



# Fiscal Policies and Procedures Handbook

**HUMAN PROGRAM FOUNDATION**

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OVERVIEW

The Governing Board of HUMAN PROGRAM FOUNDATION has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of HUMAN PROGRAM FOUNDATION 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 Head of School and reviews operations and activities on a regular basis.
2. The Head of School 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 electronically.
5. The Governing Board will commission an annual financial audit by an independent third party auditor who will report directly to them. The Governing Board will approve the final audit report, and a copy will be provided to the charter-granting agency. Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Governing Board and the charter-granting agency.
6. The Governance Council can appoint someone else to perform the Head of School's responsibilities in the case of absence.

Annual Financial Audit

1. The Governing Board will annually appoint an audit committee by January 1 to select an auditor by March 1 prior to year end (June 30<sup>th</sup>).
2. Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee.
3. The committee will annually contract for the services of an independent certified public accountant to perform an annual fiscal audit.
4. The audit shall include, but not be limited to:
  - a. An audit of the accuracy of the financial statements
  - b. An audit of the attendance accounting and revenue accuracy practices
  - c. An audit of the internal control practices

PURCHASING

1. The Head of School may authorize expenditures and may sign related contracts within the approved budget. The Head of School will present a report of all expenditures to the Governing Board at each board meeting for their review. The Governing Board must approve contracts over \$5,000 prior to the Head of School authorizing them..
2. The Head of School must approve all purchases. Purchase requisitions authorizing the purchase of items greater than \$500 must be signed by the Head of School and submitted to our bookkeeping vendor with the related invoice.
3. When approving purchases, the Head of School must:
  - a. Determine if the expenditure is budgeted
  - 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
4. Any individual making an authorized purchase on behalf of the school must provide our bookkeeping vendor with appropriate documentation of the purchase.
5. Individuals other than those specified above are not authorized to make purchases without pre-approval.
6. Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be promptly reimbursed by an electronic bank transfer upon receipt of appropriate documentation of the purchase.
7. If the Head of School authorizes a purchase request, either the Head of School or Administrative Assistant will make the purchase using a school credit card.
  - a. Credit cards will bear the names of both HUMAN PROGRAM FOUNDATION and the Head of School.
  - b. Debit cards are not allowed.

Contracts

1. Consideration will be made of in-house capabilities to accomplish services before contracting for them.
2. Administrative Assistant will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$100,000.
  - a. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.
3. Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).
  - a. 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. The Head of School may also require that contract service providers list the school as an additional insured.
4. If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the Administrative Assistant will obtain a W-9 from the contract service provider prior to submitting any requests for payments to our bookkeeping vendor.
5. The Head of School will approve proposed contracts and modifications in writing.
6. Contract service providers will be paid in accordance with approved contracts as work is performed.
7. The Head of School will be responsible for ensuring the terms of the contracts are fulfilled.
8. Potential conflicts of interest will be disclosed upfront, and the Head of School and/or Member(s) of the Governance Council with the conflict will excuse themselves from discussions and from voting on the contract.

ACCOUNTS PAYABLE

Bank Check Authorization

1. All original invoices will immediately be forwarded to the Head of School for approval.
2. The Head of School will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received. When receiving tangible goods from a vendor, the person designated to receive deliveries should trace the merchandise to the packing list and note any items that were not in the shipment. The packing list should be submitted to the Head of School with the invoice. The Head of School will include the packing slip when submitting invoices for payment, and the invoice will be adjusted accordingly prior to processing the payment.
3. When submitting an invoice for payment, the Head of School will provide all required information, including noting the specific budget line item that is to be charged for the specified expenditures. The invoice and supporting documentation will be sent to our bookkeeping vendor weekly and they will process the invoices within one week of submission as long as they have the supporting documentation. (Head of School should be aware of invoice due dates to avoid late payments).
4. The Head of School may authorize payment of recurring expenses (e.g. utilities) without the Head of School's formal approval (signature) on the invoice when dollar amounts fall within a predetermined range. A list of the vendors and the dollar range for each vendor must be provided in writing and updated on an annual basis.

