
Effective: 01-01-2024
Board approved: 02-28-2024
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About Da Vinci Schools

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

Entities
Da Vinci Communications (9 – 12)
Da Vinci Design (9 – 12)
Da Vinci Connect (K – 12)
Da Vinci Science (9 – 12)

Programs
Da Vinci Extension (12th)
Da Vinci Institute

About Fiscal Policies

Da Vinci is committed to safeguarding its assets. Internal controls will be set by the creation of policies and procedures. They 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.
About Fiscal Oversight Structure

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

1. An independent financial auditor conducts annual financial audits. Da Vinci uses the same financial auditors as the oversight district.
2. Back Office Service Provider (i.e. Charter School Management Corporation) is 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.
3. The Board of Trustees (hereafter referred to as the “Board”) are provided 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.”
4. The CFO authorizes reimbursements and credit card transactions done by the key executives (i.e. Executive Director / CEO/ COO).\(^1\)
   a. The Board Treasurer does not review the organization’s credit card under the CFO’s name. This card is used by the organization’s business office to make everyday school purchases. It is stored in the school’s safe. The CFO cannot use this credit card for his/her transactions. S/he must go through the reimbursement process for his/her transactions.
5. 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).
6. Financial presentations are done at monthly Board Meetings. Those meetings are attended by school administrators and other stakeholders.

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\(^1\) 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.
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 affected 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. The following will be used as primary guides for the development of policies and procedures, and a resource when the issue is not addressed in this handbook:
   a. California School Accounting Manual, California Department of Education
   b. Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, FCMAT (Fiscal Crisis and Management Assistance Team)
   d. Publications by the Internal Revenue Service
2. 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.
3. Demonstrated compliance with Federal and state laws/regulations, State Board of Education policies and other compliance requirements.
4. Maintenance of documentation that outlines internal controls on business practices and operations.
5. 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.
6. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
7. 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
8. 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.
9. 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.
**Board / Fiscal Committee**

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

The Board, if a Fiscal Committee is not created, is responsible for the following:

1. Ensures the preparation of the annual budget and financial statements. Ensures that budgets and interim financial statements are prepared;
2. 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;
3. Receives all reports and management letters from the auditor;
4. 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
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.

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. 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. 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 (e.g. annually) 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. Purchases done by the CMO Office.
   e. Contracts and requests for proposals
8. Overseeing the long-term financial viability of all programs and entities including:
   a. All Da Vinci Schools
   b. Food Services
   c. School Activities (e.g. athletics)
**Back Office / Controller / Accounting Manager**

Responsibilities include the following:

1. Recommending internal / closing journal entries to the CFO.
2. Reviewing account coding for external transactions.
4. Reconciling bank statements and restricted funding sources.
5. Preparing the financial compilations to be presented to the Board.
6. Reviewing external transactions against the budget.
7. 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.

**Accounting Staff**

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. Chief Executive Officer / Executive Director – Authorizing, Compliance
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. CEO / Executive Director
2. Chief Financial Officer
3. Chief Administrative Officer(s)

Purchases greater than $5K
1. Two authorizations. One must include, Site / Program Administrators (for their specific program or site), The Second must include one of:
   a. CEO / Executive Director
   b. Chief Operating / Administrative Officer
   c. Chief Financial Officer

Purchases $5k and less, One Authorization:
2. CEO / Executive Director
3. Chief Operating / Administrative Officer
4. Chief Financial Officer
5. 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

**Key Purchasing Thresholds**

1. Hand checks over $5K require two signatures.
2. All payments that are processed through Concur receive at least two administrative approvals: one by the site director/administrator, and one by Accounting or CFO.
   a. The credit card is reviewed by the Accounting supervisor and the CFO.
3. Non-budgeted contracts that exceed $40K during a calendar year and last beyond an academic year require Governing Board approval.
4. 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).
FISCAL CONTROL POLICIES AND PROCEDURES

REIMBURSEMENT POLICIES

General

“Approvals for reimbursement requests must be obtained prior to any purchase or travel. The charter school will not be obligated to reimburse requests for which prior approval was not obtained. When the shopping or traveling is complete, the employee should return the receipts and can expect to be reimbursed if they spent funds on items for which they obtained prior approval. (source: 2017 FCMAT Charter School Manual).”

