



DA VINCI  
SCHOOLS

# **Fiscal Policies and Procedures Manual**

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## GENERAL INFORMATION

### About Fiscal Policies

Da Vinci is committed to safeguarding its assets. Internal controls will be set by the creation of policies and procedures. These policy and procedures will be designed to help prevent fraud and malfeasance. Checks and balances will be created with the fraud cost potential and management costs in mind.

“Internal controls are the policies and procedures that promote efficiencies in operations, protect public funds, reduce the risk of fraud and abuse, and ensure the accuracy and timeliness of financial reporting (Fiscal Procedural Manual: For Business Officials in California County Offices of Education, P-011 Internal Controls for AB1200).”

### About Da Vinci Schools

Da Vinci Schools (“Da Vinci”) is a charter management organization (also known as “CMO”) located in the Wiseburn Unified School District (“WUSD”). It is comprised of the following entities:

#### Entities

- Da Vinci Communications (9 – 12)
- Da Vinci Designs (9 – 12)
- Da Vinci Innovation Academy (K – 8)
- Da Vinci Science (9 – 12)
- Da Vinci RISE High (9 – 12)

#### Programs

- Da Vinci Extension (12<sup>th</sup>)
- Da Vinci Institute

### About Fiscal Oversight Structure

Da Vinci has multiple layers of fiscal oversight. Below are a few examples:



## FISCAL CONTROL POLICIES AND PROCEDURES

1. An independent financial auditor conducts annual financial audits. Da Vinci uses the same financial auditors as the oversight district for added transparency.
2. Da Vinci pays 1% of its LCFF revenue to WUSD for district oversight, including financial oversight (e.g. review of internal controls and financial statements).
3. Da Vinci pays 1% of its Local Control Funding Formula (“LCFF”) revenue to WUSD for business office support.
4. Back Office Service Provider (e.g. Charter School Management Corporation) are used to compile financial statements for reporting purposes to stakeholders, to input & review external transactions (e.g. non-accruals), to ensure proper segregation of duties, disburse funds (e.g. check writing) and fiscal compliance.
5. The Board of Trustees review all major financial statements that are submitted to the WUSD, LACOE (Los Angeles County of Education) and SBE (State Board of Education). The financial statements are approved at Board Meetings as “accepted as presented by management.”
6. The Board Treasurer authorizes reimbursements and credit card transactions done by the executives (i.e. Executive Director / Chief Executive Officer and Chief Financial Officer).<sup>1</sup> The exception is the school’s credit card under the CFO’s name. This card is used by Da Vinci Schools for everyday school purchases by the school’s staff. It is stored in the school’s safe. The CFO must go through the reimbursement process for his/her transactions.
7. Major financial statements (e.g. Audited Financial Statements) are provided in the school’s website or public websites (e.g. 990 tax returns are posted in Guidestar.org).
8. Financial presentations are done at monthly Board Meetings. Those meetings are attended by school administrators and other stakeholders.

### **Generally Accepted Standards of Fiscal Management**

Charter schools are required to meet generally accepted standards of fiscal management. It is now generally accepted that the primary responsibility for the fair presentation of financial statements rests with the reporting management of an organization. Accordingly, a process must be effected by a school’s management and other personnel and designed to provide reasonable assurance regarding the achievement and maintenance of the following standards:

1. A fiscal year balanced budget that clearly defines achievable goals as defined in the school’s charter and approved by the Board of Trustees.
2. The following will be used as guides for the development of policies and procedures:
  - a. California School Accounting Manual, California Department of Education

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<sup>1</sup> The organization’s credit card is under the CFO’s name, and it is not used by the officer. This credit card is used by the school’s administrators and staff and does not need to be reviewed and authorized by the Board Treasurer.



## FISCAL CONTROL POLICIES AND PROCEDURES

- b. Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, FCMAT (Fiscal Crisis and Management Assistance Team)
  - c. Fiscal Oversight Guide for AB 1200, AB 2756 and Subsequent Related Legislation, FCMAT (Fiscal Crisis and Management Assistance Team)
3. Accounting records should properly and accurately record and account for all cash equivalent transactions, including actual cash. Accounting information should be relevant, reliable, comparable and consistent and must be available for the preparation of reliable financial statements.
4. Demonstrated compliance with Federal and state laws/regulations, State Board of Education policies and other compliance requirements.
5. Maintenance of documentation that outlines internal controls on business practices and operations.
6. Transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on public funds.
7. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
8. Required independent audits are performed and submitted when due in a timely manner as prescribed by the California Department of Education. They shall include, but are not 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
9. School should have documentation that supports its financial statements and that reflect its financial position/condition, results of operations or changes in net assets and where appropriate, cash flows for any fiscal period/year.
10. Any necessary corrective action plans on any audit findings must be filed in writing and proposed changes must be implemented in the subsequent fiscal year.



### KEY ROLES AND RESPONSIBILITIES

#### Board of Trustees / Fiscal Committee

The Board of Trustees will be provided a financial presentation of the reports (see below) that are submitted to government agencies (e.g. LACOE). These reports will be voted as “accepted as presented by management” at Board Meetings.

1. 1<sup>st</sup> Interim Financials (Filed by December 15<sup>th</sup>)
2. Audited Financial Statements (Filed by December 15<sup>th</sup>)
3. 2<sup>nd</sup> Interim Financials (Filed by March 15<sup>th</sup>)
4. 990 tax return (Filed by May 15<sup>th</sup> with extension)
5. Budget (Filed by July 1st)
6. Unaudited Actuals (Filed by September 15<sup>th</sup>)

The Board of Trustees, if a Fiscal Committee is not created, is responsible for the following: (source: National Council of Nonprofit, <https://www.councilofnonprofits.org/nonprofit-audit-guide/audit-finance-committee>):

1. Oversees the preparation of the annual budget and financial statements. The finance committee ensures that budgets and interim financial statements are prepared;
2. Oversees the administration, collection, and disbursement of the Charter School’s financial resources, in addition to the related policies and procedures;
3. Advises the board with respect to making significant financial decisions, such as correcting or restructuring the Charter School's books and accounting procedures when fiscal problems arise;
4. Usually oversees the annual independent audit process, including engaging the independent auditor and receiving all reports and management letters from the auditor;
5. Oversees the preparation and implementation of the governance policies referenced in the Form 990: conflict of interest, document retention, whistle-blower, review of executive compensation, etc.; and
6. Should ensure that joint membership between the audit committee and the finance committee meets local laws and regulations (if an organization has both committees).



### Audit Committee

Unless an Audit Committee is created, the Board is responsible for oversight of the accounting functions and the performance of the independent auditor. Below is from the National Council of Nonprofits (<https://www.councilofnonprofits.org/nonprofit-audit-guide/>):

Board's Role & Audit Committees:

1. “As part of its fiduciary responsibilities to the nonprofit, the board is responsible for oversight of the charitable nonprofit’s accounting functions and the performance of the independent auditor if one is hired. The board of directors as a whole is responsible, unless it delegates this authority, such as to an audit committee.”

What is an audit committee?

1. “An audit committee is either a task force or a standing committee that has been given authority by the board of directors to provide accountability for the nonprofit's independent audit. While the full board retains oversight authority, the audit committee’s smaller size allows it to carry out its responsibilities in a more manageable environment.
2. The committee is not involved in the nonprofit’s daily accounting functions, but instead oversees the independent audit process which often entails hiring and evaluating the independent auditor(s). Where applicable, the audit committee may also be the body that is accountable to make sure that revisions or recommendations made by the auditor, such as about the Charter School’s internal controls, are indeed implemented.
3. The audit committee may also serve as the “ombudsperson” for the nonprofit, and if so, would be specifically charged with the responsibility to address complaints about financial mismanagement, and may be identified in the nonprofit’s Whistleblower Policy as having the board-delegated authority to review complaints about financial mismanagement.
4. To ensure that the audit process is objective, an audit committee should be an "independent" body, meaning that no one on the audit committee is also employed by the nonprofit (or the audit firm). Such independence frees the audit committee to make unbiased judgments about internal financial procedures and the performance of the nonprofit's staff - as well as the performance of the auditors - without undue pressure that would exist if the members of the audit committee were employees of the nonprofit (or the audit firm).



