or breaking out procurements to obtain a more economical purchase.
- c. Where appropriate, HTCSAT will conduct an analysis of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- d. Where appropriate, HTCSAT will try to enter into state and local intergovernmental agreements or inter-entity agreements for procurement or use of common or shared goods or services. Competition requirements will be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.
- e. HTCSAT will endeavor to use Federal excess and surplus property in lieu of purchasing new equipment and property, where such use is feasible and reduces project costs.
- f. In contracts for construction projects of sufficient size, HTCSAT will endeavor to use value engineering clauses to offer reasonable opportunities for cost reductions.

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- g. HTCSAT will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. In determining whether a contractor is responsible, HTCSAT will consider such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources.
- h. HTCSAT will maintain records sufficient to detail the history of procurement. Such records will include: (i) rationale for the method of procurement; (ii) selection of contract type; (iii) contractor selection or rejection, and the basis for the contract price.
- i. HTCSAT may use a time-and-materials contract only after HTCSAT determines that no other contract is suitable, provided such contract includes a ceiling price that the contractor exceeds at its own risk.
- j. HTCSAT is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

### **SECTION 7.6. Open Competition when using Federal Funds.**

Consistent with 2 C.F.R. § 200.319, when using Federal funds, all procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with 2 C.F.R. § 200.320. Accordingly, HTCSAT will abide by the following standards and procedures:

- a. Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. The following are examples of situations deemed impermissibly restrictive of competition:
  - i. Placing unreasonable requirements on firms in order for them to qualify to do business;
  - ii. Requiring unnecessary experience and excessive bonding;
  - iii. Noncompetitive pricing practices between firms or between affiliated companies;
  - iv. Noncompetitive contracts to consultants that are on retainer contracts;
  - v. Organizational conflicts of interest;
  - vi. Specifying only a "brand name" product instead of allowing "an equal" product to be offered and

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- describing the performance or other relevant requirements of the procurement; and
- vii. Any arbitrary action in the procurement process.
- b. HTCSAT will not impose state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Notwithstanding the foregoing, HTCSAT may make geographic location a selection criterion when contracting for architectural and engineering (A/E) services, provided HTCSAT's application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.
- c. HTCSAT will ensure that all procurement transactions involving the use of Federal funds will:
- i. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured without unduly restricting competition.
  - ii. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- d. HTCSAT will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. HTCSAT will not preclude potential bidders from qualifying during the solicitation period.
- e. Noncompetitive procurements can only be awarded if one or more of the following circumstances apply:
- i. The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold set by the Federal Acquisition Regulation (FAR) C.F.R. part 2, subpart 2.1, unless a higher threshold is requested by HTCSAT and approved by the cognizant agency for indirect costs;
  - ii. The item is available only from a single source;
  - iii. The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;
  - iv. The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from HTCSAT; or
  - v. After solicitation of a number of sources, competition is determined inadequate.

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**SECTION 7.7. Informal Procurement Methods when Using Federal Funds (2 C.F.R. § 200.320)**

- a. *Micro-purchases.* HTCSAT should endeavor to distribute micro-purchases (as defined in Section 7.6) equitably among qualified suppliers to the maximum extent practicable. Micro-purchases may be awarded without soliciting competitive price or rate quotations if HTCSAT considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. HTCSAT may establish a threshold higher than the micro-purchase threshold identified in the FAR (as of March 2021, \$10,000). HTCSAT may self-certify a threshold up to \$50,000 on an annual basis and must maintain documentation to be made available to the Federal awarding agency and auditors. The self-certification must include a justification, clear identification of the threshold, and supporting documentation. Increases to the micro-purchase threshold over \$50,000 require approval by the cognizant agency for indirect costs. HTCSAT must submit a request, including a justification, clear identification of the threshold, and supporting documentation. If approved, the increase is valid until there is a change in status in which the justification was approved.
- b. *Small Purchases.* Small purchases are the acquisition of property or services, the aggregate dollar amount of which is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold (as of March 2021, \$250,000), which is based on internal controls, an evaluation of risk and HTCSAT's procurement procedures, which must not exceed the threshold established in the FAR. For small purchases, price or rate quotations must be obtained from an adequate number of qualified sources.

**SECTION 7.8. Formal Procurement Methods when Using Federal Funds (2 C.F.R. § 200.320).** Formal procurement methods are required when the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT or a lower threshold established by HTCSAT.

- a. *Sealed Bids.* Sealed bids are a procurement method in which bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.