Bank Checks

1. The Governance Council will approve, in advance, the list of authorized signers on the school account. The Head of School and or any other employee authorized by the Governance Council may sign bank checks within established limitations. The check register of all checks issued each month will be reviewed by the Governance Council monthly in the financial packet.
2. The Governance Council will be authorized to open and close bank accounts.
3. Our accountant and the Head of School will be responsible for all blank checks and will keep them under lock and key.
4. When there is a need to generate a bank check, the Head of School will

## HUMAN PROGRAM FOUNDATION FINANCIAL POLICY

- send appropriate approved documentation to the accountant.
5. Once approved by the Head of School, the accountant will issue a check or initiate an electronic bank check or fund transfer.
  6. The accountant will notify The Head of School when a check for more than \$2500 has been issued for a non-recurring item.
  7. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
  8. The accountant will record all withdrawals, including checks, electronic funds transfers, and bill pays into the general ledger.
  9. A recording of all checks that need to be voided will be maintained by the accountant and provided to the auditors each year during the audit process.

### Bank Reconciliation

1. Bank statements will be received directly, unopened, by the accountant assigned to the school.
2. The accountant will reconcile all processed invoices with account balances and research any outstanding checks that do not appear on the statement.
3. The accountant will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. The accountant will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the Head of School.
5. The accountant will prepare a monthly summary report to be presented to the Governing Board.

## HUMAN PROGRAM FOUNDATION FINANCIAL POLICY

### ACCOUNTS RECEIVABLE

1. Documentation will be maintained for accounts receivable and forwarded to the accountant.
2. Accounts receivable will be recorded by the accountant in the general ledger and collected on a timely basis.

### Cash Receipts (Cash and Checks)

1. Human Program will not collect cash or personal checks. All incoming funds will be collected electronically.

### Volunteer Expenses

1. All volunteers will submit a purchase requisition form to the Head of School for all potential expenses.
  - a. Only items with prior written authorization from the Head of School will be paid/reimbursed.

### PERSONNEL

1. The Head of School will be responsible for all new employees completing or providing all of the items on the attached Personnel File Checklist.
2. The Head of School will be responsible for maintaining this information in the format as shown on the Personnel File Checklist.
3. An employee's hiring is not effective until the employment application, form W-4, form I-9, and health insurance forms have been completed.
4. A position control list will be developed during budget season. The accountant will notify the board of any variances to the position control throughout the year.

**HUMAN PROGRAM**  
**FISCAL CONTROL POLICIES AND PROCEDURES**

PAYROLL

Timesheets

1. All hourly employees will be responsible for tracking time online, including vacation, sick, and holiday time (if applicable). Upon submission, the employee is guaranteeing they are accurately representing their time worked.
2. Payroll will process paychecks on the last working day of the designated payroll period.
3. If an employee fails to accurately log time, they will need to talk with the Head of School to correct the timesheet and will receive pay in the following paycheck. No adjustments to timesheets will occur for time that is more than one pay period behind.

Overtime

1. Overtime only applies to non-exempt employees and is defined as hours worked in excess of forty (40) hours within a five-day period of time. Overtime is only reserved for extraordinary or unforeseen circumstances. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Head of School for further guidance.

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Payroll Processing

1. Hourly employees must input hours on a virtual timesheet. The Head of School must review and approve employee's timesheets prior to submitting them to payroll for processing. The signatory supervisor will submit a summary report of timesheets to payroll who will verify the calculations for accuracy.
2. For salaried employees, employees must request PTO via our attendance reporting system. The Head of School will check for accuracy and approve payroll for salaried employees.
3. The Head of School must verify all timesheets and absences and send a written approval to payroll on the last day of every month.

Payroll Taxes and Filings

1. Payroll will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries.
2. Payroll will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Head of School, and submit the forms to the respective agencies.