### **Chief Executive Officer / Executive Director**

The CEO reports to the Board of Trustees. His/her responsibilities include:

1. Balancing the academic, staffs, students, districts, community and financial goals of the Charter School.
2. Implementing the Board's fiscal and operational changes.
3. Developing relationships with all stakeholders.

### **Chief Financial Officer**

The CFO reports to the Board of Trustees. His/her responsibilities include:

1. Administering the board-approved fiscal policies and procedures, which includes:
  - a. Overseeing the implementation of new operating systems (e.g. accounting, financial reporting, payroll, time records, fundraising, procurement, etc.).
  - b. Training staff proper procedures
2. Working closely with the Back Office Service Provider to close each accounting period and review reports before they are submitted to the government agencies.
3. Working closely with administrators to make sure budget expectations are met (e.g. restricted funding sources, Local Control Accountability Plan, staffing levels, etc.).
4. Preparing summary financial reports for the Board at each meeting. This includes research on benchmarks, key performance indicators and variances.
5. Managing staff ratios, salary tables, and health benefits.
6. Providing ad hoc reports for grant writers, site administrators, board trustees and staff.
7. Reviewing the following:
  - a. External transaction coding prepared by Da Vinci Accounting Staff before going to the Back Office Service Provider.
  - b. Non-recurring transactions over \$10K.
  - c. Reimbursement reports from all administrators except the CEO / ED.
  - d. Time sheets of all administrators.
  - e. Purchases done by the CMO Office.
  - f. Contracts and requests for proposals
8. Overseeing the long-term financial viability of all programs and entities:
  - a. Da Vinci Communications
  - b. Da Vinci Designs
  - c. Da Vinci Extension
  - d. Da Vinci Fund
  - e. Da Vinci Innovation Academy
  - f. Da Vinci Institute
  - g. Da Vinci RISE High
  - h. Da Vinci Science
  - i. Associated Student Body
  - j. Civic Center



## **FISCAL CONTROL POLICIES AND PROCEDURES**

- k. Food Services
- l. School Activities (e.g. athletics)

### **Back Office / Controller / Accounting Manager**

In the absence of a Controller / Accounting Manager, the Back Office Service Provider will assume his/her responsibilities. Their responsibilities include the following:

- 1. Overseeing that all transactions are properly substantiated before disbursing funds.
- 2. Recommending internal / closing journal entries to the CFO.
- 3. Reviewing account coding for external transactions.
- 4. Monitoring cash flow and the Local Control Accountability Plan.
- 5. Reconciling bank statements and restricted funding sources.
- 6. Preparing the financial compilations to be presented to the Board.
- 7. Reviewing external transactions against the budget.
- 8. Monitoring internal controls so that no one employee has sole control over cash receipts, disbursements, payrolls and reconciliation of bank accounts.

### **Site / Program Administrators**

The Administrators oversee the financial health of the organization / program / group they oversee. Their responsibilities include:

- 1. Overseeing the spending of their discretionary budget provided in the school's budget.
- 2. Monitoring user-pay, club and restricted spending sources.
- 3. Authorizing transactions from their discretionary budget.

### **Da Vinci Accounting Staff**

- 1. Gathering all external transactions for the Back Office Service Provider.
- 2. Informing staff when fiscal policies and procedures have been violated.
- 3. Purchasing for school and administrators.
- 4. Monitoring vendor activities.

### **Role of Key Financial Staff (Segregation of Duties)**

There must be proper segregation of duties. If a person has more than one right, then s/he cannot perform multiple duties within the same transaction. Below are the duties:

- 1. Executive Director – Authorizing, Compliance



## FISCAL CONTROL POLICIES AND PROCEDURES

2. Chief Financial Officer – Authorizing, Compliance, Reporting and Analysis
3. Chief Operating Officer – Authorizing and Compliance
4. Back Office Services Provider or Accounting Manager / Controller – Compliance, Custody, Recording, Reconciling and Reporting
5. Accountants - Recording, Purchasing and Custody

### **Authorization Levels**

#### Contracts

1. Executive Director
2. Chief Financial Officer

#### Purchases greater than \$5K

1. Two authorizations. One must include:
  - a. Executive Director
  - b. Chief Operating Officer
  - c. Chief Financial Officer

#### Purchases

1. Executive Director
2. Chief Operating Officer
3. Chief Financial Officer
4. Site / Program Administrators (for their specific program or site)

#### Record Transactions

1. Accounting staff (non-senior)
2. Back Office Service Providers

#### Reconcile Transactions

1. Back Office Services Provider



### PAYMENT / REIMBURSEMENT POLICIES

DV employees must receive pre-approval for all purchases, unless budgeted or a reoccurring expenditure. Any items purchased without pre-approval should be kept in new condition so that item(s) can be returned to the vendor in the event the approving administrator denies the purchase. The employee is responsible for any fees associated with a return if the purchase is denied.

All staff members making financial choices on behalf of DV must factor in time and quantitative/qualitative factors before each purchase. Below are a few examples:

1. Staff members should not spend significant time to save the Charter School a de minimis amount. For example, s/he should not incur reimbursable mileage expenses from driving around to different stores to save the Charter School a few dollars on school supplies.
2. Staff should look beyond quantitative factors, such as cost, and evaluate the qualitative factors such as reliability, warranty, reputation, durability, environmental impact, maintenance costs, etc. For example, LED products may be more expensive initially, but they require less maintenance, use less energy and have a lower environmental impact.
3. Staff should look at total services provided, not just the product price. For example, a furniture vendor may offer design and planning into their cost. This can save the Charter School additional time and money, or from making costly mistakes.
4. Staff should consider the value of purchasing from local businesses, products made with union labor and products made in the USA.

### Key Purchasing Thresholds

1. Checks over \$5K require two signatures.
  - a. Note, this threshold does not apply to individual credit card transactions, since the statement requires two signatures.
2. Non-budgeted contracts that exceed \$20K during a calendar year and last beyond an academic year require Governing Board approval.
3. Request for Proposals are required for projects that will be financed with bond funds that are subject to Public Contract Code 20111(a) and (b).

### Purchases that do not Require Prior Approval (e.g. Purchase Orders)

1. Re-occurring purchases, such as:
  - a. Professional fees to back office service providers, and legal services.
  - b. Outsourced services (e.g. special education services, security, campus aides, etc.)
  - c. Payment of health and welfare benefits.
  - d. Risk management costs (e.g. insurance).



## FISCAL CONTROL POLICIES AND PROCEDURES

- e. Utilities.
- f. Communications (e.g. Internet, wireless, etc.).
- 2. Budgeted costs, such as:
  - a. Existing and replacement positions (i.e. payroll).
  - b. Expenditures listed in awarded grants.
  - c. Software subscriptions (e.g. productivity tools, licenses, etc.).
  - d. \$1K / teacher for supplies<sup>2</sup>, including classroom snacks for students.
- 3. Mandatory costs, such as:
  - a. Expenditures required in an IEP (i.e. individualized education plan).
  - b. Expenditures from legal settlements.

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<sup>2</sup> Supplies are defined as items classified in the California School Accounting Manual under the following codes: Object Code 4100, Textbooks, Object Code 4200, Other Books and Reference Materials, Object Code 4300, Materials and Supplies, and Object Code 4400, Noncapitalized Equipment as found in Procedure 770 – Distinguishing between Supplies and Equipment



### **Employee Receipts/Substantiation**

1. All purchases made by an employee must be accompanied by an original, itemized receipt. The individual making the charge or requesting reimbursement shall be held responsible for the amount if a receipt is not provided by June 30<sup>th</sup> of every year. The only exceptions are for parking meters and gratuities given to taxi drivers (within the limit set herein).
2. When receipts are lost, employees must retrieve a copy of the receipt or provide a document with comparable detail. There are a few exceptions for which credit card receipts or cancelled checks may be considered sufficient. Below are a few examples:
  - a. Taxi fares incurred while traveling for DV
  - b. Parking fees incurred the day employee attended workshops or other work events
3. If a receipt is lost and an acceptable replacement is not provided, the employee will not be reimbursed.
4. For all meals, detailed receipts are a requirement (see “Meals” on the following page for more details).

