



Fiscal Policies and Procedures Policy #307

UPCS

TABLE OF CONTENTS

Cover Page.....	i
Table of Contents.....	ii
Overview.....	1
Annual Financial Audit	1
Purchasing.....	2
Petty Cash.....	3
Contracts.....	3
Accounts Payable.....	5
Bank Check Authorization	5
Bank Checks.....	6
Bank Reconciliation	6
Accounts Receivable.....	8
Cash Receipts (Cash and Checks)	8
Volunteer Expenses	9
Returned Check Policy	9
Personnel.....	10
Payroll.....	11
Timesheets.....	11
Overtime	11
Payroll Processing	11
Payroll Taxes and Filings	12
Record Keeping	12
Expenses	13
Expense Reports	13
Travel.....	13
Governing Board Expenses	14
Telephone Usage	14
Finance.....	15
Financial Reporting	15
Loans	15
Financial Institutions	15
Retention of Records	15
Reserves /Insurance/Liabilities/Assets.....	17
Funds Balance Reserve.....	17
Insurance.....	17
Asset Inventory	18
Parking Lot Liability	18
Investments	19

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

OVERVIEW

The Governing Board of UPCS has reviewed and adopted the following policies and procedures to ensure the most effective use of the funds of UPCS to support the mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Governing Board formulates financial policies and procedures, delegate's administration of the policies and procedures to the Executive Director or designee and reviews operations and activities on a regular basis.
2. The Executive Director or designee has responsibility for all operations and activities related to financial management.
3. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
4. All administrative employees are required to take annual vacations of at least five (5) consecutive days.
5. All documentation related to financial matters will be completed by computer, word processor, typewriter, or ink.
6. The Governing Board will commission an annual financial audit by an independent third party auditor who will report directly to them. The Governing Board will approve the final audit report, and a copy will be provided to the charter-granting agency. Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Governing Board and the charter-granting agency.
7. The Governance Council can appoint someone else to perform the Executive Director or designee's responsibilities in the case of absence.

Annual Financial Audit

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

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

PURCHASING

1. The Executive Director or designee may authorize expenditures and may sign related contracts within the approved budget. The Governing Board must review all expenditures. This will be done via approval of a check register which lists all checks written during a set period of time and includes check #, payee, date, and amount. The Governing Board must also approve contracts over \$5,000.
2. The Executive Director or designee must approve all purchases. Purchase requisitions, authorizing the purchase of items greater than \$500 (format to be provided by ExED), must be signed by the Executive Director or designee and submitted to ExED with the related invoice.
3. When approving purchases, the Executive Director or designee must:
 - a. Determine if the expenditure is budgeted
 - b. Determine if funds are currently available for expenditures (i.e. cash flow)
 - c. Determine if the expenditure is allowable under the appropriate revenue source
 - d. Determine if the expenditure is appropriate and consistent with the vision, approved charter, school policies and procedures, and any related laws or applicable regulations
 - e. Determine if the price is competitive and prudent. All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services
4. Any individual making an authorized purchase on behalf of the school must provide ExED with appropriate documentation of the purchase.
5. Individuals other than those specified above are not authorized to make purchases without pre-approval.
6. Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be promptly reimbursed by a bank check upon receipt of appropriate documentation of the purchase.
7. The Executive Director or designee may authorize an individual to use a school credit card to make an authorized purchase on behalf of the school, consistent with guidelines provided by the Executive Director or designee and/or Governing Board.
 - a. The school card will be kept under locked supervision in the Executive Director or designee's office, and authorized individuals must sign the credit card out and must return the credit card and related documentation of all purchases within 24 hours of the purchases, unless otherwise authorized by the Executive Director or designee.
 - b. If receipts are not available or are "missing", the individual making the charge will be held responsible for payment.
 - c. Credit cards will bear the names of both UPCS and the Executive Director or designee.
 - d. Credit cards will be board approved.
 - e. Debit cards are not allowed.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