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- b. The following conditions should be present in order to make sealed bidding feasible:
  - i. A complete, adequate, and realistic specification or purchase description is available;
  - ii. Two or more responsible bidders are willing and able to compete effectively for the business; and
  - iii. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- c. The following are required for sealed bids:
  - i. Bids must be solicited from an adequate number of qualified sources, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publicly advertised;
  - ii. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
  - iii. All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
  - iv. A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
  - v. Any or all bids may be rejected if there is a sound documented reason.
- d. *Proposals*. Proposals are a procurement method in which either a fixed price or a cost-reimbursement type contract is awarded. The following are required for proposals:
  - i. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified offerors. Any response to publicized requests for proposals must be considered to the maximum extent practical;

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- ii. HTCSAT must have a written method for conducting technical evaluations of the proposals received and making selections, which must be included in each request for proposal;
- iii. Contracts must be awarded to the responsible offeror whose proposal is most advantageous to the HTCSAT, upon consideration of the evaluation factors; and
- iv. HTCSAT may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby offeror's qualifications are evaluated and the most qualified offeror is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms that are a potential source to perform the proposed effort.

SECTION 7.9. Protest Procedures to Resolve Dispute. HTCSAT shall maintain protest procedures to handle and resolve disputes relating to procurements and, in all instances, disclose information regarding the protest to the awarding agency. Any contractor wishing to protest the bid award shall notify the Executive Director in writing. No protest will be accepted, except those protests made in writing and received within three (3) calendar days of the bid award. Protests must be in writing and in an envelope/package that clearly is marked with bid number and the words "Bid Protest." HTCSAT shall review and make a final decision as to any bid protest.

### **SECTION 8: Contracts**

SECTION 8.1. Authority. The below individuals may negotiate contracts, authorize expenditures and sign related contracts that fall within the approved budget.

- a. Assistant Executive Director <\$5,000
- b. Executive Director less than or equal to \$10,000
- c. The Governing Board must approve contracts over \$10,000 and be signed by the Board Chair.

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SECTION 8.2. Vendor selection. Consideration will be made of in-house capabilities to accomplish services before contracting for them. When sourcing a new vendor is required, bids must be solicited from at least three non-related sources for all contracts over \$5,000. Vendor selection will be based on ability to furnish items meeting the requisitioned specifications by the date and in the quantity needed, and at the most economical use of funds. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect.

SECTION 8.3. Bid request process. 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. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises to the maximum extent practicable and possible.

SECTION 8.4. Documentation. Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors). The Executive Director will be responsible for ensuring the terms of the contracts are fulfilled.

SECTION 8.5. Deposits. For contracts over \$10,000, it should be customary to not pay more than 2/3 of the total invoice amount until satisfactory completion of scope of services.

SECTION 8.6. Conflicts of Interest. Pursuant to the Conflict of Interest Board Policy, no employee, officer, or agent of HTCSAT, who has a real or apparent conflict of interest, will participate in the selection, award, or administration of a contract. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents, either for themselves or for family members or associates.

With respect to the selection, award, or administration of a contract supported by a Federal award and consistent with 2 C.F.R. § 200.318(c)(1), no employee, officer, or agent of HTCSAT may participate in such selection, award, or administration if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her

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immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Additionally, the officers, employees, and agents of HTCSAT may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, unless such gratuity, favor, or thing of monetary value is not substantial or is an unsolicited gift of nominal value (i.e., less than \$50). Any officer or employee who violates this Section 8.6 with respect to the selection, award, or administration of a contract supported by a Federal Award shall be subject to discipline up to and including termination of employment. Any contract or subcontract made in violation of this policy may be voided by the Board of Directors of HTCSAT and subject to termination at the Board's convenience.

### **SECTION 8.7. Contract Cost and Price.**

- a. HTCSAT must perform a cost or price analysis in connection with every procurement in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation.
- b. HTCSAT must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- c. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for HTCSAT.
- d. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

**SECTION 8.8. Contract Administration.** HTCSAT will maintain oversight to ensure that contractors perform in accordance with terms, conditions, and specifications of their contracts or purchase orders.

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SECTION 8.9. Contract Provisions. All contracts made by HTCSAT under a Federal award must contain provisions covering the following, as applicable:

- a. Contracts for more than the Simplified Acquisition Threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- b. All contracts in excess of \$10,000 must address termination for cause and for convenience by the HTCSAT including the manner by which it will be effected and the basis for settlement.
- c. Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
- d. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by HTCSAT must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. HTCSAT must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. HTCSAT must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on

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- Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. HTCSAT must report all suspected or reported violations to the Federal awarding agency.
- e. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by HTCSAT in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
  - f. Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.
  - g. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended— Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires HTCSAT to agree to comply with all applicable standards, orders or regulations issued

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pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

- h. Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- i. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

### **SECTION 9: Debit/Credit Card Procedures**

SECTION 9.1 Eligibility. Use of school debit/credit cards (sometimes called PCards) will be restricted to individuals holding positions of Department Head or above, who has signed and accepted a Cardholder Agreement for the use of the card. The Cardholder Agreement requires the cardholder to affirm that such cardholder has reviewed and agreed to comply with this policy and understands that card issuance and continued use requires the successful completion of training as well as policy compliance. The cardholder also agrees:

- a. To secure the physical card as well as the card number and not share the card, card number, or PIN for use by other individuals to conduct transactions;

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- b. To use the card for business expenditures only;
- c. That any unapproved or otherwise unallowable expenses transacted with the card, with the exception of charges deemed fraudulent and made without the cardholder's consent or knowledge, must be reimbursed to HTCSAT in a timely manner. If the cardholder fails to reimburse HTCSAT in a timely manner the funds may be deducted from the cardholder's pay.