### **Employee Lost Receipts**

When receipts are lost or not provided, DV will not reimburse employee costs and will require employee payment of credit card or vendor-specific card charges.

### **Gratuity**

Employees are allowed to tip up to 18% of the subtotal cost, rounded up to the nearest dollar, when gratuity is customary. Any incremental excess is the responsibility of the employee.

### **Employee Reimbursements and Expense Reports**

1. Employees will be reimbursed for expenditures within fifteen (15) days of presentation of appropriate documentation.
  - a. Whenever possible, original, itemized receipts must be provided. (See “Employee Receipts/Substantiation” above)
  - b. Electronic receipts are considered original, itemized receipts.
  - c. In certain cases, supporting documentation like email confirmations may be accepted as a receipt



## FISCAL CONTROL POLICIES AND PROCEDURES

2. Employees must submit all expense reports before June 30<sup>th</sup> of the fiscal year in which the expenditure was made to the Accounting Staff.
3. Receipts or other appropriate documentation will be required for the reimbursement of all expenses (see “Employee Receipts/Substantiation” above).
4. Employees shall submit, for each reimbursement request, a signed copy of the Reimbursement Request Form substantiating:
  - a. Who the expenditure was for;
  - b. What the expenditure was for;
  - c. Where the expenditure was made;
  - d. Why the expenditure was made; and
  - e. When the expenditure was made
5. The employee must sign expense report to certify the expenditures.
6. Authorizing personnel must sign expense report for reimbursement.

### **Personal Use of School Items**

Personal use only applies to non-de minimis use consumption. For example, using an DV computer for personal use can be considered de minimis unless it creates noticeable wear and tear.

1. Employees will avoid the personal use of DV owned items without prior approval from a supervisor.
2. Employees will reimburse the Charter School for all DV-owned items that are consumed. For example, if the Charter School incurs additional expense as a result of personal telephone calls, employees must reimburse the Charter School for these calls.

### **Meals**

1. School-related meals occur on a regular basis. If the meal is not pre-approved, the employee runs the risk of bearing the full cost of the meal if it is ultimately denied. For meals to be charged to DV or reimbursable to an employee, the DV employee must provide the following information:
  - a. Purpose of the meeting or agenda;
  - b. Items ordered or a detailed receipt;
  - c. Number of individuals in the party; and
  - d. Names of the attendees or a sign-in sheet.
2. For professional development:
  - a. Non-school days, DV may purchase meals for staff for meetings lasting three or more hours.
  - b. On school days, DV may purchase meals or snacks for staff meetings.
3. Each department has a budget of \$50/employee/year for meals for team building, professional development and morale.



## FISCAL CONTROL POLICIES AND PROCEDURES

4. The Charter School may cater in food and snacks for DV Board meetings, community meetings, staff meetings, etc., but they require pre-approval by an Executive Officer unless they are regularly occurring.

### Mileage

1. Employees will be reimbursed for mileage when the event is school-related and requires employees to travel outside of their normal commute. Mileage will be reimbursed at the IRS-approved rate for the distance traveled. Reimbursable travel starting from or ending at a residence cannot include the normal commute miles to/from work. Below are some examples:
  - a. Home to/from school is not reimbursable.
  - b. Home to/from school event/meeting is partially reimbursable.
    - i. If the mileage to/from home to school-related event/meeting exceeds the regular commute to/from school, then employee can claim the incremental difference.
  - c. School to/from school event/meeting is 100% reimbursable.
  - d. Home to/from non-school event/meeting is not reimbursable. For example, driving around to purchase non-essential supplies, driving around to purchase essential supplies on a non-school day, or commuting to a non-school sponsored staff meeting.

### Travel

1. DV does not allow daily per diems.
2. Travel must receive the following approvals:
  - a. Employees requesting in-state travel must receive approval from the designated authorizing personnel with a summary of the purpose of travel, educational or professional benefit, number of employees attending and estimated cost.
  - b. Employees requesting out-of-state travel must receive approval from an executive officer with a summary of the purpose of travel, educational or professional benefit, number of employees attending, and estimated cost.
3. Chargeable and Reimbursable Expenditures:
  - a. Only pre-approved coach class, economy, “Wanna Get Away,” or promotional discounted airfare ticketing will be paid by DV for documented school related travel. It is incumbent on all DV employees, when arranging school related air travel, to seek the most reasonable and logical airfare accommodation available at the time of booking, and to provide contemporaneous documentation to substantiate the same.
  - b. If an upgraded flight is purchased, DV will only reimburse an acceptable cost of a comparable economy ticket.



## FISCAL CONTROL POLICIES AND PROCEDURES

- c. Upgrade, non-school related or non-emergency changes in flights are the exclusive responsibility of the DV employee. For non-medical/emergency changes or cancellations of a flight, the out-of-pocket cost is the responsibility of the employee.
- d. All employee-initiated changes to airfare ticketing that are made on an DV credit or charge card must be reimbursed by the employee within 20 business days of the conclusion of travel. Personal charges are not permitted on DV credit or charge cards.
- e. Air travel requiring special accommodations due to a personal medical issue will require a signed note from the employee's treating physician attesting to the medical necessity of an upgraded airfare accommodation, which must be submitted prior to travel. DV strongly respects the medical privacy of its employees. Therefore, the note from the treating physician does not need to disclose the specific medical ailment or injury of the employee. The medical note from the treating physician only needs to state the medical necessity for an accommodation and if the travel accommodation will need to be temporary or permanent.
- f. Hotels/motels are allowable when the event is more than 50 miles from either the employee's residence or the school site and the requesting employee has received approval from DV/DV administration prior to booking the hotel. Specific rules include:
  - i. The hotel room selected must be the least expensive available room offered within the hotel.
  - ii. Hotels should be chosen for the following reasons:
    - 1. Total cost relative to the other nearby hotels near the venue. Total cost includes parking fees, car rentals, wireless fees, and other relevant fees. These costs need to be considered because the total cost of a hotel stay with a less expensive room rate may end up being higher than the total cost of a hotel stay with a more expensive room rate.
    - 2. Qualitative costs should be considered, as these may impact the total travel costs and employee wellbeing. For example, access to public transportation, safety, and walkability to event location. However, these considerations should be balanced with prudence and reason.
  - iii. Hotel rates exceeding an average of \$200/night, not including taxes and fees, must be accompanied with an explanation as to why the specific hotel was chosen. If the reason is denied by the authorizing personnel, and the employee still chooses the room rate, then employee will be responsible for the incremental cost over \$200/night plus applicable taxes and fees. Pre-approval is required of all DV employees for hotels over \$200/night.
  - iv. Meals are reimbursed up to \$35/day.





### **Tuition Costs for BTSA**

DV provides Beginning Teacher Support and Assessment (“BTSA”) through a partner (e.g. LACOE). For those employees who would like to complete their BTSA elsewhere, DV will reimburse up to \$2,500. Employee will be required to do the following:

1. Employee must notify an administrator that BTSA is being completed elsewhere.
2. Upon completion of BTSA, employee must go through the reimbursement process (i.e. expense report).
  - a. Substantiation must include the copy of tuition paid since DV will only reimburse up to \$2,500/employee.

### **Professional Dues**

DV encourages all employees to maintain membership in professional organizations. If the professional dues are done for the convenience of the employer, like Career Technical Education for specific classes, then the employee may seek reimbursement from an administrator through the Expense Report process.



### BOARD TRUSTEES

#### Governing Board Expenses

1. The individual incurring authorized expenses while carrying out the duties of the Charter School will complete and sign an expense report.
2. The Executive Director will review the expense report, and if s/he approves the report, will submit it to the Accounting Staff or Back Office Services Provider for payment.

#### Conflict of Interest<sup>3</sup>

Under the California Fair Political Practices Commission, “a public official has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests. In such cases, there is a risk of biased decision-making that could sacrifice the public’s interest in favor of the official’s private financial interests. To avoid actual bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision.”

Please see *Appendix II – Conflict of Interest Information* for more information.