Petty Cash

1. The Office Manager will manage the petty cash fund.
2. The petty cash fund will be capped at \$400.
3. All petty cash will be kept in a locked petty cash box in a locked drawer or file cabinet. Only the Office Manager and Executive Director or designee will have keys to the petty cash box and drawer or file cabinet.
4. All disbursements will require a completed and signed petty cash slip. A register receipt for all purchases must be attached to the petty cash slip.
5. ExED 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 \$400. 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 within 48 hours of withdrawing the petty cash.
7. When expenditures total \$300 (when cash balance is reduced to \$100), the Office Manager will total the disbursements, complete a petty cash reimbursement form, and obtain the approval of the Executive Director or designee. This should be done on at least a quarterly basis. The petty cash slips and supporting receipts will be attached to the reimbursement request form and forwarded to ExED.
8. Petty cash fund reimbursement checks will be made payable to the Executive Director or designee.
9. Any irregularities in the petty cash fund will be immediately reported in writing to the Executive Director or designee.
10. Loans will not be made from the petty cash fund.
11. ExED will conduct surprise counts of the petty cash fund.

Contracts

1. Consideration will be made of in-house capabilities to accomplish services before contracting for them.
2. Office staff will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$5,000.
 - a. Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interests of the school.
3. Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).
 - a. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Executive Director or designee may also require that contract service providers list the school as an additional insured.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

4. If the contract service provider is a sole proprietor or a partnership (including LP, and LLP), the office manager will obtain a W-9 from the contract service provider prior to submitting any requests for payments to ExED.
5. The Executive Director or designee will approve proposed contracts and modifications in writing.
6. Contract service providers will be paid in accordance with approved contracts as work is performed.
7. The Executive Director or designee will be responsible for ensuring the terms of the contracts are fulfilled.
8. Potential conflicts of interest will be disclosed upfront, and the Executive Director or designee and/or Member(s) of the Governance Council with the conflict will excuse themselves from discussions and from voting on the contract.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

ACCOUNTS PAYABLE

Bank Check Authorization

1. All original invoices will immediately be forwarded to the Executive Director or designee for approval.
2. The Executive Director or designee will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received. When receiving tangible goods from a vendor, the person designated to receive deliveries should trace the merchandise to the packing list and note any items that were not in the shipment. The packing list should be submitted to ExED with the invoice. ExED will adjust the invoice for any missing items noted on the packing list before processing for payment.
3. Once an invoice is approved by the Executive Director or designee for payment, the ExED Accounting Analyst will submit the invoice to Nvoicepay for payment. The ExED AM or VP will review the payments submitted to Nvoicepay and will approve or reject each vendor payment. After ExED has approved a vendor payment, Nvoicepay will electronically withdraw funds from the organization's bank account and transfer the funds to a Nvoicepay trust account. Each vendor payment will be a separate bank withdrawal and a separate line on the bank statement. Nvoicepay will then issue payments to the organization's vendor. The payments are disbursed from Nvoicepay's trust account via one of three payment methods: Check, ACH, or payment card. The payments will include a Reference ID that ExED will record as the transaction number in ExED's accounting system. The Reference ID will not be in sequence as it is based on Nvoicepay's numbering system.

Nvoicepay will save an electronic check copy for any paper checks issued and Nvoicepay will save vendor remittances for any ACH or payment card payments issued.

Nvoicepay will stale date payments after 60 days. When this situation happens, Nvoicepay will void the payment and credit the funds back to the organization's bank account. ExED may also direct Nvoicepay to reissue a payment prior to the 60-day deadline. In this case, Nvoicepay will void the original payment and issue a new payment. The new payment will be recorded as a payment modification and will be linked to the original payment in Nvoicepay. The new payment will have a new Reference ID for tracking purposes, however, the new Reference ID will not be updated in ExED's accounting system where the original Reference ID is recorded as the new transaction is only impacting Nvoicepay's account. aware of invoice due dates to avoid late payments). ExED will then process the invoices with sufficient supporting documentation.
4. The Executive Director or designee may authorize ExED to pay recurring expenses (e.g. utilities) without the Executive Director or designee's formal approval (signature) on the invoice when dollar amounts fall within a predetermined range. A list of the vendors and

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

the dollar range for each vendor must be provided to ExED in writing and updated on an annual basis.

5.

