



SOMERSET ACADEMY  
OF LAS VEGAS

FINANCIAL POLICIES  
&  
PROCEDURES MANUAL

## FOREWORD AND GENERAL OUTLINE

The Board has adopted sound financial policies and accounting procedures in accordance with Nevada Law. These policies, identified in this *Financial Policies and Procedures Manual*, ensure effective internal controls over revenues, expenses and fixed assets and are evaluated on a regular basis to ensure compliance with all statutory and regulatory authorities.

The school principal/administrator will be responsible for all aspects of school operations within the scope of operating policy and budgetary approval by the Governing Board. The school's on-site administration/faculty and staff will report directly to the principal, who then reports to the Governing Board. The EMO, contracted by the board, will provide bookkeeping, and financial forecasting services to the Governing Board for its oversight and approval.

The Board, at minimum, will be responsible for:

1. reviewing and approving a preliminary annual budget prior to the beginning of the fiscal year;
2. reviewing quarterly financial statements, which include a balance sheet and statement of revenue, expenditures and changes in fund balance, at each public board meeting;
3. annually adopting and maintaining operating budget for the school
4. retaining the services of a certified public accountant/auditor to conduct the annual independent financial audit;
5. reviewing and approving the audit report, including audit findings and recommendations; and
6. reporting to all applicable legal agencies including the charter school's sponsor
7. overseeing the school's principal and all financial matters delegated to the principal.

School invoices relating to daily operations will be managed by the Board-approved EMO. The principal will manage the daily operations and site-based finances, including expenditures and receivables and seek prior approval from the Board for expenditures over a pre-approved amount (as per Board policy). The Principal and EMO will report on a monthly basis to the Governing Board on all payroll reports, financial statements, and any other information requested by the Board.

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## 1. Charter School Budget

The charter school budget will serve as the financial plan of operation for the charter school and will include estimates and purpose of expenditures for a given period and the proposed means of financing the estimated expenditures. The charter school will provide the budget and budget documents in accordance with the rules and regulations as specified by the Nevada Department of Education on an annual basis.

The charter school budget will be prepared in full compliance with NRS 386.550 and NAC 386.370.

The administrator will be responsible for the preparation of the budget document.

## 2. General Operating Contingencies

General operating contingencies may be established at an amount deemed sufficient by the governing body to responsibly enable the charter school to meet unforeseen financial needs due to emergencies and changing charter school needs. The amount will be established by the governing body during the budget development process.

General operating contingencies may be recommended by the administrator for governing body approval. The need, purpose and amount of the transfer shall be duly recorded.

## 3. Fund Balance

The governing body recognizes its responsibility to establish an unreserved fund balance<sup>1</sup> in an amount sufficient to:

1. Protect the charter school from unnecessary borrowing in order to meet cash-flow needs;
2. Provide prudent reserves to meet unexpected emergencies and protect against catastrophic events;
3. Meet the uncertainties of state and federal funding; and
4. Help ensure a charter school credit rating that would qualify the charter school for lower interest costs.

Consequently, the governing body directs the administrator to manage the currently adopted budget in such a way to strive for an ending fund balance of at least 8.3 percent of total adopted revenues.

In determining an appropriate unreserved fund balance, the governing body will consider a variety of factors with potential impact on the charter school's budget including the predictability and volatility of its expenditures; the availability of resources in other funds as well as the potential drain upon general fund resources from other funds; liquidity; and designations. Such factors will be reviewed annually.

#### 4. Budget Preparation

Campus Administrators have the responsibility to coordinate with Academica Nevada to complete budget preparation for Board review and should develop such procedures necessary to ensure that the proposed budget reflects all areas of charter school operation.

The administrator and the governing body will establish budget priorities for the charter school and will make appropriate recommendations related to those priorities.

#### 5. Budget Transfer Authority

The adopted budget is a financial plan which may be subject to change as a result of circumstances or events occurring during the ensuing budget period. All appropriation transfers shall be made using the guidelines in NAC Chapter 354.

