

IV. SCHOOL FINANCES

POLICY #2

CONTROLS, BUDGET, AND FISCAL MANAGEMENT

Lanikai 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.

***1. Segregation of Duties***

Lanikai School will maintain simple check request and purchase order forms to document the authorization of all non-payroll expenditures. All proposed expenditures must be approved prior to the expenditure. The Director will review the proposed expenditure to determine whether it is consistent with the board-adopted budget.

All transactions will be posted in an electronic general ledger by the business manager. To ensure segregation of recording and authorization, the business manager may not co-sign check requests for purchase orders.

***2. Budget Transfers***

The Director may transfer up to 10% of an allocated amount in a sub-category to supplement another sub-category in the same major category. The Director shall notify the governing board of such transfers at the next regularly scheduled meeting.

***3. Banking Arrangements***

Lanikai School will maintain its local school accounts at a federally insured commercial bank or credit union. Funds will be deposited in non-speculative accounts including federally insured savings or checking accounts.

The school's business manager will reconcile the school's ledger(s) with its bank accounts or 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 Director and finance committee will regularly review these statements. The school will deposit all funds received as soon as practical upon receipt.

All funds received shall be deposited or transferred into the school's local bank accounts at the earliest possible convenience and in no event later than two business days after receipt.

***4. Purchasing Procedures***

All purchases over \$500.00 must show a good faith effort to secure the lowest possible cost for comparable goods or services. All purchases in excess of \$10,000 must be bid by a board approved process, except in the case of emergencies that necessitate the purchase of emergency response supplies, equipment, or services.

### ***5. Record Keeping***

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by school staff 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 attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the school.

### ***6. Property Inventory***

The Director shall ensure maintenance of an inventory of all non-consumable goods and equipment worth over \$500.00. This inventory shall include the original purchase price and date where available, a brief description, serial numbers, and other information appropriate for documenting the school's assets. This property will be inventoried on an annual basis.

### ***7. Payroll Services***

Lanikai School will contract with the Department of Education and/or 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 Director will establish and oversee a system for preparing time and attendance reports and for submitting payroll check requests. The Director 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, and an accounting of the use of sick leave.

### ***8. Attendance Accounting***

The Director (with support of an administrative assistant) will establish and maintain an appropriate attendance accounting system to record the number of days each student is actually in attendance at the school and engaged in the activities required of them by the school.

### ***9. Annual Financial Audit***

The board will annually appoint an audit committee. Any persons with expenditure authorization or recording responsibilities within the 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 an audit of the school's internal controls practices. The audit shall be completed, reviewed by the board, and submitted to the Charter School Administrative Office.

### ***10. Reserve Fund***

Whereas the Lanikai School governing board has accrued a fund from unexpended per-pupil allotments from the State of Hawaii, be it resolved that:

- A. Such funds shall be named the reserve fund and shall be maintained in accordance with Finance Policy 2.3 above.
- B. Such funds may be expended for projects or special circumstances that fall within Lanikai School's mission and strategic plan but are not included in the operational budget.
- C. Proposals for expenditures from the reserve fund shall conform to guidelines established by the governing board.
- D. Proposals for the expenditure of such funds shall be approved by the governing board upon the recommendation of the school director.
- E. Expenditure of such funds shall be in accordance with Finance Policy 2.4 above.
- F. Additional funds may be deposited in the reserve fund as financial conditions permit.

Adopted 4-11-07

Amended 10/23/2013