



**SCHOLARMADE<sup>®</sup>**

Achievement Place of Arkansas

**BUSINESS OFFICE  
POLICIES & PROCEDURES  
HANDBOOK**

Fiscal Year 2019-2020

ScholarMade<sup>®</sup>



# SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS BUSINESS OFFICE POLICIES & PROCEDURES HANDBOOK

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# SCHOLARMADE ACHIEVEMENT PLACE OF ARKANSAS BUSINESS OFFICE POLICIES & PROCEDURES HANDBOOK

## OVERVIEW

The following policies and procedures have been adopted to ensure the most effective use of the school's funds to support the mission and to ensure that the funds are budgeted, expended, accounted for, and maintained appropriately. The Business Manager will meet the requirements as outlined in ADE Rules Governing Qualification for Business Managers and will have completed the required course of study and received a certificate issued by the Arkansas Department of Education. ScholarMade has contracted services accountants who serve as the Business Manager.

The Board of Directors formulates financial policies and procedures, delegate's administration of the policies and procedures to the CEO/Superintendent and reviews operations and activities on a regular basis. This procedure manual details processes and internal controls for all of the school's business functions including procurement, contracting with 3rd parties, payroll and benefit management. The CEO/Superintendent has responsibility for all operations and activities related to financial management. The CEO/Superintendent may authorize expenditures and may sign related contracts within the approved budget. The Board of Directors will review all expenditures and revenues.

## ANNUAL FINANCIAL AUDIT

The audit by an independent third party auditor will comply with the schedule of statues required by the Arkansas Department of Education to be addressed in the independent auditor's report on compliance.

## BUDGET

1. The school budget process will ensure that the estimated funds needed to operate the school's educational and support programs for the coming year are allocated accordingly and within compliance with state rules. The budget development begins with solidifying revenue based on the anticipated student enrollment and will include any additional donations, federal and state funds. Prior to May, the CEO/Superintendent presents the "Recommended Budget" at a regular business meeting and any additional adjustment will be made and will be approved in by May by the Board of Directors.
  - a. In September, if anticipated revenues are less than the Recommended Budget and budget shortfall occurs, reductions will be made to accommodate a lower enrollment. No funds, unrestricted or restricted, may be obligated or expended unless included in School Board's approved budget.
2. Business Manager will enter the adopted budget totals into eFinance to allow for monthly generation of budget vs. actual reports (Revenue Status Report and Expenditure Status Report) and assistance in coding expenditures.

## PROCUREMENT

1. The Superintendent may authorize expenditures and may sign related contracts within the approved budget. The Board of Directors must also approve vendor contracts over \$25,000 and any contract extending past the end of the fiscal year.
2. The Superintendent will work with the Business Manager to develop a board approved monthly recurring bill list which will consist of payments for contracted services, monthly utilities and related services, debt payments and other items as approved.
3. Determine if the price is competitive and prudent. The school will request bids [if applicable by state law] or quotations verbally on transactions not expected to exceed \$5,000, and in writing for transactions between \$5,000 and \$10,000. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school. No individual may make purchases on behalf of the school without a Purchase Order executed by the Superintendent.



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4. Authorized purchases will be reimbursed by check during the next open accounts payable cycle upon receipt of appropriate documentation of the purchase.
5. The Superintendent and or Principal may authorize an individual to use a school purchase card or online payments to make an authorized purchase on behalf of the school, consistent with guidelines provided by the Superintendent.

## CONTRACTS

1. Office staff will keep and maintain a contract file evidencing the competitive bids obtained. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.
2. Written agreements (contracts), signed by both parties will be maintained for all contractors (i.e. consultants, independent contractors, subcontractors) and will define the specific services, goods, and timeline for delivery of services.
3. Potential conflicts of interest will be disclosed upfront, and the Superintendent, Superintendent, Principal and/or Member(s) of the Board of Directors with the conflict will excuse themselves from discussions and from voting on the contract.

## EXPENSES

### Expense Reports

1. Employees having a properly authorized Purchase Order will be reimbursed for authorized expenditures during the next open accounts payable cycle immediately following the presentation of appropriate documentation.