SECTION 9.2. Card use. School debit/credit cards may only be used for school business expenditures. No single card transaction can exceed \$1000 without the prior approval of the Executive Director or CFO. Processing of multiple smaller transactions to circumvent this limitation is forbidden. Debit/credit card transactions in excess of \$10,000 must receive prior Board review and approval.

SECTION 9.3. Card Administrator. The Executive Director will be the Card Administrator, who is responsible for the overall management of card use. The Executive Director can delegate responsibility to the Assistant Executive Director. The Executive Director can utilize card for purchases under \$5,000 with approval by the CFO. Responsibilities of the Card Administrator include, without limitation:

- a. All card set up, card maintenance, and card closure.
- b. Management of online reconciliation software.
- c. Coordinating approval of card requests.
- d. Reviewing and approving Cardholder Agreements and obtaining signatures.
- e. Direct liaison with HTCSAT's bank account(s);
- f. Receiving and reviewing bank monthly statements;
- g. Processing electronic upload of monthly bill;
- h. Resolving disputed charges/discrepancies not resolved by Cardholder.
- i. Reviewing usage of card data for appropriateness;
- j. Ensuring that lost or stolen cards have been blocked by the bank; and
- k. Assisting the Cardholder with erroneous declines and emergency transactions.

SECTION 9.4. Transaction reporting. In any month that there is activity on a user's credit card account, the cardholder must submit a list of all such transactions showing the vendor name and address, transaction amount, and business purpose of the transaction via an expense report. The expense report must be submitted by the 15<sup>th</sup> of the month following the credit card transaction(s) to Accounts Payable.

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Failure to reconcile the account by the monthly due date will result in suspension of PCard privileges until the reconciliation is submitted for the first two offenses, and permanent PCard termination for the third offense.

SECTION 9.5. Transaction documentation. Each transaction must be accompanied by the original receipts documenting the transaction and submitted with the expense report. Missing receipts for purchases will result in PCard suspension until they are provided. If a copy of a PCard receipt cannot be obtained from the vendor, a Missing Receipt Form, signed by the Executive Director, must be completed for each missing receipt. Multiple violations will result in account termination.

SECTION 9.6. Personal transactions. Credit cards may not be used for personal purchases and/or cash transactions. Personal use of a PCard, if found to be accidental, will require the cardholder to refund the cost of the purchase to the school. More than one accidental use may lead to card termination. If the offense was found to be fraudulent, the cardholder could face termination and possible criminal charges.

SECTION 9.7. Restricted or fraudulent transactions. Restricted purchases will be reviewed by the CEO and CFO and may result in PCard termination depending upon circumstances and the severity. Fraudulent use of the PCard on any level will not be tolerated. Should it occur, all privileges will be immediately terminated and the cardholder will be required to reimburse the school for any and all fraudulent purchases. Depending on severity, further disciplinary action may be taken, including termination and possible criminal charges.

### **PART 4. Cash Management**

#### **SECTION 10: Checks**

SECTION 10.1. Checks written. Any authorized check for \$10,000 or more drafted on any of the school's designated bank accounts will require the approval of the Executive Director, CFO and one Board member - either the Treasurer or Board Chair. Each check must be accompanied by appropriate documentation (requisition/purchase order, invoice/check request, vendor information and general ledger charge information) signed off as to accuracy by the CFO or designee

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prior to approval. The CFO is responsible for the proper filing and ready retrieval of such information as required.

SECTION 10.2. Check requests. Check requests will be required when a vendor invoice or other such documentation is unavailable. The check request shall contain the name and address of the payee, the purpose of the expenditure, the date that the check is needed, and the funding source that the expenditure will be drawn from. Accounting will add the additional account code information required to properly record in the general ledger. Check requests must be signed as approved by the requestor's supervisor, and then presented to the appropriate person in the finance/accounting department. Each check must be accompanied by appropriate documentation (requisition/purchase order, invoice/check request, vendor information and general ledger charge information) signed off as to accuracy by the CFO or designee prior to approval. The CFO is responsible for the proper filing and ready retrieval of such information as required.

SECTION 10.3. Checks received. Checks received shall be restrictively endorsed "for deposit only." Deposits must be made weekly by someone other than the one preparing the deposit, and independent of those recording the deposit in the ledger, or preparing the bank reconciliation.