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<sup>3</sup> Source: <http://www.fppc.ca.gov/learn/conflicts-of-interest-rules.html>



### OTHER PURCHASES

#### Petty Cash

1. The school site Office Manager(s) will manage the petty cash fund.
2. The petty cash fund will be capped at \$500. This does not include cash held for school events.
3. All petty cash will be kept in a safe and secure location at the school site.
4. All disbursements will require a completed and signed petty cash slip, as well as a register receipt for all purchases.
5. The Office Manager(s) will insure that the petty cash slip is properly completed and that a proper receipt is attached.
6. At all times the petty cash box will contain receipts and cash totaling \$500. A register receipt must support the petty cash slip. The individual using the petty cash to make a purchase is responsible for submitting the receipt for the petty cash slip to the Office Manager(s) within 48 hours of withdrawing the petty cash.
7. At least quarterly, or when expenditures total \$300 (when cash balance is reduced to \$200), the Office Manager(s) will total the disbursements, complete a petty cash reimbursement form, and obtain the approval of the Principal. The petty cash slips and supporting receipts will be attached to the reimbursement request form and forwarded to the Office Manager(s).
8. Petty cash fund reimbursement checks will be made payable to DV.
9. Any irregularities in the petty cash fund will be immediately reported in writing to the Chief Financial Officer.
10. Loans will not be made from the petty cash fund.
11. The CFO or designee may conduct surprise counts of the petty cash fund.

#### Contracts

1. The Governing Board must also approve the following contracts:
  - Non-Public Contracts - \$20,000 or more for construction, equipment, materials, supplies, non-professional services and repairs
  - Public Contracts (i.e. public bonds):
    - Bid limit under Public Contract Code 20111(a) of \$20,000 or more for equipment, materials, supplies, services and repairs.
    - Bid limit under Public Contract Code 20111(b) of \$15,000 or more for construction contracts.
2. Consideration will be made of in-house capabilities before contracting for outside services. Below are considerations:
  - a. Whether the services needed is for a limited time.



## FISCAL CONTROL POLICIES AND PROCEDURES

- b. Whether the contract service provider has expertise not otherwise available to the Charter School.
  - c. Whether the current staff has capacity to do the work.
  - d. Whether the contract service provider's core competency would lead to long-term savings.
  - e. Whether the utilization of the contract service provider would cost less than a comparable employee with benefits.
3. The Accounting Staff 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.
  4. 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 CFO or designee may also require that contract service providers list DV as an additional insured.
  5. If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the Accounting Staff will obtain a W-9 from the contract service provider prior to submitting any requests for payment.
  6. The Executive Director or Chief Financial Officer will approve proposed contracts and modifications in writing.
  7. Contract service providers will be paid in accordance with approved contracts as work is performed.
  8. The Administrator overseeing the contracted work will be responsible for ensuring the terms of the contracts are fulfilled.
  9. Potential conflicts of interest will be disclosed upfront, and the Executive Director, Chief Financial Officer, Principal(s) and/or Trustee(s) of the Governing Board with the conflict will not participate in any manner in the preliminary discussions, negotiations, compromises, reasoning, planning and solicitation for applications for the contracts. If an DV Trustee is financially interested in a contract, the entire Board is prohibited from voting on the contract. Financially interested employees shall disclose the conflict in writing and are prohibited from participating in, influencing, or attempting to influence the making of the contract.

### **Debit Cards**

1. Prohibited



### Credit Cards

All credit card holders must review and sign DV's Credit Card Responsibility Use Form (see *Appendix I – Credit Card Responsibility Use Form*) and provide it to the accounting department for record keeping.

1. The school maintains credit cards through Wells Fargo Bank. The combined limit is \$100K. Below are the card holders:
  - a. Executive Director
  - b. School, under the Chief Financial Officer's name
  - c. Facility Director
  - d. Technology Director
2. The card held under the CFO's name is managed by the school's accountants for everyday purchases and staff travel. This card is kept in the school's safe.
3. Vendor-specific credit cards are available and cannot have a limit of more than \$1K. These cards must be approved by the CFO.
4. The types of transactions to be charged on the credit card include: advance purchase or arrangement of approved employee travel and accommodations, school supplies, instructional materials, pupil transportation, technology, assistive technology, furniture, athletic equipment, school food, dues, subscriptions, and other items related to Charter School operations. Authorized expenses that do not fall under this Credit Card Use Policy shall be submitted and paid through the check disbursement process.
5. Credit card points accrued by DV employees using the CMO's credit cards are the property of DV.
  - a. Credit card points can be converted only and exclusively for the benefit of the Charter School and with the permission of the Executive Director and Board of Directors.
  - b. Prior to the conversion of any specific school-related use of accrued points, DV shall provide a memorandum to the DV Board of Directors for approval.
  - c. Records of how the converted credit card points were used must be maintained.
6. Personal use of the CMO's credit cards is prohibited. State laws prevent the unauthorized loaning and/or misappropriation of public funds. Accidental personal use of the CMO's credit card must be brought to the immediate attention of the employee's direct administrative supervisor and will be dealt with on a case-by-case basis. In all cases, reimbursement for accidental charges shall be paid in full within 30 days of the purchase. Reimbursement of the personal expense in this manner is required, but shall not prevent DV from taking further action against the employee. Interest charges will accrue at the then-applicable IRS-established rate when reimbursement is not made in 30 days from the personal charge.
7. Employee is responsible for maintaining all receipts. If a receipt is missing, then the employee must request copies of the receipt from the credit card company at his/her expense. See "Employee Receipts/Substantiation" for exceptions to the receipts requirement.
8. Employee shall submit, prior to the purchase being charged on the credit card, for each credit card transaction, a signed copy of the "Credit Card Expenditure Form" substantiating:



## **FISCAL CONTROL POLICIES AND PROCEDURES**

- a. Who the expenditure was for;
- b. What the expenditure was for;
- c. Where the expenditure was made;
- d. Why the expenditure was made; and
- e. When the expenditure was made.

**DV**  
**FISCAL CONTROL POLICIES AND PROCEDURES**

**ACCOUNTS PAYABLE**

**Bank Check Authorization**

1. All original, itemized invoices will immediately be forwarded to the appropriate school site for processing.
2. The authorizing personnel 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 included in the shipment. The packing list should be submitted with the invoice. The Office Manager(s) will adjust the invoice for any missing items noted on the packing list before processing for payment. In the case goods are received after payment, or documentation showing receipt is missing, the Office Manager(s) will verify with the employee that goods have been received.
3. Once approved by the Authorizing Personnel, Accounting Staff will process the vendor report for signature by the Authorizing Personnel for payment.
4. The Back Office Service Provider will prepare the checks from the approved vendor report.

**Bank Checks**

1. The Governing Board will approve, in advance, the list of authorized signers on the Charter School's account. The Executive Director, and any other employee/board member authorized by the Governing Board, may sign bank checks within established limitations.
2. The Governing Board will be authorized to open and close bank accounts.
3. The Back Office Service Provider will be responsible for all blank checks and will keep them under lock and key.

**Bank Reconciliation**

1. Bank statements will be received directly or printed directly from online banking by the Back Office Service Provider.
2. Back Office Service Provider will examine all paid checks for date, name, cancellation, and endorsement. Any discrepancies regarding the paid checks or any checks over 90 days will be researched and if applicable deleted from the accounting system.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

3. Back Office Service Provider will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. Back Office Service Provider 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 Financial Leader at Back Office Services Provider assigned to the Charter School and the Chief Financial Officer.

**Timely Payment of Credit and Store Charge Card Statements**

1. Timely payment of statements is required in order to avoid the imposition of late fees or other penalties by the card issuer. The employee responsible for providing any necessary documentation for payment (receipts, etc.) is required to pay any applicable late fees and/or interest.
2. Accounting personnel will access the school's account on the card issuer's website and register for electronic statements using an DV email address coordinated in the Business Office. If only one email address may be the recipient of the monthly statement, that employee will set up an email forwarding rule to automatically copy another key employee on the statement.
3. On the day the statement is received, the assigned employee will note the due date and begin matching available documentation for the included charges.
4. Accounting personnel will work diligently to obtain all necessary documentation supporting charges prior to paying each statement by its due date.
5. If unsubstantiated charges remain on the statement when it is paid, accounting personnel will keep and maintain a log of these charges. The Chief Financial Officer and Executive Director will review the list and follow the procedure under "Employee Receipts/Substantiation".