### Travel

1. Employees having a properly authorized Purchase Order will be reimbursed for mileage. Mileage will be reimbursed at a rate determined by the Superintendent as established by July 1st of the school year for the distance traveled, less the distance from the employee's residence to the school site for each direction traveled. The established rate will not exceed the IRS mileage reimbursement rate. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.

### Board of Directors Expenses

1. The Board will provide the Superintendent with a board approved expense report and receipts for expenses related estimating to carrying out the duties of the school board. The Superintendent will approve and sign the expense report, and submit it to the Business Manager for payment during the next open accounts payable cycle.

## CASH DISBURSEMENTS

### Accounts Payable

1. All invoices should be matched with its Purchase Order and any other applicable supporting documentation (order forms, packing lists, statements, etc.) and immediately forwarded to the Operations Manager after approval by the Superintendent.
2. Once approved by the Superintendent and Principal, they will initial and date the invoice(s) and verify that the appropriate budget line item(s) (budget codes) have been charged for the specified expenditures. All approved purchases will be batched into the eFinance and checks printed on the agreed payment date, if the Superintendent / Superintendent wants to hold certain checks from being paid, then that individual must document this request to Business Manager



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## Petty Cash

1. The school may maintain a petty cash fund with a balance of \$200, which will be maintained and secured by the Operations (school employee) and will maintain a log of all disbursements made from the petty cash fund and use a Petty Cash Voucher for all petty cash disbursements. No disbursements will be greater than \$100.
2. All petty cash will be kept in a locked petty cash box in a locked file cabinet or safe. Only the Operations (school employee) and Principal will have keys to the petty cash box and file cabinet or safe.
3. Any irregularities in the petty cash fund will be immediately reported in writing to the Superintendent and Principal.
4. The custodian of the petty cash fund will be responsible for any shortages. Excess funds will be receipted and deposited as miscellaneous revenue (19900). Shortages will be paid in cash by the fund custodian and added to the petty cash fund to balance it.

## Bank Reconciliation

1. Business Manager 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.
2. A Business Manager accountant not responsible for disbursements or payroll will review and approve the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
3. A Business Manager accountant will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the Superintendent.
4. The Business Manager will prepare a monthly summary report to be approved by the Superintendent and sent to ADE.

## CASH COLLECTIONS

### Cash Receipts

1. The Principal must approve all fundraising activities at the school and informs the School Operations Manager (school employee) and Business Manager. The School Operations (school employee) will establish and maintain a Fundraising Activity Log (Sponsor's name, grade/club/organization, start date, end date, and reason for the fundraiser).
2. For each fundraising or other event in which cash or checks will be collected, a Sponsor will be designated, who will be responsible for collecting all cash and checks for the purpose of the fundraising activity.
  - a. The School Operations (school employee) will assign a receipt book (three parts) to the Sponsor and log the receipt book out on the Receipt Book Log (to be provided by Business Manager).
  - b. The Sponsor will record each transaction in the receipt book at the time the transaction is made, with a copy of the receipt provided to the donor. The Sponsor will photocopy all checks collected and remit all funds to the office daily for depositing.
  - c. The cash, checks, receipt book, photocopies of the checks, and a Deposit Summary (provided by Business Manager with the assistance of the school) must be given to the Operations (school employee) by the end of each day (or next day if the events is after hours).
  - d. Both the Sponsor and the Operations (school employee) will count the funds and verify the amount of the funds listed on deposit summary agrees with the receipt book. The Operations (school employee) will immediately put the funds in a secure, locked location until deposited.
  - e. When the fundraising event is over, the sponsor will return the receipt book to the Operations (school employee) and it will be logged in to the Receipt Book Log.



