

# SONOMA CHARTER SCHOOL

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### BUDGET POLICIES

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FISCAL POLICIES

A. Budget Development and Oversight Calendar and Responsibilities

The Sonoma Charter School will develop and monitor its budget in accord with the annual budget development and monitoring calendar as specified below.

*January – February*

- The Board works with the Director and Business Official to review Governor’s proposed state budget for the upcoming fiscal year, and identify the likely range of revenues for the school’s upcoming fiscal year (July 1-June 30).
- Develop rough planning budget for upcoming fiscal year, including projected enrollment and any proposed staffing changes.
- Develop three-year budget projection in accord with the school’s established strategic and growth plans.
- Ongoing monitoring and revision of current year budget.

*March – April*

- The Director and Business Official, working in conjunction with staff and Board members prepares a formal budget plan for upcoming fiscal year. The plan is reviewed by the Board.
- Ongoing monitoring and revision of current year budget.
- The Director and/or Business Official solicits bids for the annual audit and selects an auditor.

*May – June*

- Director and/or Business Official review revenue projections subsequent to the Governor’s annual “May Revise” budget figures, fine-tunes the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The proposed budget for the upcoming fiscal year is forwarded to the Board.
- The Board reviews and formally adopts a budget for upcoming fiscal year before June 15. A copy of the final budget is provided to the charter-granting agency.
- Ongoing monitoring and revision of current year budget.

### *July – August*

- Books for prior fiscal year are closed, all transactions are posted, and records assembled for audit.
- Budget is reviewed subsequent to the adoption of the state Budget Act and necessary adjustments are made. A copy of the revised final budget is provided to the charter-granting agency.
- Independent auditor performs audit of the just-closed fiscal year and prepares audit report for submission to the Audit Committee.

### *September – December*

- At the end of the first full week of school, the Director and Business Official review the Charter School's actual attendance figures and notifies the Board if actual attendance is below budget projections. If needed, the school's budget is again revised to match likely revenues.
- The Board reviews a copy of the audit. Director and Business Official address any audit exceptions or adverse findings. Audit report and any follow-up plans are submitted to charter-granting agency.
- The Director and Business Official reviews current year actual versus budgeted revenues and expenditures after the second and fifth months of the school year and reports to the Board. The Board approves any needed changes to the annual budget.
- Ongoing monitoring and revision of current year budget.

### B. Controls, Budget, and Fiscal Management

The Sonoma Charter School will maintain in effect the following principles in its ongoing fiscal management practices to ensure that, (1) expenditures are authorized by and in accord with amounts specified in the board-adopted budget, (2) the school's funds are managed and held in a manner that provides a high degree of protection of the school's assets, and (3) all transactions are recorded and documented in an appropriate manner.

### *Segregation of Duties*

The Sonoma Charter School will develop and maintain simple check request and purchase order forms to document the authorization of all non-payroll expenditures. All proposed expenditures must be approved by the Director or Business Official who will review the proposed expenditure to determine whether it is consistent with the Board-adopted budget and sign the check request form. All check requests and purchase orders over \$250 must be co-signed by the Director and

countersigned by another authorized signer to ensure separation of expenditure authorization and check signing functions.

All transactions will be posted in an electronic general ledger. The transactions will be posted on the ledger by someone at the School site or a contracted bookkeeper. To ensure segregation of recording and authorization, the bookkeeper may not co-sign check requests for purchase orders.

### ***Budget Transfers***

The Director or Business Official may transfer up to \$5,000 from one unrestricted budget item to another without board approval, but shall notify the Board of the transfer at the next regularly scheduled meeting.

### ***Banking Arrangements***

The Sonoma Charter School will maintain its accounts either in the County Treasury or at a federally insured commercial bank or credit union. Funds will be deposited in non-speculative accounts including federally-insured savings or checking accounts or invested in non-speculative federally-backed instruments or in the County's Pooled Money Investment Fund. If funds are held in accounts outside of the County Treasury, the Board must appoint and approve all individuals authorized to sign checks or warrants in accord with these policies and all checks over \$500 must be signed by two authorized signatories.

The School's bookkeeper will reconcile the school's ledger(s) with its bank accounts or accounts in the county treasury on a monthly basis and prepare (1) a balance sheet, (2) a comparison of budgeted to actual revenues and expenditures to date, and (3) a cash flow statement. The Director and Business Official will regularly review these statements. The School will deposit all funds received as soon as practical upon receipt. A petty cash fund, not to exceed \$100, may be established with an appropriate ledger to be reconciled twice monthly by the school site secretary, who shall not be authorized to expend petty cash.

All funds received shall be deposited or transferred into the school's accounts at the earliest possible convenience and in no event later than 48 hours after receipt.

### ***Purchasing Procedures***

All purchases over \$250 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. The Director or Business Official shall not approve purchase orders or check requests lacking such documentation. All purchases in excess of \$10,000 must be bid by a board-approved process, except in the case of emergencies that necessitate the purchase of emergency response supplies, equipment, or services.

### ***Record Keeping***

Transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by school staff in a secure location for at least three years, or as long as required by applicable law, whichever is longer. 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.