All “Budget Transfer Request” forms, when completed and approved by building administrators and/or department directors, will be forwarded to the business manager for review. A determination will be made if funds are available for transfer (i.e., outstanding encumbrances or low fund balance). If necessary, a resolution will be prepared for Board consideration. The “Budget Transfer Request” form will accompany the resolution and upon affirmative action by the governing body, be signed by the administrator. The approved request will then be acted upon by the [business manager] who will make the transfer.

#### 6. Procedures for Collecting and Depositing non-DSA Funds

All non-DSA revenues received by the school will be received by the School Front-Desk Manager/Receptionist. The Front-Desk Manager/Receptionist is required to issue a paper receipt to the payor in a receipt book provided by the School Office Manager. The receipt book must be a pre-numbered, multi-part receipt form.

At the end of each day, the Front-Desk Manager/Receptionist is required to turn over all payments and receipts to the Office Manager. The Office Manager and one other available school employee, but not the Front-Desk Manager/Receptionist or the Administrator who will be depositing the funds, will tally the total of the receipts and monies collected and verify the amounts match. The Office Manager will then endorse all checks For Deposit Only to the School’s account and prepare a deposit slip.

A copy of all cash receipts and checks which support each deposit must be made and kept with a copy of the deposit slip.

A School Administrator is responsible for transporting all non-DSA funds to the Banking Institution selected by the Board of Directors. Deposits must be made either once a week or whenever more than \$500.00 in cash has been received, whichever comes first.

## 7. Staff Training

Training in financial policies and procedures for Administrators, office managers and staff needs to be provided at least annually. Documentation of training should be retained and a copy of the documentation should be submitted to the governing board.

## 8. School Fundraising Accounts

Each Campus of Somerset Academy of Las Vegas shall maintain a separate checking account with the depository institution selected by the Board of Directors for the deposit and maintenance of revenues obtained through fundraising, after school care and other activities not funded with federal and state revenues. These revenues may include t-shirt sales, PTO transfers or donations, or other similar fundraising activities. These accounts are subject to the signature and purchasing requirements outlined in sections 9 and 19. (This does not include any federal or state grants which, if obtained, should be deposited into the School's main operating account).

## 9. Authorized Signatures

Authority to sign checks written on any of the School or Campus accounts shall be as follows:

- Under \$2,500 – One Signature required
  - Principal (if not purchase order authorized by the Principal)
  - 
  - Board Treasurer
  - Board Chair
  - Board Vice-Chair
  - Academics Nevada COO
  - Academics Nevada CEO
  - Academics Nevada CFO
- \$2,500 up to \$25,000 – Two Signatures
  - Principal
  - 
  - Board Treasurer
  - Board Chair
  - Board Vice-Chair
  - Academics Nevada COO
  - Academics Nevada CFO
  - OR
  - Academics Nevada CEO
- Over \$25,000 – Two Signatures
  - Board Chair or Board Vice-Chair AND
  - Board Treasurer, , Academics Nevada COO, Academics CFO or Academics Nevada CEO

### 10. Utilities

The School may set up automatic payments with utility companies (electric, phone/internet, water/sewer, ect...). The school will create a PO for each invoice that will require a signature from the Principal. Any billing discrepancies will be investigated by Academica Nevada. Signature limits shall not apply to utility bills.

### 11. Board Approved Contracts

The board will authorize the Principal to approve online payments via wire transfers or ACH on contracts that have been presented and approved by Board of Directors. If a check needs to be cut instead of a line payment the Principal may also be the second authorizing signature on checks above \$25,000 for board approved contracts.

### 12. Funding Proposals and Applications

The charter school shall pursue federal, state or private grants or other such funds that will assist the charter school in meeting adopted governing body and charter school goals.

Proposals for external funds will be submitted to the governing body for evaluation and approval. In the event an opportunity arises to submit a grant proposal and there is insufficient time to place it before the governing body, the administrator is authorized to use his/her judgment in approving it for submission. The administrator will review the proposal with the governing body at its next regular meeting. The governing body reserves the right to reject funds associated with any grant which has been approved.