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3. Cash/checks dropped off at the school office will be placed directly into a lock box by the persons dropping off the cash/checks.
  - a. All funds are inserted into the lock box in a sealed Envelope, provided by the school, complete with student name, purpose, and composition of payment.
  - b. The Operations (school employee) and one other staff member will verify the cash/check amounts, and sign off on the amounts received and make photocopies of all checks received. These funds will be receipted after being counted.
  - c. Lunch/Breakfast payments should also be placed in the lockbox and must be posted to food services platform for the food service fund.
4. The Operations Manager (school employee) will receipt all payments received through the mail.
5. At least weekly, the Operations Manager (school employee) will provide Business Manager with copies of all deposit summaries for posting. The deposit summaries should be sent to Business Manager with the weekly mailing of invoices.
6. All checks will be immediately endorsed with the school deposit stamp, containing the following information: **"For Deposit Only; School Name, Bank Name; Bank Account Number."**
7. All deposits will be prepared in duplicate and the first and last receipt numbers will be written on the deposit ticket and the Deposit Summary. The deposit date and amount will also be written on the last receipt in the receipt book for the deposit range.
8. The Operations (school employee) deposits funds daily or when cash/checks on hand exceed \$50.
9. All or any part of the Cash Receipt function may be managed electronically through a system agreed upon by the Superintendent and the Business Manager.

### **Returned Check Policy**

1. A returned-check processing fee will be charged for checks returned to the school for any reason. Unless otherwise pre-approved by the Principal, all payments for returned checks and the processing fees must be made by money order, certified check, or cash. The Principal will notify school staff when this fee is not to be collected.
2. In the event that a second returned check is received from any individual in the same semester, in addition to the processing fee, the individual will lose check-writing privileges. Payment for the returned check, the processing fee and any subsequent payment(s) by that individual must be made by cash, money order or certified check. The Principal and Operations (school employee) will maintain a list of individuals that have had their check writing privileges suspended.
3. The Operations (school employee) will receipt the amount of the processing fee (new revenue). The returned check **MUST** be re-deposited on a separate deposit ticket marked as **"REDEPOSIT"** and Business Manager **MUST** be informed as to how the returned check was originally deposited, so that the correct entries can be made in **EFINANCE**.
4. In the case of a returned check not being redeemed by the parents, 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 Superintendent / Principal and/or Board of Directors.
5. If unsuccessful in collecting funds owed, the school may initiate appropriate collection and/or legal action at the discretion of the Superintendent and/or Board of Directors.
6. Parents that do not make settlements by the end of each semester will not have their checks accepted (check writing privileges suspended) the following semesters until the settlement has been made.



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## PAYROLL

### Payroll Processing

1. For hourly (non-exempt) employees, employees must sign into the specified time management system to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The Principal will approve these timesheets. No overtime hours should be listed on timesheets without the supervisor's initials next to the day on which overtime was worked.
  - a. Advanced approval in writing by the authorized supervisor is required for overtime. The supervisor **MUST** have approval from the Superintendent before approving overtime for any employee.
  - b. Overtime only applies to Non-Exempt employees and is defined as hours worked in excess of forty (40) hours within a defined work week. 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. Overtime will not be granted on a routine basis and is only reserved for extraordinary or unforeseen circumstances. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Superintendent and Principal for further guidance.
  - c. The employee and the appropriate supervisor will sign the completed timesheet.
  - d. The completed timesheets will be submitted to Business Manager on the last working day of the designated payroll period.
  - e. Incomplete timesheets will be returned to the signatory supervisor and **late timesheets will be held until the next pay period**. No employee will be paid until a correctly completed timesheet is submitted.
2. For salaried employees, employees must sign in to the specified time management system to verify working days for accuracy. The Operations Manager will provide the designated school employee with any payroll-related information such as accessing paid time off.
3. The Operations Manager will verify that the substitute initials the log next to the name before leaving for the day. This form will be verified and signed by the appropriate supervisor and submitted to Business Manager.
4. The Superintendent and the Principal will notify Business Manager of all authorizations for approved stipends. Stipends should be an attachment to the school's salary schedule.
5. Business Manager will prepare and process payroll based on payroll data submitted in a timely manner by school personnel.
6. The Superintendent will approve all payrolls by signing and dating the EFINANCE pre-calc report. Once the Superintendent approves the pre-calc report no payroll will be voided if it can be determined that the correction(s) can be made during the next payroll cycle. Business Manager will correct the payroll if a correction cannot be made during the next payroll cycle.
7. All or any part of the Payroll function may be managed electronically through a system agreed upon by the Superintendent and the Business Manager.

### Payroll Taxes and Filings

1. Business Manager will prepare all necessary payroll liability reports and will submit payments to proper agencies.
2. Business Manager will prepare the state and federal quarterly and annual payroll tax forms and submit the forms to the respective agencies.