SECTION 10.4. Checks payable to Cash. Checks payable to cash for any reason whatsoever are expressly forbidden. Any check request payable to cash must immediately be reported to the Executive Director and CFO.

SECTION 10.5. Returned Check Policy. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). Unless otherwise pre-approved by the Executive Director or CFO, payment of the NSF check and processing fee must be made by money order or certified check. 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.

### **SECTION 11: Cash Receipts & Deposits**

SECTION 11.1. Documentation. All cash transactions shall be recorded in writing, handwritten in a pre-numbered multipart receipt book detailing from whom the cash is received, the amount, and the

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purpose of the cash transaction. The receipt will be signed and dated by the CFO's designee, and a copy of the receipt given to the person who is the source of the cash.

SECTION 11.2. Depositing cash. With the approval of the Executive Director, the CFO will designate someone not associated with the receipt or recording of cash to make the cash deposit into the school's bank account. Deposits will be made at least weekly. All undeposited cash will be kept in a secured location on school premises with limited access. A copy of the validated deposit slip will be returned to the CFO no later than the next business day following the actual date of the deposit.

SECTION 11.3. Expenditures. As a general rule, cash will not be used to make purchases except from petty cash, as described herein. All cash expenditures must be documented and accounted for in the fiscal period in which the expenditure is made.

### **SECTION 12: Petty Cash**

SECTION 12.1. Limits. Harriet Tubman School of Science and Technology will not have cash on premises.

### **SECTION 13: Bank Reconciliations**

SECTION 13.1. Separation of duties. To the extent possible, there should be separation of duties between individuals responsible for handling cash receipts and disbursements, and the individual(s) responsible for bank reconciliations. Bank statements should be delivered (typically electronically) to the CFO by the Executive Director or their designee.

SECTION 13.2. Frequency. The CFO is responsible for ensuring that all bank accounts are reconciled at least monthly and provide a summary report to the Executive Director. The bank statement will be reconciled to both the checkbook and the general ledger. The reconciliation will highlight any items older than 30 calendar days, which then should be investigated and resolved. Any item on the reconciliation older than 60 days should be reviewed with the Finance Committee.

### **SECTION 14: Segregation of Duties**

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In accordance with Generally Accepted Accounting Principles (GAAP), HTCSAT has adopted internal controls to maximize financial oversight. The Board has installed a system of checks and balances that appropriately segregates duties among the Executive Director, Assistant Executive Director, office assistant, the back office provider, and the Board. The Board will have strict oversight of the back office provider, CFO, Executive Director and anyone who has direct access to school funds.

In an effort to deter and minimize the opportunity for fraud and the misuse of school resources, credit checks will be conducted on any individuals who will handle cash. Section I and II of the segregation of duties chart focuses on ensuring that the person receiving/disbursing the cash is not reconciling the receipts to the cash on hand or depositing the funds. Fraud is difficult to detect, especially if people responsible for different duties decide to collude. The back office provider and/or CFO will be responsible for reviewing cash reconciliations and deposits to serve as an additional check for accuracy and completeness.

The segregation of duties for purchasing in Section IV is structured in a way that limits the opportunity for someone to generate fraudulent or unnecessary purchase invoices. The administrator that creates the purchase order cannot verify the receipt of the goods. This allows another administrator to confirm that the school actually received the goods listed on the purchase order.

Section VI and Section VII of the chart require a segregation between the person receiving/disposing of inventory or fixed assets and the person who is performing the physical inventory or fixed asset counts. This should reduce the likelihood of the misappropriation of school property.

The chart below separates the individual or individuals responsible for maintaining custody of assets, authorizing the use of assets, and recordkeeping.

**Segregation of Duties Chart**

<b>Assistant Executive Director</b>	<b>Executive Director</b>	<b>Office Assistant/ Data Clerk</b>	<b>Back Office Provider</b>	<b>Board</b>
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Receives Cash / Deposits			X		
Reconciles Cash Receipts to Daily Cash	X				
Prepares Bank Deposit		X			
Takes Deposit to Bank			X		
Records Deposit Transaction into Banner (or Other Subsidiary Ledger)				X	
Reconciles Deposits to Amounts Recorded in General Ledger				X	
Reviews Cash Reconciliations				X	
Prepares Voucher Package for Payment (Match P.O., Receiving Evidence, Invoice)			X		
Prepares Check Requests			X		
Approves Checks for Payment and Affixes Signature		X			
Mails Vendor Checks				X	
Initiates Wire Transfers	X				
Approves Wire Transfers		X			
Creates Positive Pay File and Transfers to Bank				X	
Posts Disbursements to Subsidiary Ledger				X	
Reconciles Disbursements from Subsidiary Ledger to General Ledger				X	
Reviews General Ledger Reconciliations		X			

