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SUBJECT: Internal Control and Fiscal Management

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Reaching All Minds Academy will follow all the relevant laws and regulations that govern charter schools in North Carolina. Additionally, U.S. Government laws and regulations that relate to grant funding will be adopted as the grant funding is received. The following are specific fiscal policies of the RAM Academy:

A. Political Contributions

No funds or assets of the school may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of the school for political contributions in any form—whether in cash or other property, services, or the use of facilities—is strictly prohibited. The school also cannot be involved with any committee or other organization that raises funds for political purposes.

Following are examples of prohibited activities:

1. Contributions by an employee that are reimbursed through expense accounts or in other ways.
2. Purchase by the organization of tickets for political fundraising events.
3. Contributions in-kind, such as lending employees to political parties or using the school's assets in political campaigns.

B. Record Keeping

To provide an accurate and auditable record of all financial transactions, the school's books, records, and accounts are maintained in conformity with generally accepted accounting principles as required by the Commonwealth's statutes, applicable to Charter Schools.

Further, the school specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of the school.

2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries may be made on the books or records nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

C. Signature Authorities

To properly segregate duties within the School, the Board Chair, the Treasurer of the Board and the Charter Leader/Director are the only individuals with signatory authority and are responsible for authorizing all cash transactions. Individual checks of a non-recurring nature greater than \$5,000 will require dual signatures prior to check issuance.

D. Budgets

1. The RAM Academy shall prepare an annual operating budget of revenues and expenses, a cash flow projection, and a capital budget, if applicable. These budgets and projections are reviewed and approved by the Board of Directors by June 1 of each year and modified, as necessary.

2. Financial statements displaying budget vs. actual results are prepared by the Business Manager and reviewed by the Treasurer and presented to the Board of Directors at each monthly board meeting.

E. Insurance and Bonding

The school shall maintain minimum levels of coverage, as deemed appropriate by the Board of Trustees, for the follow policies:

- a. Errors and omissions: one million dollars (\$1,000,000) per claim;
- b. General liability: one million dollars (\$1,000,000) per occurrence;
- c. Boiler and machinery: the replacement cost of the building;
- d. Real and personal property: the appraised value of the building and contents;
- e. Fidelity bonds: no less than two hundred fifty thousand dollars (\$250,000) to cover employee dishonesty;
- f. Automobile liability: one million dollars (\$1,000,000) per occurrence; and
- g. Workers' compensation: as specified by Chapter 97 of the General Statutes.

F. Audit

The Board of Directors shall contract annually with a qualified independent certified public accounting firm to conduct an audit of the School's financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and, if applicable, the *U.S Office of Management and Budget and the provisions of Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments and Non-Profit Organizations*. The selected audit firm must be familiar with these standards and related charter school regulations.

G. Petty Cash

1. Petty cash payments are made from a fund not to exceed \$150, and should be for cash advances, local expense reimbursement, and small-dollar vendor purchases, provided proper documentation is furnished with each request. No individual payment shall be greater than \$75.

2. The petty cash account shall be balanced on a monthly basis by the petty cash custodian. The replenishment check is made out to "(Custodian's name) - *Petty Cash Custodian*" on an as needed basis.

H. Accounts Payable

1. Only valid accounts payable transactions based on documented vendor invoices, receiving reports, or other approved documentation are recorded as accounts payable.

2. Vendors and suppliers shall be paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

I. Procurement

1. The school shall procure only those items and services that are required to perform the mission and/or fill a bona fide need. The school will use a competitive procurement process, which requires sound business practices for purchases less than \$1,000. The school will also select the best value by obtaining three written quotes for items greater than \$1,000 and less than \$5,000. Finally, a formal bid process will be used for items greater than \$5,000, in which three bids will be received and evaluated using a formal evaluation process.

2. The School adheres to the following objectives:

a. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.

- b. Make all purchases in the best interests of the school and its funding sources.
- c. Obtain quality supplies/services needed for delivery at the time and place required.
- d. Buy from responsible and dependable sources of supply.
- e. Obtain maximum value for all expenditures.
- f. Deal fairly and impartially with all vendors.
- g. Be above suspicion of unethical behavior at all times; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in the school-supplier relationships.

3. The School will execute a *Purchase Order* for all purchases and it shall be approved by the Business Manager for purchases less than \$5,000 and by the School Leader and the Business Manager for purchase greater than \$5,000.

4. All lease agreements will be evidenced by a lease or sublease agreement approved by the Board of Directors. The agreement will identify all the terms and conditions of the lease.

5. Emergency Purchases: An “emergency purchase” is the purchase of goods or services that are so badly needed that the school will suffer financial or operational damage if they are not secured immediately. A decision to purchase may be declared in an emergency at the school’s discretion and “best value” procurement guidelines must be followed. In addition, the purchase must be authorized by the Treasurer or another Board designee.