### Record Keeping

1. The designated school employee will maintain written records of all full-time employees' use of Paid Time Off (PTO, which includes sick leave), vacation pay and any other unpaid time (absences).



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- a. The designated school employee will immediately notify the Principal if an employee exceeds their PTO or vacation time or has any other unpaid absences. The Principal and Business Manager will be responsible for maintaining these records.
- b. Records will be reconciled when requested by the employee. Each employee must maintain personal contemporaneous records

## FINANCE

### Financial Reporting

1. Business Manager will prepare and submit all FMS cycle reports as required by ADE.
2. Business Manager will provide the Superintendent, Superintendent and/or Board of Directors with any eFinance financial reports as requested and those required by ADE.
3. Business Manager will assist the school's external auditors with its annual audit of the school's financial records.

### Loans

1. The Superintendent and the Board of Directors will approve all loans from third parties. In the case of long-term loans (any loan extending beyond the end of the current fiscal year), lease purchase agreements, or installment contracts, approval may also be required from the Arkansas Department of Education in accordance with the terms of the charter petition/state laws and/or other lenders in accordance with loan documents.
2. Once approved, a promissory note will be prepared and signed by the Superintendent and Board of Directors before funds are borrowed. All loan documents will be filed in the business office and with Business Manager
3. Employee loans are not allowed.

### Financial Institutions

1. The Board of Directors and Superintendent will have the sole authority to open and close bank accounts.
2. All funds will be FDIC insured and collateralized as required by Ark. Code Ann. (A.C.A.).
3. The Board of Directors will require funds to be collateralized by the bank when the balance exceeds the amount of FDIC insurance coverage.
4. All funds will be maintained or invested in high quality, short maturity, and liquid funds.
5. Physical evidence will be maintained on-site for all financial institution transactions.

### Retention of Records

1. Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of five (5) years. At the discretion of the Board of Directors and/or the Superintendent, certain documentation may be maintained for a longer period of time.
2. Financial records should be shredded (destroyed) at the end of their retention period.
3. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, should be regularly prepared and stored in a secure off-site location, separate from the school.

## RISK MANAGEMENT

### Funds Balance Reserve

1. A funds balance reserve of at least 5% of the total unrestricted General Funds revenues is strongly recommended.





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2. Business Manager will provide the Superintendent, Superintendent and Principal with balance sheets on a monthly basis. It is the responsibility of the Superintendent, Principal and the Governance Board to understand the school's cash situation. It is the responsibility of the Superintendent and Principal to prioritize payments as needed. The Superintendent, Superintendent and Principal have responsibility for all operations and activities related to financial management of the school.

### **Insurance**

1. The Superintendent and Principal should ensure that appropriate insurance is maintained at all times with a high-quality insurance agency.
2. The Operations Manager and Business Manager will maintain the files of insurance policies, including an up-to-date copy of all certificates of insurance, insurance policies and procedures, and related claim forms.
3. The Superintendent 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 School Leaders' and officers' coverage. Supplementary coverage will cover the after-hours and weekend activities. Coverage will be in line with the limits listed in the school's approved charter petition and or other requirements placed on the school.

### **Parking Lot Liability**

1. Parking lot related incidences are not covered under any insurance policy. The school assumes no liability for damage to cars:
  - a. Parked in the parking lot during school hours
  - b. Parked in the parking lot after school hours
2. The only exception to this policy will be when a student is observed by an adult accidentally causing damage to a vehicle while engaged in a school activity, such as physical education equipment breaking a window (e.g. a ball)
3. Otherwise, liability is as follows:
  - a. If a student willfully causes damage (i.e. not an accident as described above), the student's parent or guardian is responsible.
  - b. If a parent or other visitor causes damage, that individual is responsible.
  - c. If an employee causes damage, the employee is responsible.
  - d. If an unknown person causes damage and there is no witness, the affected individual would determine if they have applicable coverage through his/her individual insurance policies.

## **AMENDING THIS MANUAL**

The Superintendent, Superintendent and Business Manager will review this manual annually during the month of May of each school year and amend the manual as agreed upon by all parties. No amendments will be made to this manual at any time unless the Superintendent and Business Manager all agree to review and amend the manual and the Board of Directors consents to amending the manual.