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**FISCAL CONTROL POLICIES AND PROCEDURES**

**ACCOUNTS RECEIVABLE**

**General**

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

**Cash Receipts (Cash and Checks)**

1. For each fundraising or other event in which cash or checks will be collected, a coordinator will be designated, who will be responsible for collecting and holding all cash and checks for the purpose of the fundraising activity.
  - a. The Office Manager(s) will record each transaction in a receipt book at the time the transaction is made, with a copy of the receipt provided to the donor.
  - b. The cash, checks, receipt book, and deposit summary must be given to the DV Accounting Staff, who will immediately put the funds in a secure, locked location.
  - c. Both the Event Coordinator and either the Accounting Staff(s), volunteer, or Principal will count the deposit and verify the amount of the funds in writing.
2. Cash/checks dropped off at the Charter School office will be placed directly into the site school's safe.
  - a. The safe will be emptied at least two times per week when school is in session, corresponding to days when deposits are made.
  - b. When school is not in session, the safe will be emptied within 48 hours when cash and checks exceed \$1K.
3. Cash/checks dropped off in the classroom will utilize the classroom envelopes. Each morning, the homeroom teacher assigned to that classroom will collect all forms, payments, etc. that have been brought in by students that day and place them in a large envelope. Before lunchtime, an office staff member and a second staff member (who may be an office staff member or an aide) shall collect all envelopes from each classroom and bring them to the Office Manager(s), where they will be processed following the guidelines used for cash receipts, outlined above.
4. Mail (including anything official such as governmental notices, invoices and checks) received at the Charter School must be opened and converted into an electronic document for the Back Office Service Provider.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

5. A deposit slip will be completed by the Accounting Staff and initialed by the Principal for approval to deposit. The deposit slip will be duplicated and documentation for all receipts (copy of check, letter, etc.) will be attached to the duplicate deposit slip.
6. The deposit receipt will be attached to the deposit documentation and forwarded to the Back Office Service Provider.

**Returned Check Policy**

1. A returned-check processing fee will be charged for non-donation checks returned due to non-sufficient funds (NSF). Unless otherwise pre-approved by Authorizing Personnel, payment of the NSF check and processing fee must be made by money order or certified check.
2. In the event that a second NSF check is received by any individual, the Charter School will no longer accept checks from that individual. 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.
3. In the case of NSF checks written by parents of students, failure to pay may result in the withholding of report cards/transcripts at the end of the semester and/or school year until payment is received, unless other mutually agreeable arrangements are approved by the Executive Director and/or Governing Board.
4. If unsuccessful in collecting funds owed, the Charter School may initiate appropriate collection and/or legal action at the discretion of the Executive Director and/or Governing Board.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

**PAYROLL**

**Personnel Information**

1. The Director of Employee Support Services will maintain all employee information.
2. An employee's hiring is not effective until the employment application, fingerprinting, form W-4, and I-9 form have been completed.
3. An employee's hiring date is the first day the employee works, not when s/he has been offered the position.
4. The Accounting Staff will maintain a position control list and notify the Governing Board of any variances to the position control throughout the year.

**Timesheets**

1. All 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.
2. The completed timesheets will be submitted to the Director of Employee Support Services by the payroll period deadline designated by the Back Office Services Provider.
3. Incomplete timesheets will be returned to the signatory supervisor and late timesheets may delay payroll into the next period. No employee will be paid until a correctly completed timesheet is submitted.
4. 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.

**Overtime**

1. All employees should seek pre-approval of unscheduled time (e.g. overtime) from their authorized supervisor.
2. Overtime only applies to non-exempt employees and is defined as hours worked in excess of eight hours a day and/or forty (40) hours within a five-day period of time. Any hours worked in excess of an employee's regular work schedule must be pre-approved by the supervisor, unless it is prompted by an emergency. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Executive Director or Chief Financial Officer for further guidance.

## **DV**

### **FISCAL CONTROL POLICIES AND PROCEDURES**

#### **Stipend Volunteers**

1. These individuals are DV volunteers who earn a small stipend for assisting with school programs (e.g. Athletics).
2. These volunteers receive stipends through the Charter School's payroll system. The stipends are either paid out in a lump sum or in even amounts by pay periods for the scheduled period of service.

#### **Payroll Processing**

1. Hourly employees must sign timesheets to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The authorized supervisor will approve these timesheets. No overtime hours should be listed on timesheets without proper authorization or explanations as to why they occurred. The signatory supervisor will submit a summary report of timesheets to Back Office Services Provider who will verify the calculations for accuracy.
2. Salaried employees must sign into time clock system or use timesheets to verify working days for accuracy. A person from the business office will provide the designated school employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time.
3. The Accounting Staff will notify Back Office Services Provider of all authorizations for approved stipends and the hourly or daily rate.
4. Back Office Services Provider will prepare the payroll worksheet based on the summary report from the designated school employee.
5. The payroll checks (if applicable) will be delivered to the Charter School. Accounting Staff will document receipt of the paychecks and review the payroll checks prior to distribution.

#### **Payroll Taxes and Filings**

1. Back Office Services Provider will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries.
2. Back Office Services Provider will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Chief Financial Officer or Executive Director, and submit the forms to the respective agencies.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

**Record Keeping**

1. The designated school employee will maintain written records of all full time employees' use of sick leave, vacation pay, and any other unpaid time.
  - a. The designated school employee will immediately notify the authorized supervisor 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. Every employee must maintain personal contemporaneous records.

**Certificated Teachers & Counselors**

1. Salary Table Placement
  - a. New employees may bring up to 6 years of teaching and/or relevant experience, combined, at the Site Principals discretion. So a new teacher can start at Level 7.
  - b. Un-credentialed staff people will be brought into the intern rate until they are credentialed.

**DV**  
**FISCAL CONTROL POLICIES AND PROCEDURES**

**FINANCE/RESERVES/INSURANCE/LIABILITIES/ASSETS**

**Financial Reporting**

1. In consultation with the Chief Financial Officer and the Governing Board / Finance Committee, Back Office Services Provider will prepare the annual financial budget for approval by the Governing Board.
2. Back Office Services Provider will submit a monthly balance sheet and monthly revenue and expense summaries to the Chief Financial Officer including a review of the discretionary accounts and any line items that are substantially over or under budget. The report will be reviewed at the scheduled board meeting and action will be taken, if appropriate.
3. Back Office Services Provider will provide the Chief Financial Officer and/or Governing Board with additional financial reports, as needed.

**Financial Institutions**

1. All funds will be maintained at high quality financial institution(s).
2. Physical evidence will be maintained on-site for all financial institution transactions.

**Investments**

The CFO may purchase Certificate of Deposits (CDs).

1. Reserves greater than 30% of the unrestricted General Funds can be invested in CDs with a maturity of less than 3 years.
2. Reserves greater than 50% of the unrestricted General Funds can be invested in CDs with a maturity of less than 5 years.

**Loans**

1. The Executive Director 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 Executive Director before funds are borrowed.
3. Employee loans, including salary advances, are not allowed unless approved by the Governing Board.

**DV**  
**FISCAL CONTROL POLICIES AND PROCEDURES**

**Funds Balance Reserve**

1. The following minimum fund balance reserve must be maintained:
  - a. Economic Uncertainties - At least 5% of the total unrestricted General Funds

**Insurance**

1. Back Office Services Provider will work with the Chief Financial Officer to ensure that appropriate insurance is maintained at all times with high quality insurance providers.
2. The Accounting Staff will maintain the files of insurance policies, certificates of insurance, insurance policies and procedures, and related claim forms.
3. The Chief Financial Officer and Back Office Services Provider will carefully review insurance policies on an annual basis, prior to renewal. A request for proposal must be done at least every five years.
4. 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 Charter School's approved charter petition.

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**BACK OFFICE**

The information below is provided by Charter School Management Corporation, Da Vinci's back office provider.

**Accounts Payable Procedures**

1. When an invoice or batch of invoices is received from a school, the account manager (AM) will review, checking "Vendor Transactions" as necessary to determine whether that invoice has been paid or already entered into accounts payable. Only after determining that no other entries/payments have been made, the AM will check the account codes and give the invoice to the Accounts Payable clerk assigned to the team for processing. While the system has safeguards built in to prevent double payment, it is the AM's responsibility to ensure that no vendors are paid twice. While each school will have variations on the process, general guidelines should be followed.
2. Each school will have a "cheat" sheet detailing any nuances for that particular school including who is to receive checks, whether an aged payables detail needs to be sent prior to issuing checks, whether all checks need to be returned to school and the accounts payable clerk assigned to the team should be aware of the school's preferences.
3. Invoices will be received by the account manager and checked for correct coding. The account manager is responsible for coding. If there is a discrepancy between the coding provided by the school, the school will be notified, and, if necessary, the SBM will be involved in determining correct coding.
4. After confirming the coding, the account manager will place the batch in the accounts payable "inbox" for the assigned payables clerks to process along with an Invoice Batch Cover Sheet. All invoices will be scanned and attached to the invoice entry in the accounting system via DMS module. All sensitive information such as detail on legal bills and special education bills will be redacted before scanning.
5. Invoices will be processed and checks issued according to the individual school's instructions as to whether payment should be made or the invoice should be placed on hold.
6. After printing the checks, check stubs will be attached to the invoice and then be filed under the vendor's name in the school's files.
7. The accounts payable clerk will verify that correct information has been entered for 1099 payees. If 1099 information, address or taxpayer id is missing, the clerk will note that and will email the account manager to indicate it is needed. The accounts payable clerk will also maintain a list of outstanding W-9 information. When that information has been received, the accounts payable clerk will enter the information in Sage 300 and indicate on their list that it has been received. The account manager is responsible for getting the W-9 from the school.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

8. Where vendor has provided Taxpayer ID, but is a corporation, the EIN will be stored in CPRS section (Canadian section) of vendor setup.
9. Invoices will be processed within two business days of receipt from the school.
10. Each Account Manager will maintain a folder by school for any invoices that have been placed on Hold in Accounts Payable. Said folder shall be easily accessible by the Accounts Payable Department.
11. Only the accounts payable clerk has the ability to print checks. If the school has authorized a signature stamp, it shall remain in the control of the Account Manager who will review checks prior to stamping and sending them out.
12. Each accounts payable batch will be submitted with the following cover sheet. Accounts payable are processed in the order received. Exceptions will be made for emergency checks which will be processed immediately.

**Bank Reconciliations**

The bank statements are to be reconciled by the Account Manager on a monthly basis and must be completed in order to close the client's books for the month. The general ledger and the reconciled bank statements must agree monthly. The balance per the Bank module must agree to the general ledger cash balance.

1. After obtaining the bank statement either directly by logging on to the bank's website or obtaining from the client, the Account Manager or Associate Account Manager will reconcile the bank account in the bank module of the accounting software. The date of the reconciliation should always be the last day of the month. The bank reconciliations should reconcile the bank balance to the general ledger balance. A bank entry will need to be posted each month for items on the bank statements which are not already recorded in the general ledger. These reconciling items may include: interest earned, service charges, NSF checks, direct deposits and other debit or credit memos. Documentation for any transfers, deposits, voided checks or debits should be obtained from the client.
2. After the general ledger is reconciled to the bank statement, a copy of the cash activity per the general ledger for the month, outstanding checks and posted activity should be printed out and attached to the bank statement and retained in the bank reconciliation file. Copies should be scanned and placed in the audit file for June and July. AM should initial and date the reconciliation upon completion.
3. Monthly, the school should be sent a list of all checks outstanding more than 4 months to determine if the checks are valid and have not been voided. Account Manager with school's assistance should determine appropriate course of action, i.e. place stop and replace.
4. The Bank Reconciliation must be posted upon completion and/or prior to starting the next month reconciliation. See instructions for specific process of using Sage 300 bank module.

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**FISCAL CONTROL POLICIES AND PROCEDURES**

**Payroll**

The responsibility for payroll for ensuring an accurate and timely payroll is divided between the Account Manager and Payroll Tech.

1. A client is assigned either open contact or direct contact. Each school is assigned a CSMC mailbox with naming protocol of Schoolnamepayroll@csmci.com. Schools are directed to send all payroll related communications (new hire paperwork, any employee changes, payroll cover sheets, requests for interim manual payroll checks, questions, etc) to their CSMC payroll mailbox. Both the AM and the PT are responsible for monitoring the inbox and responding or taking action as appropriate. Either can respond to the school through the mailbox.
2. PAFs are processed in the Payroll system by the Payroll tech. The AM never enters information directly in the payroll software.
3. Each client is issued a payroll calendar which will define the dates for receiving information, processing and payment of payroll.
4. After receipt of the updated payroll spreadsheet for the pay period from the client, which is maintained by the Payroll tech, payroll hours are entered and a preliminary payroll register is sent to the client and to the Account Manager for review.
5. The AM and client should also review basic changes to employee pay, coding, name, garnishments or withholding. If there are changes, they are processed by the payroll tech and an updated register is sent. Once all agree that the pre-register is correct and that funding exists to cover payroll, the final register is processed.
6. Upon processing the payroll, the payroll clerk sends to the AM the final reports and uploads them into CharterVision. Either the Account Manager or the Associate Account Manager prepares the general ledger payroll upload and live check upload to the accounting software. Additionally, the AM should review the labor distribution report to determine that employees have been charged to the correct segment. This is important as the labor distribution drives the general ledger upload.
7. The payroll tech prepares the STRS/PERS reports and sends them to the County Office. STRS/PERS checks or EFTs are processed by the due date required by the County.
8. The AM is responsible for uploading the payroll to the general ledger. During the process, it is important to check the upload for the correct date, account distribution and descriptions. The payroll is uploaded using the journal entries import function. See detailed steps.
9. The AM is responsible for uploading the checks to the accounts payable system so that checks are reflected properly in the bank reconciliation. See detailed steps.
10. The AM is responsible for the bank entries for the payroll ACH.
11. Manual payroll checks and termination checks are sometimes required outside of the normal payroll processing dates. All manual checks are issued through the Payroll department. The Account Manager will work with the school to obtain accurate final pay amount including any vacation or other pay. The Payroll tech will process the manual

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check through the payroll software and overnight the check to the client. On rare occasions, checkstock is kept at the school for immediate, emergency terminations.

12. Payroll company is responsible for remitting taxes and for filing quarterly and annual federal and state payroll compliance reports.

**Payroll Division of Duties**

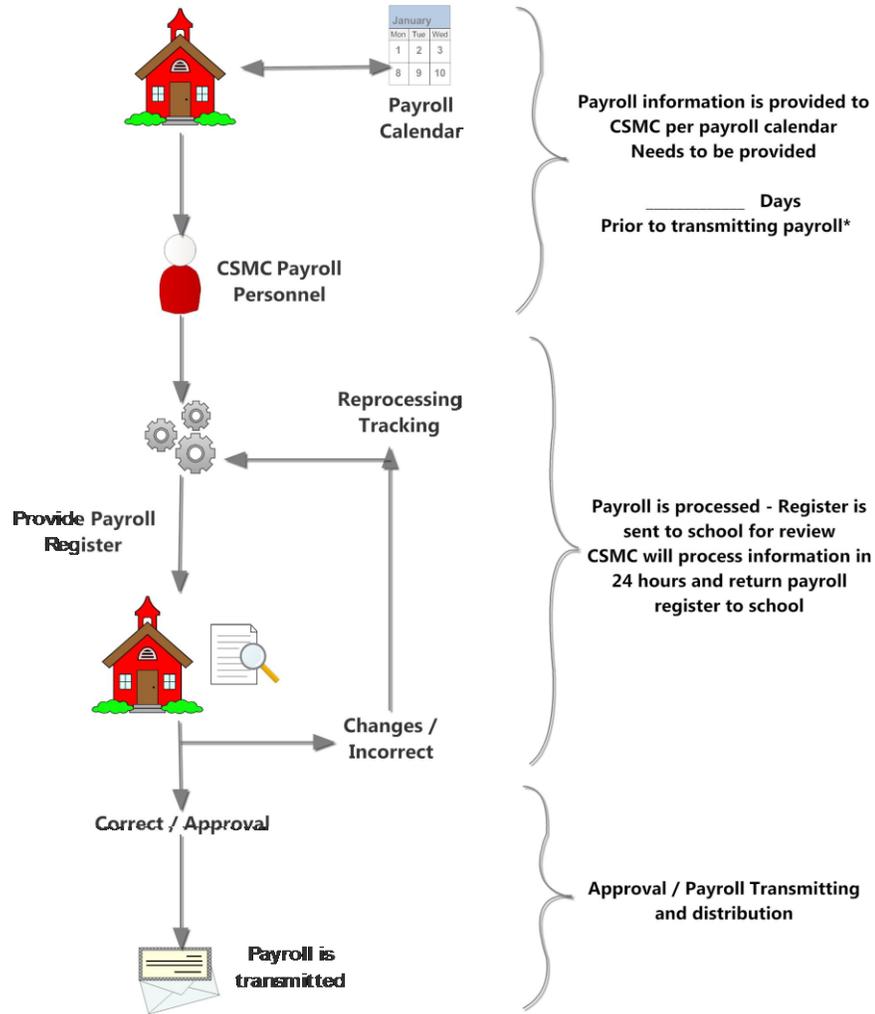
For those schools that process payroll through the CSMC payroll department, the following chart reflects the division of responsibilities between the payroll clerk and the Account Manager.