The governing body shall, before an acceptance of such funds, consider the charter school's obligations, expectations or encumbrances when the grant ceases.

### 13. Charter School Foundation

The governing body authorizes the establishment and incorporation of a foundation for the purposes of accepting, holding and administering funds and gifts to the charter school for special and general purposes. The purposes of funds administered by the foundation may include scholarship, student aid, capital improvement projects, improvement and extension of programs and other activities of benefit to the charter school and its students. Both the governing body and the foundation governing body of directors will receive annual evaluations for all funded projects.

The foundation will be incorporated under Nevada Revised Statutes and registered as a tax exempt corporation under Section 501 of the Internal Revenue Service Code.

The foundation will be governed by a governing body of directors whose selection, membership and functions will be set forth in the foundation's by-laws. There may be no more than two (2) representatives of the foundation on the charter school's governing body.

## 14. Investment of Funds

The governing body may authorize the investment or reinvestment of funds which are not immediately needed for operation of the charter school. Such investments will comply with state law and Nevada Administrative Code.

## 15. Fiscal Accounting and Reporting

The charter school's accounting and reporting system will be in accordance with generally accepted accounting principles and will conform to state laws and regulations. Accounting procedures shall show a detailed and meaningful analysis of both receipts and expenditures. This analysis should be adequate for study and evaluation by the governing body and school management, and will serve as a basis to make financial and related educational decisions, to formulate future plans, to safeguard public funds and to ensure adequate financial accountability.

Payment on all charter school accounts, including the general fund and special accounts, shall operate according to established accounting procedures.

All cash received is to be properly receipted. Money received shall be placed in deposit.

The Administrator shall be the lawful custodial officer of all charter school funds and shall demand receipt for, and safely keep according to law, all bonds, mortgages, notes, moneys, effects, books and papers belonging to the charter school. Funds may be commingled in the depository so long as they are budgeted and accounted for separately.

## 16. Financial Reports and Statements

The governing body, through the Board Treasurer, will receive and accept financial reports that include monthly bank statement reconciliations, estimates of expenditures for the general fund in comparison to budget appropriations, actual receipts in comparison to budget estimates and the charter school's overall cash condition. Supplementary reports on other funds or accounts will be furnished upon request of the governing body or administrator.

Appropriate staff will be available at any governing body meeting, upon the governing body's request, to respond to questions and to present current financial information. The administrator will notify the governing body at any time of substantial deviations in the anticipated revenues and/or expenditures.

## 17. Property Inventory and Capitalization

The charter school will maintain a complete property inventory which lists all school sites, buildings, equipment and supplies with a value greater than \$200. This inventory will be updated as necessary. The governing body may authorize the employment of an appraisal company to assist with the inventory procedure.

The charter school will maintain an inventory of all capital assets in accordance with governmental accounting standards. The charter school's inventory will be updated [annually] to include property newly purchased and disposed.

Capital assets includes all charter school-owned property such as land, buildings, improvements to property other than buildings (i.e., parking lots, athletic fields, playgrounds, etc.) and equipment with a value greater than \$5,000. (See NAC 386.342)

## 18. Audits

An audit of all charter school accounts will be made at least annually by an accountant selected by the governing body.

A copy of the audit report will be presented to the governing body. The administrator will submit a copy of the audit report to the sponsor.

## 19. Charter School Purchasing

The function of charter school purchasing is to serve the educational program by providing the necessary supplies, equipment and services.

The purchasing agent will be appointed by the governing body. He/She will be responsible for developing and administering the charter school's purchasing program.

No obligation may be incurred by any officer or employee of the governing body unless that expenditure has been authorized in the budget or by governing body action and/or governing body policy. In all cases calling for the expenditure of charter school money, except payrolls, a requisition and purchase order system must be used.

No purchase will be authorized unless covered by an approved purchase order. No bills will be approved for payment unless purchases were made on approved orders.