Bank Checks

1. The Governance Council will approve, in advance, the list of authorized signers on the school account. The Executive Director or designee, by the Vice President, Finance and Accounting at ExED assigned to the school, and any other employee authorized by the Governance Council may sign bank checks within established limitations.
2. The Governance Council will be authorized to open and close bank accounts.
3. ExED and the Executive Director or designee will be responsible for all blank checks and will keep them under lock and key.
4. When there is a need to generate a bank check, the Executive Director or designee will send appropriate approved documentation to ExED.
5. Once approved by the Executive Director or designee, ExED types/writes the check based on the check authorization prior to obtaining the appropriate signature(s).
6. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
7. ExED will record the check transaction(s) into the appropriate checkbook and in the general ledger.
8. ExED will distribute the checks and vouchers as follows:
 - a. Original – mailed or delivered to payee
 - b. Duplicate or voucher – attached to the invoice and filed by vendor name by an ExED accountant.
 - c. Cancelled Checks – filed numerically with bank statements by an ExED accountant.
 - d. Voided checks will have the signature line cut out and will have VOID written in ink. The original check will be attached to the duplicate and forwarded to ExED who will attach any other related documentation as appropriate.

Bank Reconciliation

1. Bank statements will be received directly, unopened, by the Vice President, Finance and Accounting at ExED assigned to the school.
2. ExED 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.
3. An ExED accountant will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. The ExED 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

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

the Vice President, Finance and Accounting at ExED assigned to the school and the Executive Executive Director or designee.

5. The ExED accountant will prepare a monthly summary report to be approved by the Vice President, Finance and Accounting at ExED assigned to the school.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

ACCOUNTS RECEIVABLE

1. Documentation will be maintained for accounts receivable and forwarded to ExED.
2. Accounts receivable will be recorded by ExED 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 Volunteer 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 Volunteer Coordinator 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 school Office Manager by the end of the next school day, who will immediately put the funds in a secure, locked location.
 - c. Both the Volunteer Coordinator and the Office Manager will count the deposit and verify the amount of the funds in writing.
2. Cash/checks dropped off at the school office will be placed directly into a lock box by the person dropping off the cash/checks.
 - a. All funds are deposited into the lock box in a sealed envelope, along with any notes, forms, or other descriptions of how the funds are to be used.
 - b. The Office Manager and one other staff member will jointly open the lock box to verify the cash/check amounts, and sign off on the amounts received.
 - c. The lock box will be emptied at least two times per week, corresponding to days when deposits are made.
3. Mail received at the school must be opened in the presence of at least two office staff members.
 - a. For any cash or checks received in the mail, the Office Manager will prepare a deposit packet itemizing the amount, source, and purpose of each payment, with a designated office staff member counting the funds and verifying this in writing.
4. Twice a week, the Office Manager will log cash or checks received into the Cash Receipts Log. The Cash Receipt logs should be sent to ExED with the weekly mailing of invoices.
5. All checks will be immediately endorsed with the school deposit stamp, containing the following information: "For Deposit Only; UPCS; Bank Name; Bank Account Number, Date Received by the School."
6. A deposit slip will be completed by the Office Manager and initialed by the Executive Director or designee 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.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

7. Deposits totaling greater than \$2,000 will be deposited within 24 hours by the designated school employee. Deposits totaling less than \$2,000 will be made weekly by the designated school employee. All cash will be immediately put into a lock box.
8. The duplicate deposit slip and deposit receipt will be attached to the deposit documentation and forwarded to ExED to be filed and recorded weekly.

Volunteer Expenses

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

Returned Check Policy

1. A returned-check processing fee will be charged for checks returned as non-sufficient funds (NSF). Unless otherwise pre-approved by ExED or the Executive Director or designee, 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 for any individual, in addition to the processing fee, the individual will lose check-writing privileges. 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 or designee and/or Governing Board.
4. If unsuccessful in collecting funds owed, the school may initiate appropriate collection and/or legal action at the discretion of the Executive Director or designee and/or Governing Board.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

PERSONNEL

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

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

PAYROLL

Timesheets

1. All classified 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 ExED on the last working day of the designated payroll period.
3. 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.
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. Advanced approval in writing by the authorized supervisor is required for compensatory time and overtime.
2. Overtime only applies to classified employees and is defined as hour's works in excess of 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. No overtime will be paid without the approval of the employee's supervisor. 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 Executive Director or designee for further guidance.