For supply purchases, employees are encouraged to use Amazon Business. Those purchases have a pre-approval process with the appropriate administrator. Those invoices are paid directly by the organization through the Concur procurement system. In general, Amazon Business helps reduce personal reimbursements made by an individual, which is something FCMAT recommends.

Reimbursements Approval Thresholds

Approval thresholds are being adopted from the 2017 FCMAT Charter School Manual:

1. Site / Program / Department are responsible for reviewing and approving all reimbursements pertaining to their schools, up to $1,000.
2. CFO is responsible for reviewing and approving for $1,000 to $3,000.
3. CEO / ED is responsible for reviewing and approving for more than $3,000.

Employee Receipts/Substantiation

1. All purchases made by an employee must be accompanied by an original, itemized receipt. The individual requesting reimbursement shall create an Expense Report in Concur and upload the appropriate receipts to the Expense Report. The report should be uploaded by the end of the month in which the transaction occurred. The individual shall be held responsible for the amount if a receipt is not provided by June 30th of every year. The only exceptions are for conference meals, 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 complete the Declaration of Lost/Non-Itemized Receipt form. There are a few exceptions for which credit card receipts or cancelled checks may be considered sufficient. Below are a few examples:

2 An electronic receipt is considered original.
FISCAL CONTROL POLICIES AND PROCEDURES

a. Taxi fares incurred while traveling for DV
b. Parking fees incurred the day employee attended workshops or other work events
c. Conference meals

3. If a receipt is lost, an acceptable replacement is not provided and no Declaration of Lost/Non-Itemized Receipt form is provided, the employee will not be reimbursed.

4. For all meals that are not associated with Travel/Conferences, detailed receipts are a requirement (see “Meals” on the following page for more details).

Employee Reimbursements and Expense Reports

All reimbursements and expense reports must be submitted into the organization’s Concur procurement system in order to track approvals and receipts.

1. Employees will be reimbursed for expenditures within thirty (30) days of submission of the Expense Report.
   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

2. Employees are encouraged to submit Expense Reports for reimbursements by the end of the month in which the transaction occurred. If invoice reimbursements are submitted periodically, they must be done sequentially by date of purchase to help prevent double payments.

3. Employees must submit all expense reports by June 30th of the fiscal year in which the expenditure was made to their overseeing manager.

4. Receipts or other appropriate documentation will be required for the reimbursement of all expenses (see “Employee Receipts/Substantiation” above).

5. Employees shall submit, for each reimbursement request, an expense report. Depending on the type of expenditure, Accounting may request the following for suspicious or sensitive purchases (e.g. meals):
   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

6. Authorizing personnel must approve expense report for reimbursement.

7. Lastly, only employees are eligible to receive reimbursements through DV.
   a. Parents and volunteers should not cover any expenses with the intention of getting reimbursed by the school. If parents and volunteers are approved by the appropriate authorizing personnel, then s/he must submit a W9 and may be issued a 1099-Misc by accounting.
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 (e.g. value proposition) 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.
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.

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 $19/employee/professional development day for meals for team building, professional development and morale. For example, a high school may have 30 staff people and 20 professional development days. Their budget would be $11.4k for the year.
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.
5. For meals associated with travel/conferences (see Travel below), receipts are required. For a full day conference with no meals provided, employees can request up to $59 to be reimbursed. For a partial day conference or a full day conference with meals provided,
employees can request up to $37 to be reimbursed. Employees must select the designated expense types for conference meals.

**Mileage**

1. Employees will be reimbursed for mileage when the event is school-related and requires employees to travel beyond 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**

Reimbursement shall not be made for meal and lodging expenses within 50 miles of home or the organization. The CEO or CFO may approve meals and/or lodging within 50 miles.

