

**Paul Public Charter School
Policies and Procedures**

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1. Policy Statement:

It is the policy of Paul PCS to adhere to Generally Accepted Accounting Principle (GAAP) and, where applicable, the mandates of our contributors and grantors and the District of Columbia public law.

2. Background:

Paul Public Charter School is located in the upper northwest quadrant of Washington, DC at the intersection of Eighth and Oglethorpe Streets. It is the first traditional public school in the city to convert to public charter school status. Paul opened its doors as a public charter school in September 2000. The charter for the school was awarded to a non-profit corporation governed by the Board of Trustees of Paul Public Charter School. This Board has fiduciary responsibility for the school and is held accountable for its progress.

3. Overview:

This manual has been developed to serve as an administrative tool for the Paul Public Charter School (PAUL) employees to reference in matters pertaining to the school's banking practices, purchase of goods and services, maintenance of fixed assets, and meeting public and private grants requirements. The major objectives of establishing these guidelines are to:

- Strengthen internal controls through the proper segregation of duties.
- Establish clear and concise operational standards.
- Ensure efficient use of PAUL resources.
- Ensure the accurate and timely reporting of financial information.
- Ensure compliance with Federal guidelines related to grants awarded by both public and private sources
- Provide structure and guidance in reaching PAUL objectives and goals.

This manual is designed to be broad in scope as well as dynamic. These guidelines will be continually evaluated for their usefulness and updated as necessary.

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I. GENERAL OVERVIEW

A. Accounting Guidelines

Standards

It is PAUL's policy to adhere to Generally Accepted Accounting Principles (GAAP) and, where applicable, the mandates of our contributors and grantors and District of Columbia public law.

Segregation of Duties

In order to meet PAUL's control objectives, the PAUL leadership encourages segregation of duties. Accounting tasks should be categorized and handled by separate personnel for the following responsibilities: authorization, custody, recording, payment, and control. This manual assists in providing guidance on categorizing functions as they relate to banking, purchasing, receiving, accounts payable, fixed assets, and public and private grants.

B. Ethics

PAUL conducts business in a manner that meets the highest standards of ethics and fairness. The ability of our school to meet its goals depends, in part, on the relationships developed with various individuals and companies providing products and services to PAUL. It is imperative to maintain the integrity of mutually beneficial business relationships.

This statement provides guidance to employees involved in the acquisition of products and services, enhancing their good judgment in decisions about suppliers and resolving potential conflict of interest situations. The guidelines are written to be flexible, recognizing that not all situations are alike, while providing direction and rationale for difficult issues.

These policies are meant to strengthen business relationships between suppliers and buyers at PAUL, making it clear that gifts, favors, and entertainment are not conditions for doing business with PAUL. The guidelines should also help Paul employees avoid situations that might create misunderstandings. In any situation, feel free to seek advice from the CEO or the Director of Operations if you have any questions.

Business Meals

Occasionally, it may be necessary to conduct business during a meal. Such approval should be based on guidelines developed by the Director of Operations in concert with the CEO. Frequent meals with the same supplier are discouraged and PAUL should share in the meal expenses.

Gifts

Suppliers sometimes offer gifts as gestures of goodwill or for public relations purposes. The occasional acceptance of promotional or novelty items (for example, calendars, pens/pencils, T-shirts, mugs, hats, scratch pads) may be justified if refusal would cause undue embarrassment or strain on the business relationship.

Paul employees shall politely refuse the offer of gifts exceeding nominal value. Nominal value (under \$25) describes items of insignificant value, not perceived by the supplier, recipient, or others as posing an ethical dilemma. If you are concerned that a business relationship may be impaired by the refusal of such a gift, seek advice from the Director of Operations.

NOTE: Paul employees must never solicit gifts from suppliers.

1. Personal Relationships with Suppliers

If the possibility exists for the perception that a business office decision will be influenced by a personal or family relationship with a supplier, the Paul employee must excuse himself or herself from the selection/acquisition process.

2. Samples

During the selection of products and services, it may be necessary to request samples from a supplier. Samples may be requested for business purposes only. If you receive unsolicited samples, please refer to the guidelines for Gifts.

II. BANKING

A. Establishing a Bank Account

Policy

Paul Public Charter School requires that only the CEO, Director of Academics, and the Board Audit and Finance Committee Chair, or the Board Chair have the authority to open or close a bank account (i.e., two signatures are required to open/close bank accounts). Bank accounts are to be used solely for school business. Bank statements are to be mailed directly to the school addressed to Director of Operations.

Procedures

The CEO, Director of Academics, and Board Audit and Finance Committee Chair or Board Chair shall complete and sign the necessary banking documents to open and close bank accounts. A copy of the documents will be given to the Director of Operations for filing.

A separate non-interest bearing checking account must be established for use of Federal funds.

B. Check Preparation and Signature

Policy

The CEO, Board of Trustees Chair, the Board Audit and Finance Committee Chair, High School Principal, Middle School Principal, Director of Student Services are the only authorized signers of checks for PAUL. The CEO is the primary check signatory for all school bank accounts and the Director of Operations is the second signatory up to \$5,000. Any check over \$5,000 that is a reoccurring expense that is either supported by a contract or budget approved regular expenditure (i.e. utilities) require the CEO and an internal second signature from either the Director of Operations, or High School Principal, Middle School Principal, or Director of Student Services. All checks less than \$100,000 require two signatures. Payment approval over \$100,000 will be reviewed by the Business Office, Director of Operations, CEO, and Board Chair or Treasurer. The signing of blank or postdated checks is strictly prohibited. Checks must always be made payable to specified payees and NEVER cash or bearer.

C. Deposits, Withdrawals, and Transfer of Funds

Policy

PAUL's Board Audit and Finance Committee Chair, CEO, or Director of Operations, with CEO approval, are the only individuals authorized to withdraw and transfer cash among bank accounts. The CEO and the Director of Operations or designee are authorized to make bank deposits on behalf of the school.

Procedures

The Director of Operations will make recommendations for transfers or withdrawals to the CEO or Board Audit and Finance Committee Chair to support the operations of the school.

1. Transfers should take place in a timely manner in order to ensure that adequate funds are available for processing bank transactions.
2. Deposits should be made within one week following receipt of a check. Under no circumstances should checks be delayed or held for extended periods of time.

D. Custody of Checks

Policy

PAUL requires the Director of Operations to be the custodian of all blank check stocks. Blank check stocks will be kept in a secure place.

Procedures

Procedures for custodianship over blank checks include:

1. All checks must be pre-numbered and used in sequence.
2. All voided checks must be filed for safekeeping.
3. Blank checks will not be pre-signed or post dated.

Procedures

1. The Director of Operations will verify that checks prepared are for approved purchases of goods and services (see Section IV, Procurement).
2. The Director of Operations or designee will record all checks in the disbursement journal.
3. The Director of Operations or designee will forward checks for signature, along with supporting documentation (e.g., invoices), to the CEO, High School Principal, Middle School Principal, Director of Student Services, or the Board Audit and Finance Committee Chair. All checks over \$25K require two signatures.
4. The CEO/Board Audit and Finance Committee Chair reviews the supporting documentation for:
 - Vendor/Payee information.
 - Accuracy in calculation in the amount of payment.
 - Appropriateness of expenditure.
5. The CEO/Board Audit and Finance Committee Chair signs the checks and forwards them to the Director of Operations or designee for mailing.
6. The Director of Operations shall provide the CEO and Board Audit and Finance Committee Chair with a monthly check register for all bank accounts.

E. Bank Account Reconciliations

Policy

PAUL requires that the school's Director of Operations or designee prepare monthly bank reconciliations for each account. The reconciliations are then reviewed by the Board Audit and Finance Committee Chair.

Procedures

To reconcile bank accounts, the Director of Operations or designee must perform the following functions:

1. Obtain a copy of the bank statement for the account to be reconciled
2. Compare dates and amounts of deposits shown on the bank statement to the cash receipts journal
3. Examine bank transfers to determine that both sides of the transactions have been properly recorded in the books
4. Compare cleared checks listed on the bank statement to the disbursement journal as to number, date, payee, and amount
5. Account for the sequence of check numbers
6. Identify all outstanding checks and deposits in transit
7. Investigate any checks that have been outstanding for a period greater than three months
8. Apply all the balance of outstanding checks and deposits in transit to the bank statement balance to reconcile the account
9. The Director of Operations should sign and date the reconciliation report and forward completed bank reconciliation to the Board Audit and Finance Committee Chair for review and signature
10. The Board Audit and Finance Committee Chair will return the reconciliation to the Director of Operations for filing.
11. Discrepancies must be reported immediately to the CEO or Board Audit and Finance Committee Chair (or Director of Academics in the absence of the CEO).

F. Petty Cash

Policy

The CEO and the Director of Operations will have authority to establish a Petty Cash fund. Both the CEO and the Director of Operations must sign an authorization form. The original authorization should be maintained with the fund and a copy should be provided to the Director of Operations.

The Petty Cash fund is to be used to provide reimbursement or advance of funds for the purchase of minor office and building supplies. The Petty Cash fund amount for PAUL is \$1000. Petty Cash funds may be used for reimbursement for purchases of \$300 or less. Original receipts are required for all transactions. The Director of Operations or designee will serve as the custodian of the Petty Cash fund. The Petty Cash fund will be stored in a locked file cabinet. The Director of Operations and the CEO are the only individuals that will have keys to the cabinet. The petty cash fund will be maintained on an as needed basis.