Payroll Processing

1. For hourly employees, employees must sign timesheets to verify appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. The Executive Director or designee 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. The signatory supervisor will submit a summary report of timesheets to ExED who will verify the calculations for.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

2. For salaried employees, employees must sign into a log book to verify working days for accuracy. The Office Manager will provide the designated school employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time.
3. For substitute teachers, the Office Clerk will maintain a log of teacher absences and the respective substitutes that work for them. The Office Clerk will verify that the substitutes initial the log next to their names before they leave for the day and that teachers, upon returning back to work, initial next to their names. This form will be verified and signed by the appropriate supervisor and submitted to ExED.
4. The Executive Director or designee will notify ExED of all authorizations for approved stipends.
5. ExED will prepare the payroll worksheet based on the summary report from the designated school employee.
6. The payroll checks (if applicable) will be delivered to the school. The Executive Director or designee will document receipt of the paychecks and review the payroll checks prior to distribution.

Payroll Taxes and Filings

1. ExED will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries.
2. ExED will review the state and federal quarterly and annual payroll tax forms prepared by Paychex, ExED will maintain the forms on record, and Paychex will 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 sick leave, vacation pay, and any other unpaid time.
 - a. The designated school employee will immediately notify the Executive Director or designee if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences.
 - b. Records will be reconciled when requested by the employee. Each employee must maintain personal contemporaneous records.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

EXPENSES

Expense Reports

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

Travel

1. Employees will be reimbursed for mileage when pre-approved by an administrator. Mileage will be reimbursed at the government-mandated rate for the distance traveled, less the distance from the employee's residence to the school site for each direction traveled. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.
2. The Executive Director or designee must pre-approve all out of town travel.
3. Employees will be reimbursed for overnight stays at hotels/motels when pre-approved by an administrator and the event is more than 50 miles from either the employee's residence or the school site. Hotel rates should be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available. Employees will be reimbursed at the established per diem rate for any breakfast, lunch, or dinner that is not included as part of the related event.
4. Travel advances require written approval from the Executive Director or designee.
5. Travel advances require receipts for all advanced funds.
6. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Executive Director or designee for approval and then on to ExED for processing.
7. If the advance exceeds the amount of the receipts, the employee will pay the difference immediately in the form of a check.
8. 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.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

Governing Board Expenses

1. The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report.
2. The Executive Director or designee will approve and sign the expense report, and submit it to the ExED for payment.

Telephone Usage

1. Employees will not make personal long distance calls on the telephones without prior approval from a supervisor.
2. Employees will reimburse the school for all personal telephone calls.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

FINANCE

Financial Reporting

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

Loans

1. The Executive Director or designee 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 or designee before funds are borrowed.
3. Employee loans are not allowed.

Financial Institutions

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

Retention of Records

1. Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of seven (7) years. At the discretion of the Governing Board or Executive Director or designee, certain documentation may be maintained for a longer period of time.
2. ExED will retain records at their site for a minimum of two (2) years; after which, the remaining five years will be the responsibility of the School.
3. Financial records will be shredded at the end of their retention period.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

4. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the school.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

RESERVES /INSURANCE/LIABILITIES/ASSETS

Funds Balance Reserve

1. A funds balance reserve of at least 5% of the total unrestricted General Funds revenues will be maintained.
2. ExED will provide the Executive Director or designee with balance sheets on a monthly basis. It is the responsibility of the Executive Director or designee and the Governance Board to understand the school's cash situation. It is the responsibility of the Executive Director or designee to prioritize payments as needed. The Executive Director or designee has responsibility for all operations and activities related to financial management.

Insurance

1. ExED will work with the Executive Director or designee to ensure that appropriate insurance is maintained at all times with a high quality insurance agency.
2. The Executive Director or designee and ExED 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 Executive Director or designee and ExED 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 Executive Director or designees' 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.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

Asset Inventory

1. An asset is defined as all items, purchased or donated, with a value of \$1,000 or more and with a useful life of more than one year.
2. ExED will file all receipts for purchased asset.
3. ExED 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. ExED will take a physical inventory of all assets at least 90 days before the end of each fiscal year, indicating the condition and location of the asset.
5. The Executive Director or designee will immediately be notified of all cases of theft, loss, damage or destruction of assets.
6. The Executive Director or designee will submit to ExED written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.

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.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

INVESTMENTS

A. Internal Control

Internal control will be established and documented in writing. The controls will be designed to prevent loss of funds arising from fraud, employee error, misrepresentation by third parties, and imprudent actions by employees and board members.

Controls deemed most important include:

1. Separation of duties.
2. Limit the number of external investment advisors.
3. Separation of transaction authority from accounting and recordkeeping responsibility.
4. Custodial safekeeping.
5. Clear delegation of authority.
6. Specific limitations regarding securities loss and remedial action.
7. Fund transfers authorization.
8. Document transactions, fund transfers and portfolio strategies.
9. Maintain a code of ethics standard. Fiscal Policy by #307

The school's investment procedures will establish and maintain an internal control structure designed to ensure the assets managed under the scope of this policy are protected from loss, theft, or misuse. The internal control structure will provide reasonable assurance these objectives are met.

B. Ethics and Conflicts of Interest

The school promotes a culture of honesty and ethical behavior. Board Members and employees responsible for investing funds will refrain from personal business activity that conflicts with their ability to make impartial investment decisions.

C. Mission

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

The mission of the school's investment fund is to support University Preparation School at CSU Channel Islands through a total return investment strategy and a spending policy set to, at a minimum, maintain, and/or ideally increase, the purchasing power of the school, without putting the principal value of these funds at imprudent risk.

D. Fund Management

The School will retain a registered investment manager, financial advisor or broker to manage the investments of the fund. The appointment must be approved by the Board of Directors. An annual review of the portfolio will be presented to the Investment Committee or Board of Directors. The investment manager will report directly to the Executive Director.

E. Program/Operational Funding

All withdrawals of invested funds requires specific approval by the Board of Directors. The level of funding provided by invested funds, over time, will be a function of:

1. Available invested assets
2. Successful investment portfolio performance
3. Conservative utilization of investments funds.
4. Successful fundraising efforts for program operations
5. Specific designation by the donor
6. In order to assist in managing cash flow for the organization

F. Safety

The school will safeguard its invested funds by predominantly using insured investments and by limiting risk associated with credit and interest rates. Risks are mitigated through diversification of the portfolio and monitoring of investments, depositories, and security dealers.

G. Liquidity

The School's investment portfolio will be structured to grow the fund and to meet specific needs of the school as approved by the Board of Directors.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

H. Return

The objective of endowment investment performance is to earn a total minimum rate of return over a market cycle which approximates the return on a market index of Treasury and Federal Agency securities of commensurate risk and duration. Investment goals and performance are to be computed net of investment management fees.

I. Maturity

The average maturity of the investment portfolio will not exceed three years, and no investment will have a maturity of more than five years from its date of purchase.

J. Distributions

Distributions from the fund must have board approval.

K. Asset Allocation Strategy

The general policy shall be to diversify investments so as to provide a balance that will enhance total return, while safeguarding principal and avoiding undue risk concentration in any single asset class or investment category. The investment manager's investment strategy must be approved by the Board of Directors.

L. Asset Class Definitions

Equity holdings shall be readily marketable securities traded on the major stock exchanges.

Fixed income investments shall be readily marketable securities, including debt instruments of the U.S. Government and its agencies, corporations, and foreign denominated securities.

Cash Equivalents shall be money market funds and certificates of deposit.