The administrator or designee is authorized to enter into and approve payment on contracts obligating charter school funds not to exceed ( \$25,000) for products, materials, supplies, capital outlay and services that are within current budget appropriations. The governing body shall approve all contracts that are collective bargaining agreements or service contracts that include the provision of labor performed by charter school employees, such as custodial, food service and transportation services.

The administrator will review bills due and payable for the purchase of supplies and services to determine if they are within budget amounts. After appropriate administrative review, the administrator will direct payment of the just claims against the charter school. The administrator is responsible for the accuracy of all bills and vouchers.

No governing body member, officer, employee or agent of this charter school shall use or attempt to use his/her official position to obtain financial gain or for avoidance of financial detriment for himself/herself, a relative or for any business with which the governing body member or a relative is associated. Acceptance of any gratuities, financial or otherwise, from any supplier of materials or services to the charter school by any governing body member, officer or employee of the charter school is prohibited.

Bids or proposals shall be called for on all purchase, lease or sale of personal property, public improvements or services other than agreements for personal service, in accordance with applicable competitive procurement provisions of Nevada Revised Statutes and adopted public contracting rules.

(See NRS Chapter 332, NRS 386.573)

## 20. Food Service Accounts (National School Lunch Program)

If the charter school elects to participate in the National School Lunch Program (NSLP) for all or any campus, the school will create a separate bank account process the NSLP transactions. All procedures received for the NSLP will be deposited into the NSLP checking account and expenses related to the NSLP will first be paid out of this checking account until the funds are exhausted, then the remaining balances will be paid out of the general operating funds. No proceeds or profits from the NSLP shall be used for any other purposes than that approved by the NSLP.

## 21. Expenditure of Charter School Funds for Meals, Refreshments and Gifts

The charter school recognizes there may be occasions when it is appropriate for governing body members, administrators and others to expend charter school funds in the course of conducting charter school business to provide meals or refreshments (bakery goods, snacks, fruit, punch, coffee, tea, soft drinks, etc.). The purchase of gifts may also be approved, in certain situations. Such occasions may include, but are not limited to, various charter school and building level meetings, gatherings to celebrate charter school successes or recognize individual achievements, contributions or outstanding service to the charter school and other charter school and school-sponsored activities.

Such expenditures may be made with prior governing body approval only, subject to the provisions of this administrative regulation.

The use of charter school funds, as used in this regulation, means the use of money in any of the general accounts of the charter school. This includes the General Fund, Food Service Fund and others. It also includes money in student body accounts held at each school that are derived from any student activity or from parent organizations. Exceptions are funds collected from staff members or others for the specific purpose of providing gifts or parties. It is also recognized that buildings may have established a "social fund" or "sunshine fund" to which each staff member may voluntarily contribute. Such funds are generally used for birthday recognition, bereavement

and illness acknowledgment activities, etc. These funds are also exempt from the following requirements.

Meals may be provided by the charter school to recognize the contributions of staff, through retirement dinners or other recognition events; Meals may be provided by the charter school as a part of governing body or administrative work sessions, at charter school or building-level committee meetings or other charter school approved activities. Meals provided at staff meetings and trainings must be supported by adequate documentation, which shall include a list of attendees and an agenda with a time frame for each topic discussed.

Meals not directly business related may be provided to staff or others at the individual's expense only.

Governing body members, administrators and other charter school administrative staff may use charter school funds to provide refreshments for staff, parents or others at meetings, in-service programs or other similar charter school or school-sponsored activities, not to exceed [\$ ] per participant and subject to the following additional requirements:

- The purchase of alcoholic beverages with charter school funds is strictly prohibited;
- The use of charter school funds for parties is prohibited.

There are numerous occasions that may arise whereby governing body members, administrators or other charter school staff may feel the need to recognize employees, i.e., Bosses' Day, Secretaries' Day, classified employees' week, birthday, etc. A governing body member, administrator or other charter school employee may provide such recognition at his/her expense only, unless as otherwise permitted below:

The charter school may provide a small token of appreciation for a governing body member's or employee's retirement and years of service and other related activities utilizing charter school funds, as approved in advance. For example, the governing body generally proclaims special recognition for classified employees' week and teacher appreciation week;

Administrators may use charter school funds to provide an appropriate token of appreciation on behalf of the governing body. The value of this item may not exceed [\$ ] per person;

No other expenditure of charter school funds for gifts is permitted without prior authorization from the Body or administrator.