Record Keeping

1. The Administrative Assistant will maintain electronic records of all full time employees' use of sick leave, vacation pay, and any other unpaid time.
  - a. The Administrative Assistant will immediately notify the Head of School if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences.
  - b. Records will be reconciled when requested by the employee. Each employee must maintain personal contemporaneous records.

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EXPENSES

Expense Reports

1. Employees will be reimbursed for expenditures within ten (10) days of presentation of appropriate documentation.
2. Employees will complete expense reports monthly, as necessary, to be submitted to the Head of School.
3. Receipts or other appropriate documentation will be required for all expenses over five dollars to be reimbursed.
4. The employee and the Head of School must sign expense reports.
5. Head of School expense reports should be approved by a member of the Governing Board and submitted to the accountant for processing and payment
6. Expenses greater than two months old will not be reimbursed.

Travel

1. Employees will be reimbursed for mileage when pre-approved by an administrator. Mileage will be reimbursed at the government-mandated rate for the distance traveled, less the distance from the employee's residence to the school site for each direction traveled. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.
2. The Head of School must pre-approve all out of town travel.
3. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates should be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available. Employees will be reimbursed at the established per diem rate for any breakfast, lunch, or dinner that is not included as part of the related event.
4. Travel advances are not allowed.
5. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Head of School for approval and then on to the accountant for processing.

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Governing Board Expenses

1. The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report.
2. The Head of School will approve and sign the expense report, and submit it to the accountant for payment.

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FINANCE

Financial Reporting

1. In consultation with the Head of School, the accountant will prepare the annual financial budget for approval by the Governing Board.
2. The accountant will submit a monthly balance sheet and monthly revenue and expense summaries to the Head of School including a review of the discretionary accounts and any line items that are substantially over or under budget (\$5,000 or +/- 10% of established budget, whichever is greater). The report will be reviewed at the scheduled board meeting and action will be taken, if appropriate.
3. The accountant will provide the Head of School and/or Governing Board with additional financial reports, as needed.

Loans

1. The Head of School and 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.
2. Once approved, a promissory note will be prepared and signed by the Head of School before funds are borrowed.
3. Employee loans are not allowed.

Financial Institutions

1. All funds will be maintained at a high quality financial institution.
2. All funds will be maintained or invested in high quality, short maturity, and liquid funds.
3. Physical evidence will be maintained on-site for all financial institution transactions.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

Retention of Records

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 Head of School, certain documentation may be maintained for a longer period of time.
2. The accountant will retain records at their site for a minimum of two (2) years; after which, the remaining five years will be the responsibility of the School.
3. Financial records will be shredded at the end of their retention period.
4. 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.

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RESERVES /INSURANCE/LIABILITIES/ASSETS

Funds Balance Reserve

1. A funds balance reserve of at least 45 days of the unrestricted General Fund balance, calculated off of the total budgeted expenses for the fiscal year.
2. Accountant will provide the Head of School with balance sheets on a monthly basis. It is the responsibility of the Head of School and the Governance Board to understand the school's cash situation. It is the responsibility of the Head of School to prioritize payments as needed. The Head of School has responsibility for all operations and activities related to financial management.

Insurance

1. Accountant will work with the Head of School to ensure that appropriate insurance is maintained at all times with a high quality insurance agency.
2. The Head of School and accountant 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.
3. The Head of School and accountant will carefully review insurance policies on an annual basis, prior to renewal.
4. Insurance will include general liability, worker's compensation, 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.

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Asset Inventory

1. An asset is defined as all items, purchased or donated, with a value of \$5,000 or more and with a useful life of more than one year.
2. The accountant will file all receipts for purchased assets.
3. The accountant will maintain an inventory or log of all assets, noting if special funding or grant resources were used to purchase an item. The log will include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.
4. The accountant will take a physical inventory of all assets at least 90 days before the end of each fiscal year, indicating the condition and location of the asset.
5. The Head of School will immediately be notified of all cases of theft, loss, damage or destruction of assets.
6. The Head of School will submit to the accountant written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.