<b>Payroll Technician</b>	<b>Account Manager</b>
<ul style="list-style-type: none"> <li>• Be shared contact for client, except for direct contact large schools</li> <li>• Post payroll in payroll software</li> <li>• Post/upload hours in payroll software</li> <li>• Set up new hires in PR system</li> <li>• Change coding in PR system per AM</li> <li>• Record Terminations in PR system</li> <li>• Manual Checks for mid cycle checks</li> <li>• Run pre-registers and balancing with payroll spreadsheet for accuracy</li> <li>• Receive approval and fund sufficiency from AM before final posting</li> <li>• Email AM copy of final register, process report, PER124, invoice and check report. Upload into Chartervision.</li> <li>• Process STRS/PERS reports               <ul style="list-style-type: none"> <li>○ LACOE--\$\$ last working day, report by 5th</li> <li>○ SDUSD--\$\$ 3rd, report by 15<sup>th</sup></li> <li>○ SDCOE- report by 3<sup>rd</sup></li> <li>○</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Be shared contact for schools, with exception of large schools.</li> <li>• Responsible for complete PAFs being sent to payroll</li> <li>• Responsible for account coding complete paperwork filled out-----               <ul style="list-style-type: none"> <li>○ (SSN, Birthday, w-4, hire date, classification, STRS, PERS, Direct deposit, salary, days worked)</li> </ul> </li> <li>• Make sure payroll worksheets are turned in and complete</li> </ul>



# DV FISCAL CONTROL POLICIES AND PROCEDURES

## The Payroll Process



\*Salary, personnel events, and on going changes should be constantly communicated to CSMC on an ongoing basis throughout the month

# DV

## FISCAL CONTROL POLICIES AND PROCEDURES

### TAXABLE WAGES

#### Fringe Benefits: Taxable Wage Exclusions

The Internal Revenue Service allows working condition fringe benefits to be excludable from the employee's income under certain situations. Below are some examples of potential excludable benefits from IRS' Publication 15-B:

- Accident and health benefits.
- Achievement awards.
- Adoption assistance.
- Athletic facilities.
- De minimis (minimal) benefits.
- Dependent care assistance.
- Educational assistance.
- Employee discounts.<sup>4</sup>
- Employee stock options.
- Employer-provided cell phones.<sup>5</sup>
- Group-term life insurance coverage.
- Health savings accounts (HSAs).
- Lodging on your business premises.
- Meals.
- Moving expense reimbursements.
- No-additional-cost services.
- Retirement planning services.
- Transportation (commuting) benefits.
- Tuition reduction.
- Working condition benefits.

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<sup>4</sup> This exclusion applies to a price reduction you give your employee on property or services you offer to customers in the ordinary course of the line of business in which the employee performs substantial services. ... Employee discounts also don't include discounts on a line of business of the employer for which the employee doesn't provide substantial services, or discounts on property or services of a kind that aren't offered for sale to customers. ... Employee [includes] ... Treat discounts you provide to the spouse or dependent child of an employee as provided to the employee (Source: IRS Publication 15-B).

<sup>5</sup> Department of Treasury indicated that cellphone reimbursements can be treated similarly as employer-provided cell phones (Source: IRS, SBSE-04-0911-083, September 14, 2011).

## DV FISCAL CONTROL POLICIES AND PROCEDURES

### W-2 Additional Compensation Adjustments

Employee transactions may be included in an employee's W-2 tax report. Da Vinci will make an effort to report these items. Per LACOE's Information Bulletin #4690, October 17, 2017, these are the transactions that will be closely scrutinized:

### Reportable Additional Compensation Items

*Internal Revenue Service (IRS) Publication 15-B* contains a discussion of employer-provided fringe benefits and the tax treatment applied to those benefits. The following are some of the possible **additional fringe benefit** items that may require reporting on the *2017 Form W-2*. This is not an all-inclusive list. Detailed information is provided for the following topics:

- Group Term Life Insurance in Excess of \$50,000: Internal Revenue Code (IRC) §79 and §6052
- Whole (Permanent) Life Insurance: Income Tax Regulations §1.61-2(d)(2)ii
- Mileage Reimbursements: Reporting excess over the federal maximum as wages
- Automobile Allowances and Personal Use of District-Provided Automobiles: Generally required to be included on the W-2.
- Allowances or Reimbursements for Business Travel Expenses: Income Tax Regulations §1.62-2. If paid under a non-accountable plan, reporting is required per IRS rules.
- Third-Party Sick Pay and Workers' Compensation Adjustments (WCA)
- Dependent Care: IRC §129
- Group Legal Services
- Educational Assistance: IRC §127, §132, §162 and Regulation §1.162-5
- Domestic Partners and Same-Sex Spouse Health Coverage
- Nondiscrimination Requirements: Federal requirements as to the value of the benefits and their inclusion in employee wages.

**DV**  
**FISCAL CONTROL POLICIES AND PROCEDURES**

**DA VINCI RISE HIGH CMO FEE RATE**

Da Vinci RISE High is a countywide charter school approved by the Los Angeles County Board of Education (“LACBOE”). Da Vinci Schools operates Da Vinci RISE High but shall transfer such ownership to an affiliated California nonprofit public benefit corporation by or before October 1, 2018. As a condition of authorization, LACBOE has required Da Vinci Schools to update Da Vinci Schools’ Fiscal Control Policies and Procedures to include certain requirements, which are addressed herein:

- It is anticipated Da Vinci RISE High will receive consolidated educational and administrative services from Da Vinci Schools which may include human resources support, executive leadership support, licensing of educational intellectual property, pedagogical support, and back-office support services. Da Vinci Schools intends to charge 10% of Da Vinci RISE High’s revenue (i.e., the amount received in the current fiscal year from the local control formula calculated pursuant to Education Code section 42238.02, as implemented by Education Section 42238.03.) This percentage shall not exceed 10%, but may be lowered through an agreement between Da Vinci Schools and the California nonprofit public benefit corporation that will operate Da Vinci RISE High.
- Da Vinci Schools shall continue to maintain a separate bank account for Da Vinci RISE High during its management and operation of the charter school.

## DV FISCAL CONTROL POLICIES AND PROCEDURES

### INTERCOMPANY BORROWING POLICY

The use of intercompany transfers or loans from one charter school to another charter school operated by the same nonprofit charter school management organization has been deemed appropriate by various charter school authorizers, reviewed by the IRS and the California State Controller's Office. Furthermore, according to the legal counsel for the California State Auditor's Office, "a nonprofit public-benefit corporation that operates multiple charter schools may temporarily loan state apportionment funds between schools, so long as the loan does not adversely affect the public school purposes of the charter school that loans the funds.