## 22. Petty Cash Accounts

The school is not permitted to have petty cash accounts. The school may however withdraw cash for the purpose of making change at school events. These transactions should be limited to change only transactions and should not be used for purchases.

## 23. Credit Cards

The governing body authorizes the Business Manager and the Executive Director to hold a bank credit card in the name of the charter school and to issue such cards to designated employees. Approved card holders will be held responsible for maintaining sole possession and security of issued cards at all times. Credit cards shall have a governing body approved maximum limit.

Credit cards issued to employees may only be used to purchase items authorized by the adopted charter school budget when purchase orders are not feasible.

Purchase slips and receipts must be turned in to the business office within [15] days of the transaction. The business office shall pay in full the credit card balances no later than the due date so that finance charges will not be incurred.

Charter school-issued credit cards shall be subject to the following:

1. Personal items shall not be charged on charter school-issued credit cards. If a personal item is inadvertently purchased on a charter school-issued credit card in violation of this policy, repayment by the employee must be made immediately. Failure to make the required payment may result in an automatic deduction from the individual's next payroll disbursement. Accordingly, the charter school will require individuals issued credit cards to sign a written authorization for payroll deduction in the event of such personal use;
2. The purchase of alcoholic beverages is strictly prohibited. The purchase of gasoline for a privately-owned vehicle is also prohibited without prior authorization;
3. Leaving a gratuity that exceeds [15%] is prohibited;
4. Airline tickets may be purchased with a charter school-issued credit card only with prior administrator or designee approval. If the issued credit card provides for purchase incentives (i.e., points, discounts or airline mileage credits), such incentives shall only be redeemed for authorized charter school business.

Violation of the provisions of this policy may result in the revocation of the credit card and/or discipline up to and including termination of employment.

## 24. Payment Procedures

All claims for payment from charter school funds will be processed by Academica Nevada in conformance with charter school procedures. Payment will be authorized against invoices properly supported by approved purchase orders, with properly submitted vouchers approved by the governing body.

The Administrator will be responsible for assuring that budget allocations are observed and that total expenditures do not exceed the amount allocated in the budget.

## 25. Payroll

Preparation of payroll, including time schedules and payroll periods, will be done in accordance with each employee's agreement with the governing body. Employee health, accident, dental and other types of insurance will be provided as outlined in the agreements. Mandatory payroll deductions will be withheld as required by state and federal law.

## 26. Expense Reimbursements

The governing body recognizes that certain expenses are incurred by charter school employees in carrying out authorized duties. The governing body approves the reimbursement of necessary and reasonable expenditures as outlined in the accompanying administrative regulation and consistent with Internal Revenue Service requirements and Nevada Administrative Codes.

All approval and reimbursement procedures must be followed prior to reimbursement. Reimbursement for out-of-state travel by private vehicle will be made on the basis of air fare or mileage rate, whichever is lower.

Expense reimbursement for staff traveling on approved charter school business will be governed by the following procedures. Travel expenses include travel fares, meals and lodging and expenses incident to travel. Only travel expenses as are ordinary and necessary in the conduct of approved travel for charter school business purposes and directly attributable to it will be reimbursed. As used in this regulation an "ordinary" expense means one that is common and accepted in the profession; a "necessary" expense means one that is essential and appropriate in order to conduct charter school business. Reimbursement procedures established by the charter school will also apply to governing body members traveling on charter school business, as applicable.

Expense reimbursements for staff or board travel shall not exceed the maximum General Services Administration (GSA) approved rates.

Reimbursement will be made for ordinary and necessary meal expenses incurred in the course of approved travel for charter school business. Meals include amounts spent for food, beverage, taxes and related gratuities. Alcoholic beverages will not be reimbursed by the charter school.