Whenever possible, airfare, hotels and rentals should be done in Concur. Da Vinci is contracted with Cal Travel for government rates. Accounting are notified of any travel when booked by the employee. They will notify the employee if additional information is needed before travel occurs.

1. 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.
   c. Employees requesting foreign travel must receive approval from the Board with a summary of the purpose of travel, educational or professional benefit, number of employees attending, and estimated cost.

2. 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
tavel, 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. Unapproved upgrades and personal expenditures must be paid by the employee
before actual travel when the organization becomes responsible for the costs.
   i. If an upgraded flight is purchased, DV will only reimburse an acceptable
cost of a comparable economy ticket.
   ii. For non-organization related changes or cancellations of a flight, the out-
of-pocket cost is the responsibility of the employee.

c. 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.

d. Hotels should be chosen for the following reasons:
   i. 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.
   ii. 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. For a full day conference with no meals provided, employees can request
up to $59 to be reimbursed. For a partial day conference or a full conference
with meals provided, employees can request up to $37 to be reimbursed.

e. Other customary and reasonable travel-related expenses, such as Internet, cab fares,
rental car (with prior approval from Authorizing Personnel), and mileage for using
an employee’s own car, gasoline are reimbursable.

3. Below are approved travel days:
   a. The day before the event if it starts before 11am (PST).
   b. The day after the event if it ends after 12pm (PST).
4. Travel advances, before the actual travel, may be permissible, but employees must show proof that travel actually occurred after the event.
   a. If the advance exceeds the amount of the receipts, the employee will pay the difference immediately in the form of a check.
   b. If the advance is less than the amount of the receipts, the difference will be reimbursed to the employee in accordance with the expense report.

5. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Authorizing Personnel for approval in order to receive a reimbursement.

**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 CEO / Executive Director will review the expense report, and if s/he approves the report, will submit it to Accounting or Back Office Services Provider for payment.

**Tuition Reimbursement Costs for Staff**

The school may authorize the reimbursement of education related expenses (e.g. tuition, books, etc.) to improve direct job duties. Below are the criteria:

1. Classes must be pre-approved, and must be related to a current or future job duty.
2. Employee must complete an expense report and provide all receipts.
3. If the class is graded, a failing grade, or the failure to report a grade, will prevent any school reimbursements for any class taken during the next 12 months.
4. If the education related expense is for a skill that can lead to another profession, then it will be considered taxable income per the IRS rules (see LACOE’s Information Bulletin #4690, October 17, 2017).

**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.
Bank Check Authorization

Da Vinci uses Concur for procurement. All school check requests must be made in the system, including checks processed outside the system. This system will track all the approvals and comments.

1. Invoices should be submitted to davincischools_invoicecapture@concursolutions.com.
2. All original, itemized invoices will immediately be assigned to the appropriate employee for processing.
3. 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. Whenever possible 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.
4. The authorizing personnel will verify that the vendor information, including title and address, are correct. If the vendor information does not exist, then the employee must “Request a New Vendor” through Concur.
5. Once approved by the Authorizing Personnel, Accounting Staff will process the invoice for payment.
6. The CFO will ultimately release the funds.

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

Whenever possible, purchase requests or notifications to Accounting are recommended, because it can have an impact on forecasting costs. However, some costs do not need a purchase request. Those include the following:

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).
   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\(^3\), 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.

**Bank Checks**

1. The Governing Board will approve, in advance, the list of authorized signers on the Charter School’s account. The CEO / 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.

**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.
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 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.
2. American Express credit card statements are automatically received by Concur. The Business Office must process these statements and submit them in a timely manner.

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\(^3\) 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
3. All other credit card statements are either received electronically or by mail and must be processed in Concur by the Business Office.

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 CEO / Executive Director will review the list and follow the procedure under “Employee Receipts/Substantiation”.
FISCAL CONTROL POLICIES AND PROCEDURES

OTHER PURCHASES

Petty Cash and Site Deposits

The management of the Petty Cash will follow the steps of the ASB Handbook published by FCMAT. Below are any exceptions and differences.