This policy permits schools that Da Vinci Schools operates to obtain temporary working capital. This is accomplished by transferring reserve funds from one or more schools with a surplus to a school with a financial need. In addition, due to the nature of operating related schools, transactions such as payroll, taxes, split invoices, etc. will need to be paid from a single bank, while the expenses belong to multiple schools/business segments. Such transactions create intercompany receivables and liabilities. These interschool loans, receivables and liabilities will not be allowed unless the lending school has sufficient capital to lend without having an adverse impact on the educational program.

An interfund transaction occurs when a fund has a financial transaction with another fund within Da Vinci Schools. When cash is received for each school, cash will be transferred to the operating account. The transfer of cash will create interfund transactions between the respective school and Da Vinci Schools. When an expense is paid, an interfund transaction will be created between the respective school and Da Vinci Schools. As transactions are recorded in the accounting software, interfund transfers will be automatically recorded.

Interfund transactions shall net to zero across all funds as a balancing mechanism.

Interfund transactions that constitute reimbursement of a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as:

- Expenditures or expenses of the reimbursing fund, and
- Reductions of the expenditure or expense originally charged in the fund that is reimbursed.
- A transaction would be reported as a reimbursement when:
  - i. An accounting error has been made (e.g., an expenditure was charged to an incorrect fund)
  - ii. When a single fund, usually the general fund, pays an invoice or payroll for other funds (i.e., as a convenience), and then charges back the expenditure/expense to the appropriate individual fund where the cost should be reported.
  - iii. The caption "reimbursements" never should appear as an account caption on an operating statement.

Interfund transactions will be presented on the financial statements as Interfund receivables or Interfund payables based on the net account balance.

**DV**  
**FISCAL CONTROL POLICIES AND PROCEDURES**

**OTHER MISCELLANEOUS**

**Retention of Records**

1. Financial records will be maintained indefinitely in original or electronic format.
2. After the independent financial audit, the financial records can be shredded if they have been converted into electronic format.
3. Appropriate back-up copies of electronic and paper financial and attendance accounting data will be regularly prepared and stored in a secure on-site location.

**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. Accounting Staff will file all receipts for purchased asset.
3. Reconciling Personnel will maintain an inventory or log of all assets. The log will include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.
4. The Charter School will take a physical inventory of all DV assets, separately, within 90 days of the end of each fiscal year, indicating the condition and location of the asset.
5. The Principal(s) will immediately be notified of all cases of theft, loss, damage or destruction of assets.
6. The Principal(s) will submit to Reconciling Personnel written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.

**APPENDIX I – CREDIT CARD RESPONSIBILITY USE FORM**

**DV SCHOOL’S CREDIT CARD RESPONSIBLE USE FORM**

Usage Term \_\_\_\_\_ (academic year)

For Credit Card \_\_\_\_\_ (last four numbers only)

Employee Information:

- Name \_\_\_\_\_
  
- Position \_\_\_\_\_

By signing below, you agree that you have read, reviewed and will abide by the terms of the Credit Card Responsibility Use Form. User agrees to the following:

- Employee is responsible for all rejected or unauthorized purchases (e.g. personal and prohibited purchases)
- Employee should seek pre-approval, whenever possible, before using the card for a specific purpose.
- If credit card is taken out of the safe or school premises, employee must return the credit card as soon as it is used for a specific purpose. It may not be taken out for more than 24 weekday hours.
- Employee may not make any personal charges. Any personal charges must be paid back to the school within 30 days.
- Employee is responsible for maintaining all receipts. Along with the receipts, an appropriate description of each purchase must be provided.
- Employee is responsible for any late fees and/or interest the credit card company charges for failing to provide document within 10 days of the credit card statement’s closing date.
- Employee must report any fraudulent, lost or stolen card immediately to the credit card company and DV.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Employee Name

\_\_\_\_\_  
Executive Director’s Signature

\_\_\_\_\_  
Executive Director’s Name

## APPENDIX II – CONFLICT OF INTEREST INFORMATION

From <http://www.fppc.ca.gov/learn/conflicts-of-interest-rules.html>.

### Conflicts of Interest Rules

Under the Act, a public official has a disqualifying conflict of interest in a governmental decision if it is foreseeable that the decision will have a financial impact on his or her personal finances or other financial interests. In such cases, there is a risk of biased decision-making that could sacrifice the public's interest in favor of the official's private financial interests. To avoid actual bias or the appearance of possible improprieties, the public official is prohibited from participating in the decision.

### Disqualifying Financial Interests

There are five types of interests that may result in disqualification:

- **Business Entity.** A business entity in which the official has an investment of \$2,000 or more in which he or she is a director, officer, partner, trustee, employee, or manager.
- **Real Property.** Real property in which the official has an interest of \$2,000 or more including leaseholds. (However, month-to-month leases are not considered real property interests.)
- **Income.** An individual or an entity from whom the official has received income or promised income aggregating to \$500 or more in the previous 12 months, including the official's community property interest in the income of his or her spouse or registered domestic partner.
- **Gifts.** An individual or an entity from whom the official has received gifts aggregating to \$470 or more in the previous 12 months.
- **Personal Finances.** The official's personal finances including his or her expenses, income, assets, or liabilities, as well as those of his or her immediate family.

### Disqualifying Financial Impact or Effect

If a decision may have a financial impact or effect on any of the foregoing interests, an official is disqualified from governmental decision if the following two conditions are met:

- The financial impact or effect is foreseeable, and
- The financial impact or effect is significant enough to be considered material.

Generally, a financial impact or effect is presumed to be both foreseeable and material if the financial interest is "explicitly" or directly involved in the decision. A financial interest is explicitly involved in the decision whenever the interest is a named party in, or the subject of, a governmental decision before the official or the official's agency.

If the interest is "not explicitly involved" in the decision, a financial impact or effect is reasonably foreseeable if the effect can be recognized as a realistic possibility and more than

hypothetical or theoretical. A financial effect need not be likely to occur to be considered reasonably foreseeable.

However, for interests "not explicitly involved" in the decision, different standards apply to determine whether a foreseeable effect on an interest will be material depending on the nature of the interest. The FPPC has adopted rules for deciding what kinds of financial effects are important enough to trigger a conflict of interest. These rules are called "materiality standards," that is, they are the standards that should be used for judging what kind of financial impacts resulting from governmental decisions are considered material or important.

There are too many materiality standards to adequately review all of them here. To determine the applicable materiality standard, or to obtain more detailed information on conflicts, an official may consult the FPPC's guide to Recognizing Conflicts of Interest. Alternatively, the official should seek assistance from agency counsel or the FPPC anytime the official has reason to believe a decision may have a financial impact or effect on his or her personal finances or other financial interests.

#### Exceptions

Not all conflicts of interest prevent a public official from lawfully taking part in the government decision. There are two limited exceptions to the conflict of interest rules:

- **The Public Generally Exception.** A public official is not disqualified from a decision if the effect on the official's interests is indistinguishable from the effect on the public.
- **Legally Required to Participate.** In certain rare circumstances, a public official may be randomly selected to take part in a decision if a quorum cannot be reached because too many officials are disqualified under the Act.

Exceptions must be considered with care. A public official should contact agency counsel or the FPPC to determine if an exception applies.

#### Recusal Requirements

An official with a disqualifying conflict of interest may not make, participate in making, or use his or her position to influence a governmental decision. When appearing before his or her own agency or an agency subject to the authority or budgetary control of his or her agency, an official is making, participating in making, or using his or her position to influence a decision any time the official takes any action to influence the decision including directing a decision, voting, providing information or a recommendation, or contacting or appearing before any other agency official. When appearing before any other agency, the official must not act or purport to act in his or her official capacity or on behalf of his or her agency.

Certain officials (including city council members, planning commissioners, and members of the boards of supervisors) have a mandated manner in which they must disqualify from decisions made at a public meeting (including closed session decisions) and must publicly identify a conflict of interest and leave the room before the item is discussed.

While there are limited exceptions that allow a public official to participate as a member of the public and speak to the press, the exceptions are interpreted narrowly and may require advice from your agency's counsel or the FPPC.

Board Approved: [Insert Date of Board Ratification]