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Maintains Check Stock	X				
Maintains Signature Stamp		X			
Reconciles Bank Statements				X	
Approves Bank Reconciliations				X	
Disburses Petty Cash	X				
Reconciles Petty Cash			X		
Replenishes Petty Cash Fund			X		
Posts Petty Cash Activity to General Ledger				X	
Performs Periodic Review of Petty Cash Activity		X			
Initiates Request to Open Bank Accounts	X				
Authorizes Opening of New Bank Accounts					X
Adds New Account Information to General Ledger				X	
Initiates Investment Transactions		X			
Reviews and Approves Investment Transactions					X
Posts Investment Activity to the General Ledger				X	
Reconciles Investment Accounts to Amounts Reported on General Ledger				X	
Maintains Investments (i.e., Stock Certificates, CD's, etc.)					X
Initiates Purchase Order Requisitions	X				

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Approves Purchase Requisitions		X			
Prepares Purchase Order			X		
Approves Purchase Order		X			
Modifies Master Vendor File				X	
Receives Goods from Vendor			X		
Modifies or Reconciles Inventory Records	X				
Approves Vendor Invoices for Payment		X			
Responsible for Modifying Employee Master File			X		
Approves Modifications to Employee Master File		X			
Prepares Payroll File for Processing				X	
Approves Payroll File		X			
Generates Payroll Checks				X	
Distributes Payroll Checks or Initiates Direct Deposits			X		
Reviews and Approves Final Payroll Report		X			
Records Payroll Expense in General Ledger				X	
Reconciles Payroll Subsidiary Module in General Ledger				X	
Receives Goods from Vendor		X			
Performs Physical Inventory Counts			X		

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Modifies Inventory Records			X		
Reconciles Physical Inventory Counts to Inventory Records	X				
Reconciles Inventory Records to General Ledger				X	
Reviews Reconciliation of Inventory Records to General Ledger				X	
Disposes of Obsolete (Scrap) Inventory			X		
Records Adjustments (Journal Entries) to Inventory Records and General Ledger				X	
Initiates Purchase of Capital Assets	X				
Approves Purchase of Capital Assets		X			
Approves Capital Asset Disposals		X			
Disposes of Capital Assets			X		
Records Capital Asset Additions and Disposals in Asset Management Module				X	
Performs Periodic Physical Counts of Capital Assets			X		
Reconciles Physical Capital Asset Counts to Asset Management Sub-System				X	
Makes Adjustments to Asset Management Sub-System				X	
Reconciles Asset Management Sub-System to General Ledger				X	
Reviews Reconciliation of Asset Management Sub-System to General Ledger				X	

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Maintains Capital Asset Sub-System (Updates Master File for Asset Categories, Useful Lives, and Depreciation Tables)				X	
Responsible for Modifying General Ledger Accounts				X	
Approves Changes to General Ledger Accounts		X			
Prepares Journal Entries for Posting	X				
Approves Journal Entries		X			
Posts Journal Entries				X	
Prepares Financial Statements from General Ledger				X	
Approves Financial Statements		X			

**PART 5. Payroll**

**SECTION 15: Payroll Policy**

SECTION 15.1. Responsibility. The Executive Director in partnership with the CFO, shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules.

SECTION 15.2. Payroll Processing. School employees shall be paid:

- a. In United States currency;
- b. By a written instrument (e.g. check) issued by the employer that is negotiable on demand at full face value for United States currency; or
- c. By the electronic transfer of funds to the employee's bank pursuant to a direct deposit agreement signed by the employee.

SECTION 15.3. Pay dates. Pay dates for employees and contract employees will be according to the following schedule:

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- a. Full and part-time employees will be paid twice a month with funds available on the 15<sup>th</sup> and final calendar day of the month. If either payday occurs during a weekend or on a bank holiday, payday will be the nearest banking day preceding or following the normal date; i.e., Saturday pay dates would switch to the preceding Friday, and Sunday pay dates would switch to the following Monday.
- b. Contract employees will be paid with funds available on the last banking day of the calendar month.

SECTION 15.4. Record Keeping. The designated school employee will maintain written records of all full time employees' use of sick leave, vacation pay, and any other unpaid time. The designated school employee will immediately notify the Executive Director if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences. Records will be reconciled when requested by the employee. Each employee must maintain personal contemporaneous records.

SECTION 15.5. Teachers Retirement System. Unless otherwise allowable by law, all teachers at HTCSAT shall be members of the Georgia Teachers Retirement System and subject to its requirements. HTCSAT will ensure that the school complies with all requirements of the Georgia Teachers Retirement System, including making any required payroll deductions and employer contributions. The school will report such deductions and contributions to the state on a timely and accurate basis. The school will print and retain copies of the TRS input reports or screens supporting entered data. Reporting mistakes or other problems will be resolved with the appropriate authorities promptly.

**SECTION 16: Timesheets**

SECTION 16.1. Requirements. All classified employees will be responsible for completing a timesheet including vacation, sick, and holiday time (if applicable). The employee and the appropriate supervisor will sign the completed timesheet.

- a. The completed timesheets will be submitted to the Accountant/CFO on the last working day of the designated payroll period.
- b. Incomplete timesheets will be returned to the signatory supervisor and late timesheets will be held until the next pay period. No employee will be paid until a correctly completed timesheet is submitted.

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- c. If an employee is unexpectedly absent and therefore prevented from working the last day of the pay period or turning in the timesheet (such as an employee calling in sick), the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. However, the employee must still complete and submit the timesheet upon return.

**SECTION 17: Overtime**

SECTION 17.1. Overtime policy. Reference Employee Handbook for policies and procedures.

**SECTION 18: Payroll Taxes and Filings**

SECTION 18.1. Withholding of wages. The Executive Director or designee shall ensure that the wages of school employees are not withheld except in the following situations as permitted by applicable laws and rules.

- a. The school is ordered to do so by a court of competent jurisdiction, (i.e., garnishments);
- b. The school is authorized to do so by state or federal law, (i.e., taxes and TRS contributions); or
- c. The school has written authorization from the employee to deduct part of the wages for a lawful purpose, (i.e., discretionary deductions).

SECTION 18.2. Preparation. The CFO will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries. The CFO will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Executive Director, and submit the forms to the respective agencies.

**PART 6. Expenses**

**SECTION 18: Expense Reports**

SECTION 19.1. Report Completion. A requestor must complete the "Expense Report" within 10 days, but no later than 30 calendar days after completion of the trip or event. Expenses submitted more than 30 calendar days after completion of the trip or event, if reimbursed, should be included in the employee's IRS Form W-2 as taxable income.

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Any expense report submitted after 60 days will not be reimbursed. All fields on the "Expense Report" must be completed in full and signed by the requestor.

SECTION 19.2. Documentation. Receipts must be submitted with expense reports. Receipts must contain appropriate detail, including starting and ending destinations, hotel charges, and detailed item charges. A specific business purpose for the expenditure must be noted on every expense submitted. Imaged or electronic receipts are required for the following:

- a. Air, lodging, rental cars and rail (such as Amtrak, etc.)
- b. Conference registration fees
- c. All single expenditures of \$25 or greater
- d. Misc. purchases such as supplies and food vendors, etc

SECTION 19.3. Approval. A requestor's immediate supervisor or higher administrative authority must approve an expense report before reimbursement will be issued. The Executive Director expense reports should be approved by the Treasurer. Should expenses not meet approval guidelines, the expense approver may deny the expense. Denied expenses will be considered a personal expense to the employee and will be processed in accordance with the policies. If an expense is denied, it will either reduce reimbursement due, create an amount due to the school, or create a future payroll deduction. Once the report is signed by requestor's supervisor, it is the requestor's responsibility to submit the approved report along with all the backup receipts to the Bill.com Email: [HTCSATonlineap@bill.com](mailto:HTCSATonlineap@bill.com)

SECTION 19.4. Reimbursement. Employees will be reimbursed for expenditures within ten (10) days of presentation of appropriate documentation.

### **SECTION 20: Other Expenses**

SECTION 20.1. Discretionary Spending. The Executive Director is authorized to make discretionary purchases for items including but not limited to, meals related to teacher appreciation/morale, bereavement gifts for school employees or Board members, up to \$300 per instance and not to exceed \$8,000 per year.

SECTION 20.2. Travel. Travel arrangements are to be approved prior to making reservations, and must be approved by the Executive Director. Travel arrangements out of state must obtain board

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approval. A request to the board must be made for any staff or student travel out of the Atlanta Metro area. See travel policy guide.

SECTION 20.3. Governing Board Expenses. The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report. The Board Chair will approve and sign the expense report, and submit it to the CFO for payment.

SECTION 20.4. Telephone Usage. Employees will not make personal or international calls on the telephones without prior approval from a supervisor. Employees will reimburse the school for all personal telephone calls.

SECTION 20.5. Allowable Expenses. **Reimbursable expenses** include, but are not limited to, the following:

- Business office expenses (copy services, postage, and supplies)
- Business related phone calls, faxes, and internet usage charges and fees
- Business related events such as holiday party, employee meetings, etc
- Student related events such as graduation, field trips, student award ceremony, etc.
- Transportation costs from lodging or businesses to restaurants
- Conference/Registration fees
- Costs related to passports and travel visas when necessary to accomplish the official business purpose of the trip
- Costs related to vaccinations required and/or recommended for international business travel
- Currency conversion fees
- Baggage handling services, other than regular portage/tips
- Laundry or cleaning expenses on trips lasting seven (7) calendar days or more

**Non-reimbursable expenses** include, but are not limited to, the following:

- Airline, car, and card membership dues and club fees;
- Airline reserved/priority seating fees
- Travel upgrade fees (air, rail, car)
- Alcoholic beverages
- Bank charges for ATM withdrawals, except on international travel
- Childcare costs

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- Clothing or toiletry items
- Commuting between Residence and Primary Work Station
- Country Club dues
- Expenses related to vacation or personal days taken before, during or after a business trip
- Haircuts and personal grooming
- Laundry, cleaning, pressing costs for trips of less than seven days
- Loss Damage Insurance when Charter school contract rate vehicle is available and another rental car school is utilized
- Loss or theft of cash advance money or airline tickets
- Loss or theft of personal funds or property
- Lost baggage
- Luggage or briefcases
- Medical expenses while traveling (*Exceptions may be made to accommodate ADA compliance; see Sec. 7.10*)
- Mini-bar charges
- Movies
- No-show/Cancellation fees or fees related to hotel late check-out (unless business or weather related)
- Personal reading materials (magazines, newspapers, etc.)
- Personal vehicle maintenance (including car washes)
- Personal entertainment
- Personal Pet care
- Recreational expenses
- Rental vehicle maintenance (including car washes)
- Saunas, massages
- Shoe Shines
- Souvenirs or personal gifts
- Traffic citations (moving violations), parking tickets, court fees and other fines
- Travel accident insurance premiums
- Valet services for parking, when self-parking options are available, unless there are valid security reason

### **PART 7. Finance**

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**SECTION 21: Loans**

SECTION 21.1. Authority. The Governing Board will approve all loans from third parties. In the case of a long-term loan, approval may also be required from the charter-granting agency in accordance with the terms of the charter petition and/or other lenders in accordance with the loan documents. Once approved, a promissory note will be prepared and signed by the Board Chair before funds are borrowed. Employee loans are not allowed.

**SECTION 22: Bank Accounts**

SECTION 22.1. Authority. The Board Chair, Treasurer of the Board and Executive Director is hereby given 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 financial institution as the preferred provider for the school to use for its financial transactions.

SECTION 22.2. Selection. The Treasurer shall present a list of banks or other financial institutions providing financial services needed by the school in the relevant geographical vicinity. The list will compare differentiating attributes of the various institutions so that the Board may make an informed selection from the list presented. The CFO shall make his/her selection recommendation to the Board for consideration, if applicable.

SECTION 22.3. Accounts. The Board Chair, Treasurer of the Board and Executive Director is given the authority to open a business checking account and a business operating account on behalf of HTCSAT to be used to transact the school's business. Additional bank accounts (such as Fundraising or School Lunch Program) may also be opened once specifically authorized, approved, and recorded in the official minutes of the Board meetings.

**SECTION 23: Investments**

SECTION 23.1. Policy Statement. The Executive Director and the Treasurer of the Board shall ensure that any investment of governmental funds is done in accordance with all federal and state applicable laws and rules, including the Financial Manual for Local Units of Administration. The investment of governmental funds shall be made with judgment and care; not for speculation, but for investment,

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considering the probable safety of capital, liquidity, and the probable derived income.

SECTION 23.2. Investment objectives. Investment of governmental funds shall be governed by the following objectives, in order of priority:

- a. Preservation and safety of principal;
- b. Liquidity; and
- c. Yield

SECTION 23.3. Investment management firm and/or officer. The Board may determine that it is necessary to contract with an investment management firm that is registered with the appropriate governmental entities to provide for the investment and management of the funds. Such a contract shall not exceed twenty-four months, and must be approved by the Board prior to the investment of funds.

SECTION 23.4. Investments. A report describing invested funds and their yields will be prepared and presented to the Board at least quarterly. The report will show at least all of the following information:

- a. Investment Firm or Officer managing the investment
- b. Date of Board approval
- c. Date of initial investment
- d. Amount of initial investment
- e. Amount of current investment
- f. Amount of fiscal year return
- g. Amount of investment to date return
- h. Fiscal year yield percent
- i. Investment to date yield percent

**SECTION 24: Retention of Records**

SECTION 24.1. Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of seven (7) years. At the discretion of the Governing Board or Executive Director, certain documentation may be maintained for a longer period of time. Financial records will be shredded at the end of their retention period.

**PART 8. Asset Management**

**SECTION 25: Fund Balance**

SECTION 25.1. Purpose. The Board recognizes that the maintenance of a fund balance is essential to the preservation of the financial integrity of the school. This policy establishes guidance concerning the desired level of year-end fund balance to be maintained and the management of fund balance levels.

SECTION 25.2. Definition. Fund balance is a measurement of available financial resources defined as the difference between total assets and total liabilities in each fund.