1. To operate a petty cash fund, the school site Administrator must notify Accounting.
2. The school site Office Manager(s) will manage petty cash, including the receipts for any disbursements. The receipts will be turned in to replenish the petty cash.
3. Petty cash will be capped at $500. This does not include cash held for school events.
4. All petty cash will be kept in a safe and secure location at the school site.
5. All disbursements to the Business Office will be included in weekly site deposits, which take place on Thursdays. Deposits will require a completed and signed Deposit Log, as well as register receipts and documentation for all incoming cash and checks.

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 more than $50,000 for equipment, materials, supplies, services and repairs.
     - Bid limit under Public Contract Code 20111b) 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.
   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), Accounting will obtain a W-9 from the contract service provider prior to submitting any requests for payment.

6. The CEO / 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 CEO / 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 or its equivalent (see Appendix I) and provide it to the accounting department for record keeping.

1. The school maintains credit cards through Wells Fargo Bank, Home Depot and American Express. The combined limit is determined by the Board.

2. The cardholders are determined by the Board.

3. 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. Payments for all credit card statements are processed monthly by the Business Office through Concur.
4. Additional vendor-specific credit cards, including but not limited to Home Depot and Citibank (part of Concur Travel), are available. Usage of these cards must be approved by the CFO.

5. 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.

6. 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 CEO / 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.

7. 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.

8. 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. If this option is not available, then employees can submit a “Declaration of Lost/Non-itemized Receipt” form in place of a receipt. See "Employee Receipts/Substantiation" for exceptions to the receipts requirement.

9. In order for non-card holders to make a purchase using a DV credit card, employees must submit a Purchase Request on Concur. Once the purchase request goes through the appropriate approval process, then the credit card transaction will occur. Prior to each credit card transaction, Accounting may request the following to substantiate the purchase:
   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.
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 Accounting(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. Accounting personnel will regularly prepare deposits for each bank account, including Da Vinci Schools, Da Vinci Schools Fund, and Da Vinci LA County, regularly.
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.
5. A deposit slip will be completed by Accounting 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 CEO / 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 CEO / Executive Director and/or Governing Board.
Payroll is managed in Paycom, the organization’s time and labor and HR system.

**Personnel Information**

1. The Administrator in charge of payroll is responsible for maintaining 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 Payroll 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 Administrator 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 CEO / Executive Director or Chief Financial Officer for further guidance.

**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 approve 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.
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. Accounting 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 CEO / Executive Director, and submit the forms to the respective agencies.
Record Keeping

1. The designated school employee will maintain electronic 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.
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 reconcile the financial statements on a monthly basis for the Chief Financial Officer. 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
   1. Amounts greater than 30% can be invested in CDs with a maturity of more than 1 year and less than 3 years.
2. Reserves greater than 50% of the unrestricted General Funds
   1. Amounts greater than 50% can be invested in CDs with a maturity of more than 3 years and less than 5 years.

Loans

1. The CEO / 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. The CEO/ED or CFO may draw and payback the line of credit.
a. CEO/ED and CFO must communicate the need to draw from the line of credit before requesting funds from the bank.
b. Banc of California sends an email to CEO/ED, CFO and accounting staff whenever a draw is made from the line of credit.

3. Employee loans, including salary advances, are not allowed unless approved by the CFO or CEO/ED for amounts less than $2K/employee and the Governing Board for amounts greater than $2K/employee
   a. Advances are typically done when changes are made to payroll, like payment schedule changes.

**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
   b. District Overseer’s Requirement – At least 15% of the total unrestricted General Funds during charter petition renewal.

**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. Accounting 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.
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.
   a. Coverage will be in line with the limits listed in the Charter School’s approved charter petition.
TAXABLE WAGES

W-2 Additional Compensation Adjustments

Employee transactions may be included in an employee’s W-2 tax report. Da Vinci will try 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.
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/scan 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 RESPONSIBLE 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

________________________________________  __________________________
CEO / Executive Director’s Signature  CEO / Executive Director’s Name