### ***Property Inventory***

The Director shall establish and maintain an inventory of all non-consumable goods and equipment worth over \$500. This inventory shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting the school's assets. This property will be inventoried on an annual basis and lists of any missing property shall be presented to the Board.

All non-consumable school property lent to students shall be returned to the school no later than 5 working days after end of the school year.

Any excess or surplus property owned by the school may be sold or auctioned by the Director or Business Official provided the Director engages in due diligence to maximize the value of the sale or auction to the school. The sale or auction of property owned by the school with a fair market value in excess of \$2000 shall be approved in advance by the Board.

### ***Payroll Services***

The Sonoma Charter School will contract with the County Office of Education or a reputable, bonded, and insured payroll contractor to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The Director will establish and oversee a system to prepare time and attendance reports and submit payroll check requests. The Director and Business Official will review payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability, and other withholdings have been deducted and forwarded to the appropriate authority. All staff expense reimbursements will be on checks separate from payroll checks.

Upon hiring of staff, a personnel file will be established with all appropriate payroll-related documentation including a federal I-9 form, tax withholding forms, retirement date, and an accounting of the use of sick leave.

### ***Attendance Accounting***

The Director will establish and maintain an appropriate attendance accounting system to record the number of days students are actually in attendance at the School and engaged in the activities required of them by the School. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with the Charter Schools Act and the applicable California Administrative Code sections defining Charter School Average Daily Attendance. Therefore:

- ADA will be computed by dividing the actual number of days of student attendance by the number of calendar days of instruction by the School.
- The School's instructional calendar will include at least 175 days of instruction to avoid the fiscal penalty for providing fewer than 175 days of instruction as provided by the Administrative Code regulation. The calendar must also document that the school offers an amount of annual minutes of instruction as required pursuant to applicable law.
- Independent study must be pre-arranged by the student's adult guardian and the School and that the adult guardian will be required to complete and submit documentation of engagement in instructional activity to the school on forms prepared by the school. As applicable, such study shall be in full compliance with law governing independent study.

### ***Annual Financial Audit***

The Board will annually appoint an audit committee by October 1. Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee. The committee shall annually contract for the services of an independent certified public accountant to perform an annual fiscal audit. The audit shall include, but not be limited to (1) an audit of the accuracy of school's financial statements, (2) an audit of the school's attendance accounting and revenue claims practices, and (3) an audit of the school's internal controls practices. If the school receives over \$300,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The Audit shall be completed, reviewed by the Board, and submitted to the charter-granting agency, the County Office of Education, the Office of the State Controller, and California Department of Education prior to December 15 of each year.

#### **C. Negotiating Funding Entitlements**

The Director and Business Official shall prepare a set of negotiating principles for Board approval prior to engaging in negotiations over funding entitlements with the charter granting agency and state. The Director and Business Official will take lead responsibility for negotiating all revenue arrangements with the charter granting agency and appropriate state education agency staff. These arrangements will be documented in appropriate and detailed Memoranda of Understanding for approval by the Board.

#### **D. Required Budget and Other Fiscal Reports**

The Director, working in conjunction with the Business Official and bookkeeper, will produce and submit to the charter granting agency any and all required fiscal reports as may be required by state or federal law, or mandated by the terms of the school's charter. These include, but are not limited to, attendance reports, enrollment and other data reports required by the California Basic Education Data System, and other related data.

E. Property and Liability Insurance

The Director shall ensure that the school retains appropriate property and liability insurance coverage. Property insurance shall be obtained and address business interruption and casualty needs, including flood, fire, earthquake, and other hazards with replacement cost coverage for all assets listed in the school's Property Inventory and consumables. Premises and Board errors and omissions liability insurance shall also be obtained and kept in force at all times on a "claims made" form with a self insured retention of no more than \$50,000 per occurrence and limit of no less than \$5 million per occurrence.

F. Board Compensation

Board members shall serve without compensation, but may be reimbursed for actual and necessary expenses. Expenses for travel necessary to attending board meetings and meetings of board committees need not be approved in advance by the board. All other expenses shall be approved in advance by the board. Travel expenses reimbursed shall not exceed levels that would be subject to federal or state income tax. All expenses reimbursed shall be documented by receipts and in no event may reimbursements exceed actual expenses.

G. Authority to Enter Into Contracts and Agreements

Except as otherwise provided in these policies, the Director and/or Business Official may enter into contracts and agreements not to exceed \$5000 without Board approval, provided funds sufficient for the contract or agreement are authorized and available within the school's board-adopted budget. Contracts and agreements in excess of \$5000 must be submitted for board approval and may be executed by the Director or other person specifically designated by the Board after the Board has duly approved the contract or agreement.

H. Fundraising, Grant Solicitation, and Donation Recognition

All fundraising or grant solicitation activities on behalf of the school must be approved in advance by the Director. The Director shall be informed of any conditions, restrictions, or compliance requirements associated with the receipt of such funds, including grants or categorical programs sponsored by the state or federal government. The Board shall be notified no later than the next regular board meeting of the award or receipt of any funds and shall approve the receipt of any grants, donations, or receipts of fundraising proceeds prior to their deposit in the school's accounts.

Adopted: 3/21/2022

Amended: