

DRAFT

Fiscal Policies & Procedures

The Governing Board for Fort Collins Montessori School has developed the following policies to ensure that the school's funds are used to most effectively support the school's mission and to ensure that the funds are budgeted, accounted for, expended, and maintained in an appropriate fashion. The policies have been formally reviewed and adopted by the Governing Board.

A. Financial Code Of Ethics

All Governing Board members and employees of Fort Collins Montessori School shall:

- Act with honesty and integrity, including handling actual or apparent conflicts of interest between personal and professional relationships in an ethical manner;
- Sign a Ethical Behavior Conflict of Interest Disclosure Statement annually.
- File complete, accurate, timely, and understandable disclosure statements as required by applicable laws, rules, or policies;
- Comply with applicable federal or state laws and local ordinances, and with other applicable rules
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing one's independence of judgment to be subordinated;
- Share knowledge and maintain skills important and relevant to job requirements;
- Respect the confidentiality of information acquired in the course of work and made confidential by law; and
- Proactively promote ethical behavior in all financial dealings and other activities within Fort Collins Montessori School.

B. Budget Development and Oversight Calendar and Responsibilities

Fort Collins Montessori School will develop and monitor its budget in accord with the annual budget development and monitoring calendar as specified below.

January-February

- The Finance Committee of the Board works with the Head of School to review the proposed state budget for the upcoming fiscal year, and identify the likely range of

revenues for the school's upcoming fiscal year (July 1-June 30). (Responsible person: Board Treasurer and the Head of School)

- The Head of School reviews/prepares a set of proposed budget development principles for board review and approval. (Responsible person: Board Treasurer, Head of School and the other Governing Board members.)
- Develop rough planning budget for upcoming fiscal year, including projected enrollment and any proposed staffing changes. (Responsible person: Head of School in conjunction with the Governing Board Finance Committee.)
- Develop five-year budget projection in accord with the schools established strategic and growth plans. (Responsible person: Head of School in conjunction with the Board Finance Committee.)
- Ongoing monitoring and revision of current year budget. (Responsible person: Board Treasurer, Finance Committee & Head of School.)

March-April

- The Head of School, working in conjunction with staff, Board members, and Treasurer, prepares a formal budget plan for upcoming fiscal year. The plan is reviewed by the Finance Committee of the Board.
- Ongoing monitoring and revision of current year budget. (Responsible person: Board Treasurer, Finance Committee, and Head of School).
- The Audit Committee of the Board solicits bids for the annual audit and selects an auditor. (Responsible person: Audit Committee of the Board acting alone.)

May-June

- Head of School reviews revenue projections subsequent to the states annual possible revision figures; fine tunes the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The Finance Committee reviews and finalized the proposed budget for the upcoming fiscal year and forwards to the Board. (Responsible person: Board Treasurer, Finance Committee & Head of School.)
- The Board reviews and formally adopts a budget for upcoming fiscal year before June 15. A copy of the final budget is provided to The Charter School Commission. (Responsible person: Governing Board)
- The Head of School reviews current academic year actual versus budgeted revenues and expenditures after the fifth month of the school year and reports to the Finance Committee. Any needed changes to the annual budget are approved by the

Governing Board. (Responsible person: Board Treasurer, Finance Committee, and Head of School)

- Ongoing monitoring and revision of the current year budget. (Responsible person: Board Treasurer, Finance Committee, and Head of School)

July-August

- Books for prior fiscal year are closed, all transactions are posted, and records assembled for audit. (Responsible person: Head of School, Accountant, and Board Treasurer)
- Budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made. A copy of the revised final budget is provided to the charter granting agency. (Responsible person: Head of School, Accountant, and Board Treasurer)
- Independent auditor performs audit of the just-closed fiscal year and prepares audit report for submission to the Audit Committee. (Responsible person: Auditor, Staff as requested by the auditor, Audit Committee.)

September-December

- At the end of the first full week of school, the Head of School reviews Fort Collins Montessori School's actual attendance figures and notifies the Governing Board if actual attendance is below budget projections. If needed, the School's budget is again revised to match likely revenues. (Responsible person: Head of School, Finance Committee, Governing Board)
- A copy of the audit is reviewed by the Audit committee of the Board. Head of School and Finance Committee address any adverse findings. Audit report and any follow-up plans are submitted to charter granting agency. (Responsible person: Head of School, Audit Committee, Governing Board)
- The Head of School reviews current year actual versus budgeted revenues and expenditures after the second month of the school year and reports to the Finance Committee. Any needed changes to the annual budget are approved by the Governing Board. (Responsible person: Board Treasurer, Finance Committee, and Head of School)
- Ongoing monitoring and revision of the current year budget. (Responsible person: Board Treasurer, Finance Committee, and Head of School)

C. Controls, Budget, and Fiscal

Fort Collins Montessori School will maintain in effect the following principles in its ongoing fiscal management practices to ensure that,

- (1) expenditures are authorized by and in accord with amounts specified in the board adopted budget,
- (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and
- (3) all transactions are recorded and documented in an appropriate manner.

C 1. Segregation of Duties

Fort Collins Montessori School will develop and maintain simple check request and purchase order forms to document the authorization of all non-payroll expenditures. All proposed expenditures must be approved by the Head of School who will review the proposed expenditure to determine whether it is consistent with the Board adopted budget and sign the check request form. All check request and purchase orders over \$250 must be cosigned by the Head of School and countersigned by one Board member, preferably the Treasurer, to ensure separation of expenditure authorization and check signing functions.

C 2. Banking Arrangements

Fort Collins Montessori School will maintain its accounts either at a federally-insured commercial bank or credit union. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally backed instruments. The Governing Board must appoint and approve all individuals authorized to sign checks or warrants in accord with these policies and all checks over \$1,000 must be signed by two authorized signatories.

The Fort Collins Montessori School bookkeeper or accountant will reconcile the School's ledgers with its bank accounts on a monthly basis and prepare (1) a balance sheet, (2) a comparison of budgeted to actual revenues and expenditures to date, and (3) a cash flow statement. The Head of School and Finance Committee of the Board will regularly review these statements. The school will deposit all funds received as soon as practical upon receipt. A petty cash fund, not to exceed \$200, may be established with an appropriate ledger to be reconciled twice monthly by the school site secretary, who shall not be authorized to expend petty cash.

C 3. Purchasing Procedures

All purchases over \$1,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. The Head of School shall not approve purchase orders or check requests lacking such documentation. Documentation shall be attached to all check and purchase order requests showing

that at least three vendors were contacted and such documentation shall be maintained for three years. All purchases in excess of \$10,000 must be bid by a board approved process.

C 4. Record Keeping

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records and any other necessary fiscal documents will be maintained by individuals designated by the governing board in a secure location for at least three years, or as long as required by applicable law, whichever is longer. Appropriate back-up copies of electronic and paper documentation, including financial and accounting data, will be regularly prepared and stored in a secure off site location.

C 5. Property Inventory

The Head of School shall establish and maintain an inventory of all non-consumable goods and equipment worth over \$500. This inventory shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting the school's assets. This property will be inventoried on an annual basis and lists of any missing property shall be presented to the Board.

C 6. Payroll Services

Fort Collins Montessori School shall contract with a reputable, bonded, and insured payroll contractor to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The Head of School will establish and oversee a system to prepare time and attendance reports and submit payroll check requests. The Head of School and Board Treasurer will review payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholdings have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll related documentation including a federal I-9 form, tax withholding forms, retirement date, and use of sick leave if applicable.

C 7. Attendance Accounting

The Head of School will establish and maintain an appropriate attendance accounting system approved to record the number of days students are actually in attendance with Fort Collins Montessori School and engaged in the activities assigned to them by their teacher. The attendance accounting practices will be in conformance with the required attendance accounting procedures of the Colorado Department of Education.

The Governing Board will annually appoint an audit committee by October 1. Any persons with expenditure authorization or recording responsibilities within Fort Collins Montessori School may not serve on the committee. The committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of school's financial statements (2) an audit of the school's attendance accounting and revenue claims practices, and (3) an audit of the school's internal controls practices. If the school receives funds from federal sources, as appropriate, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The Audit shall be completed within 100 days of the close of the fiscal year and its results shall be reviewed and forwarded to the Board.

C 8. Negotiating Funding Entitlements

The Head of School shall prepare a set of negotiating strategies for Board approval prior to engaging in negotiations over funding entitlements with the charter granting agency and the state. The Head of School will take lead responsibility for negotiating all revenue arrangements with the charter granting agency and appropriate MDE staff. These arrangements will be documented in appropriate and detailed Memoranda of Understanding for approval by the Board.

C 9. Required Budget and Other Fiscal Reports

The Head of School, working in conjunction with a bookkeeper/accountant, will produce and submit to the charter granting agency any and all required fiscal reports that may be required by state or federal law, or mandated by the terms of the Fort Collins Montessori School charter document.

C 10. Property and Liability Insurance

The Head of School shall ensure that the school retains appropriate property and liability insurance coverage. Property insurance shall be obtained and address business interruption and casualty needs, including flood, fire, earthquake, and other hazards with replacement cost coverage for all assets listed in the school's Property Inventory and consumables. Premises and Board errors and omissions liability insurance shall also be obtained and kept in force at all times on a "claims made" form with a self-insured retention of no more that \$50,000 per occurrence and limit of no less than \$5 million per occurrence. The school's Head of School and other staff who manage funds shall be placed under a fidelity bond.

C 11. Fund Raising Activities/Grant Solicitation

All fund raising activities must have the prior approval of the Governing Board. Participation in all fund raising activities is strictly voluntary. No parent or student shall be coerced or required to participate in any fund raising activity. All fund raising

activities must support the school, education of the students or the community through:

- a) supervised activities or projects by students; and
- b) limited supervised participation of students in activities for non profit charitable organizations.

In addition, the Governing Board supports fund raising activities which reinforce the curriculum, for example by calling on student organizational or accounting skills.

Participation in fund raising activities through door to door canvassing by elementary student is prohibited.

When a fundraising activity has ended, a follow-up report must be sent to the governing board regarding earned profit. The district's auditors will annually review all revenue/expenses of all fund raising activities each fiscal year.

Solicitation of gifts or grants from private or other public sources, including businesses must have the prior approval of the governing board. It is the responsibility of the Head of School to record and acknowledge receipt of all gifts and grants from private sources. A complete and accurate record of every donor shall be maintained. Donor anonymity will be protected whenever desired by the donor. A record must be kept of: the donor name and address; the amount of the gift; date the gift was received; account into which the gift was deposited; any specific designations; a copy of correspondence acknowledging receipt of the gift. It is the responsibility of the Head of School to send an acknowledgment of all donations received.