Alternative Investments and other shall be defined as instruments such as hedge funds, private equity or real estate.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

M. Authorized Investments

The Charter School may invest funds through banks, savings and loans, authorized investment advisers, and broker/dealers. Authorized investments are:

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, not to exceed 100% of the total portfolio.
2. Insured demand deposits, as defined by Section 5102 of the Financial Code, in national or state-chartered banks or state or federal associations, not to exceed 100% of the total portfolio.
3. Certificates of deposit, as defined by Section 5102 of the Financial Code, issued by a national or state-chartered bank or a state or federal association, within FDIC coverage, maturing in two years or less, the total of which will not exceed 100% of the total portfolio.
4. Federal agency or United States government sponsored total issues will not exceed 10%, of the total portfolio. Purchases are limited to the following senior issues:
 - a. Federal National Mortgage Association (Fannie Mae).
 - b. Government National Mortgage Association (Ginnie Mae).
 - c. Federal Home Loan Mortgage Corporation (Freddie Mac).
 - d. Federal Home Loan Bank (FHLB).
5. Money market funds in a national or state – chartered bank rated A-AAA by two nationally recognized rating organizations. The total investment in money market funds will not exceed 100% of the total portfolio.
6. Equities and equity funds debt which are rated buy or hold equivalent by three independent equity services, not to exceed 5% of the total portfolio.

Corporate debt with a minimum rating of AAA not to exceed 5% of the total portfolio. These percentages will be reviewed by the Board annually to best meet the needs of the school.

Maximum	
1. US Debt	100%
2. Insured Demand Deposits	100%

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

3. CDs	100%
4. Fed/Gov't Sponsored Issues*	10%
5. Money Markets	100%
6. Equities & Equity Funds and ETF's	5%
7. Corporate Debt, Bond Funds and ETF's	5%

*20% per issuer

N. Inherited/Donated Monetary Investments

Due to market conditions or other considerations inherited/donated monetary investments that do not comply with this policy or that may cause certain asset classes to go over their stated percentage of the total portfolio may be held for an appropriate time period, as approved by the Board of Directors.

O. Prohibited Investments and Activities

1. Investments not specifically identified by this policy without the prior approval of the Board of Directors.
2. Trading securities for the purpose of speculating or taking excessive risk of options, alternative investments (as defined above), commodities and futures.

P. Safekeeping of Securities and Certificates of Deposit (CD)

1. Securities. The school will contract with a bank or trust company for the safekeeping of securities. The third party custodian must provide written safekeeping documentation.
2. Certificates of Deposit. The school will hold its own CD in the name of University Preparation School at CSU Channel Islands.
3. Safety Deposit Box: The school will hold its savings bonds in a safety deposit box at a state chartered bank in Camarillo. The Executive Director and board approved signatories will have authorized access.

Q. Investment Transactions

1. Approved transaction requests must be faxed or emailed to the investment advisor and followed up with a verbal confirmation by the Executive Director or designee.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS

FISCAL CONTROL POLICIES AND PROCEDURES

2. A preformatted form will be used for all wire transfers.
3. Investments that significantly alter the makeup of the portfolio shall be approved by the board in advance.
4. The Executive Director has authority to handle general account maintenance on routine transactions including:
 1. Necessary distributions from Investment to general account
 2. Transfers of funds. These must be in the same investment class (substantially of the same nature as the original)
 3. Transactions must be subsequently ratified by the board.

R. Investment Services

All providers of investment services must be approved by the Board of Directors and must have an office in the State of California.

1. Investment Advisers. External investment advisers must be registered under the Investment Advisers Act of 1940.
2. Broker/Dealers. Broker/dealers must be an approved and regulated organization approved by FINRA (Financial Industry Regulatory Authority)

S. Notice of Policy

The school will include a copy of this investment policy when opening an account and annually provide a copy to all current investment advisers and broker/dealers. Receipt of the policy and confirmation that the policy has been reviewed by persons approved to advise the school, will be acknowledged in writing. Management Fees, expenses and administrative costs for the fund will be reasonable and within industry standards. These expenses may be paid directly from the fund under management.

T. Reporting

The Executive Director will present, at regularly scheduled board meetings an investment report, including a management summary of the status of the investment portfolio and all security transactions made during the past month. This report will be approved by the Board as a part of the monthly financial reports.

U. Annual Review

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18

UPCS
FISCAL CONTROL POLICIES AND PROCEDURES

This investment policy will be reviewed annually by the Investment Committee and/or the Board of Directors.

Adopted/Ratified: 2/28/05

Revision Date: 9/5/12, 3/23/18