Expenses in excess of the charter school's established limit are ordinarily the responsibility of the employee and may be reimbursed only with administrator approval. Receipts for all meal expenses must be secured and attached to the claim.

Travel must be conducted in the most expeditious and cost-effective manner, as determined by the charter school.

## 27. Insurance Coverage

All charter school employees operating private vehicles on approved charter school business are required to complete and maintain on file with the charter school, verification of vehicle liability insurance that meets or exceeds Nevada statutory minimum limits. This verification is required [annually] [prior to any charter school approval to conduct charter school business in a private vehicle]. Employees are required to update their verification of vehicle liability information maintained on file with the charter school upon any change in the employee's vehicle insurance coverage.

It is the responsibility of the owner or driver of the vehicle to be certain that the vehicle is adequately covered by insurance. Insurance costs are included as part of the mileage reimbursement for employees authorized to use a private vehicle to conduct charter school business.

The responsibility of the charter school for damages resulting from vehicle accidents is not the same as set forth in the charter school's general liability insurance policy. The employee's insurance coverage provides primary coverage when the employee is driving his/her own vehicle on approved charter school business.

## 28. Travel Advances & Reimbursement

A travel advance may be requested when the estimated cost for meals, lodging, etc., exceeds [\$50]. The travel advance may be requested by completing the form provided by the charter school. Travel advances may not exceed the maximum General Services Administration approved rate.

The cost of commercial travel tickets will not be included in a cash advance request.

In the event of loss, the employee is personally responsible for cash advances issued and for any third party use of a charter school-provided credit card.

Only one cash advance may be outstanding to any employee at any time.

## 29. Disposal of Charter School Property

Except as stipulated in NAC 386.342, the governing body may, at any time, declare charter school property as surplus and authorize its disposal when such property is no longer useful to the charter school, unsuitable for use, too costly to repair or obsolete.

If reasonable attempts to dispose of surplus properties fail to produce a monetary return to the charter school, the governing body may dispose of them in another manner.

### 30. Information Technology Procedures

The Board has contracted with an outside contractor to maintain Campus computer networks, including the maintenance of firewalls and offsite data backup. School staff is required to work closely with the contracted firm to ensure the security of School networks and data.

### 31. Internal Control Testing

The Board will contract with an independent accounting and audit firm to perform internal control testing and review annually. School Administration, Office Managers, and Academic Nevada staff are required to work closely with the contracted independent audit firm to develop and implement all necessary internal controls to ensure accurate and honest accounting at all campus locations.

### 32. Grant Expenditures and Requirements

The school under the direction of the board directors will comply with all requirements under the grant as approved by the board of directors. This includes the proper expenditure of funds as budgeted in the grant including, but not limited to, salaries and benefits, time and effort, travel, equipment and supplies, contracts, and training stipends.

When expending state or federal funds under the grant, or when requesting reimbursement under the grant, the school must have the following documentation:

- For any purchase
  - Billing spreadsheet
  - Three or more quotes when required by the grant
  - Invoice
  - Proof of Payment – receipt must clearly identify what was purchased
  - Evidence that materials have been received or services have been provided
  - Evidence that any purchased materials have been added to the inventory
- Time and Effort
  - Billing spreadsheet
  - Staff Time Sheets - signed by supervisor and employee
  - Student sign in sheets - signed by students (if tutoring)
  - Payroll Register with highlighted salaries and benefits clearly identified
  - Time and Effort Documentation – when required
- Professional Development
  - Billing spreadsheet
  - Paid Invoices
  - Sign in sheets
  - Agendas
  - Training materials
  - A detailed description of how it will impact student achievement (Narrative)

- Travel
  - School travel reimbursement form for each traveler, if required
  - GSA Rates printed out
  - Receipts
  - Proof of payment
- Payroll
  - Billing spreadsheet
  - Payroll Register with highlighted salaries and benefits clearly identified
  - Proof of payment
  - Time and Effort Documentation/ Personal Activity Report (PAR), if required