SECTION 25.3. Classifications. The Governmental Accounting Standards Board (GASB) Statement 54 distinguishes fund balance classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- a. Non-spendable Fund Balance – Fund balance reported as “non-spendable” represents fund balance associated with inventory, prepaid items, long-term amounts of loans and notes receivable, property held for resale (however, if the use of the proceeds from the collection of receivables or sale of the property is restricted, committed, or assigned, then the receivables or property should be reported in those categories), and corpus of a permanent fund (legally/contractually required to be maintained).
- b. Restricted Fund Balance – Fund balance reported as “restricted” represents amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources (such as bond resolutions and covenants and SPLOST referendums).
- c. Committed Fund Balance – Fund balance reported as “committed” includes amounts that can be used only for the specific purposes determined by a formal action of the Board. The Board as the highest level of decision-making authority will have the sole authority to commit fund balance. Constraints can be removed or changed only by the Board. Actions to constrain

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resources should occur prior to the end of the fiscal year, though the exact amount may be determined subsequently.

- d. Assigned Fund Balance – Fund balance reported as “assigned” represents amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed or restricted fund balance. The intent is expressed either by the Board or individual authorized by the Board. Assigned fund balance also includes residual fund balance amounts in the special revenue funds, capital projects funds, and debt service funds. If these funds should have a deficit fund balance, those deficits are required to be reported as unassigned fund balance.
- e. Unassigned Fund Balance – Fund balance reported as “unassigned” represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications. The Board will strive to maintain an unassigned fund balance in the General Fund of between 5% - 15% based upon annual budgeted expenditures. The balance may be drawn down in the event of a reduction to state funding.

Unassigned fund balance is reported only in the General Fund except in cases of negative fund balances in other governmental funds. If expenditures incurred exceed the amounts that have been restricted, committed, and assigned to a specific purpose and results in a negative residual amount for that specific purpose, amounts assigned to other purposes in that governmental fund are reduced to eliminate the deficit.

SECTION 25.4. Use of Funds. When an expenditure is incurred that would qualify as an expenditure of either Restricted or Unrestricted fund balance those expenditures will first be applied to the Restricted Fund Balance category. When expenditures are incurred that would qualify as a use of any of the Unrestricted Fund Balance categories (Committed, Assigned, Unassigned), those expenditures will be applied in the order of Assigned first, then Unassigned, and then Committed.

### **SECTION 26: Capital Assets**

SECTION 26.1. Definition. A capital asset is an asset that is tangible in nature; has a life that exceeds one year; has significant value (\$5,000 per unit or a lower amount if so designated by the Board of Directors); and can be reasonably identified and controlled through a

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physical inventory system. Examples include: land, land improvements, buildings, machinery and equipment, and furniture.

SECTION 26.2. Documentation. The Executive Director or designee will ensure that HTCSAT maintains accurate records of capital assets in accordance with applicable rules.

SECTION 26.3. Inventory. The Executive Director or designee will ensure that a physical inventory of capital assets has been completed no less than once every two years.

SECTION 26.4. Annual Audit. The annual financial audit required by O.C.G.A. 20-2-2065 (b)(7), shall include an exhibit in the audit report identifying all capital assets and the ownership interest of local, state, and federal parties.

### **PART 9. Insurance and Compliance**

#### **SECTION 27: Insurance**

SECTION 27.1. Responsibility. The Executive Director will ensure that appropriate insurance is maintained at all times with a high quality insurance agency. Insurance will include general liability, worker's compensation, student accident, professional liability, and directors' and officers' coverage. Supplementary coverage will cover the after-hours and weekend activities. Coverage will be in line with the limits listed in the school's approved charter petition

SECTION 27.2. Documentation. The Executive Director 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.

SECTION 27.3. Renewal. The Executive Director will carefully review insurance policies on an annual basis, prior to renewal.

#### **SECTION 28: Federal Fiscal Requirements under Title I, Title II and Title IV of NCLB and other Federal Funds under the Elementary and Secondary Education Act.**

SECTION 28.1. Supplement not supplant. HTCSAT shall ensure that federal funds will be used to supplement, not supplant regular non-federal funds.

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SECTION 28.2. Documentation. Documentation shall be maintained, or caused to be maintained, by the Executive Director. The documentation must clearly demonstrate the supplementary nature of federal funds.

SECTION 28.3. Federal grant allowable expenditures. Prior to expending funds, the Executive Director or designee shall review the appropriate OMB Circular or other federal guidance to determine what costs are allowable under the grant. The Executive Director shall ensure that all grant funds are expended in accordance with the Circular or other applicable federal law or rule.

**SECTION 29: Charter Schools Program (CSP), NCLB Title V, Part B**

SECTION 29.1. Compliance. If HTCSAT receives CSP grants, the Executive Director will ensure that HTCSAT is in compliance with and will use the funds in accordance with all statutes, regulations, and approved applications.

SECTION 29.2. Fiscal control. The Executive Director or designee shall directly administer or supervise the administration of any project funding through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

SECTION 29.3. Procurement. When using CSP funds to enter into a contract for equipment or services the Executive Director will ensure compliance with the applicable federal procurement standards.