Procedures

The procedures for receiving reimbursement through the Petty Cash fund include:

1. Provide an original receipt (reimbursement) or request (advance) to the Business Manager
2. Business Manager examines the receipt/request to determine if the request is allowable for reimbursement from the Petty Cash fund
3. Business Manager prepares a voucher, indicating the date, purpose, person and the amount of reimbursement/advance and requires the staff member to sign the voucher
4. The Business Manager will refund or advance the staff member as appropriate

The procedures for replenishing the Petty Cash fund include:

1. When the fund balance is \$300 or less, the Business Manager will submit a request for the replenishment of the Petty Cash fund, signed by the CEO, to the Director of Operations.
2. The Business Manager will provide a reconciliation, original receipts, and vouchers to support replenishment.
3. The Director of Operations or designee will prepare a check for signature by the CEO along with the supporting documentation for replenishment of the fund.
4. The CEO will review the support documentation for completeness.
5. The CEO will sign the check for replenishment of the fund and return it to the Director of Operations for cashing.

III. PAYROLL

A. Payroll

Policy

The Director of Operations or designee is responsible for preparing all payroll support documentation to be provided to the service provider.

Procedures

To prepare payroll documentation, the Payroll Manager or designee must:

1. Calculate payroll for all employees during the period.
2. Submit payroll data to the service provider for processing in accordance with deadlines established by the service provider.
3. The Payroll Manager will retain a copy of all payroll correspondence provided to the vendor.
4. The service provider will provide the Payroll Manager with payroll reports for each period.
5. The Director of Operations will sign off on the payroll data summary.

6. The Payroll Manager will file the original reports and distribute copies to the CEO.

7. The Director of Operations must ensure that the reports are reconciled.

IV. ACCOUNTS RECEIVABLE

Policy

The Accounts Payable Manager or designee is responsible for the processing of all invoices and credit memos.

Procedures

Invoices and credit memos for the school lunch program are prepared by the Business Manager and sent to USDA for reimbursement. The Business Manager reviews the invoices and enters them into the accounts receivable records.

The Business Manager enters each government grant or appropriation into the accounts receivable records as they are granted or approved.

Invoices and credit memos for the individual school lunches are prepared by the accounts receivable manager and sent to the parents. The Business Manager enters the invoices into the accounts receivable records.

V. CASH RECEIPTS

Policy

The Business Office Assistant or designee is responsible for processing all cash receipts.

Procedures

All incoming mail goes to the front office for opening. Any checks received are delivered to the Director of Operations.

Lunch money and cash from various collections is received by the Business Manager who prepares a written receipt for the person making the payment. All cash and copies of the written receipts are given to the Director of Operations.

Vending machine cash is collected by the Accounts Payable Manager and reviewed by the Director of Operations.

The Business Manager prepares all deposits. A representative from the bank picks up all deposits on Fridays at 9:00am and brings back the deposit copies from the previous week and takes the deposits to the bank. Copies of the deposit slips are then given to the accounts receivable manager.

The Business Manager enters payments into the general ledger and the accounts receivable records, if applicable.

All incoming wire transfers are identified as to source by the Director of Operations and entered into the accounting records by the Business Manager.

VI. PROCUREMENT

A. Requisitioning and Purchasing

Policy

All requests for purchases for goods and services must be approved in advance. The Director of Operations has the authority to purchase goods and services on behalf of PAUL in accordance with the approved budget. All purchases of goods and services in the amount of \$2,500 or less can be approved by the Department Director or Director of Operations. The Department Director and the Director of Operations must authorize purchases less than \$15,000. Purchases above \$15,000 must be approved by the Director of Operations and the CEO, and those above \$100,000 must also be approved by the Board Chair. The Chair or, in his/her absence, the Vice Chair has the authority to incur expenditures over \$25,000. Policies and procedures for purchases of \$25,000 and above are described in Section VI. B, Requests for Proposals, and must be approved by the Department Director, Director of Operations and CEO. (Provided the purchase fits within the approved budget. If it does not, Board Chair or Vice Chair approval is required as well. The thresholds above apply to contract signature as well as ordering.) It is the direct responsibility of the Director of Operations to ascertain and institute the necessary procedural safeguards and controls to prevent deliberate or inadvertent violation of Paul's procurement policy.

Employment Contracts:

The number and kind of employees to whom employment contracts may be offered must be consistent with the Board approved staffing plan and budget.

Procedures

To request goods or services:

1. Obtain a PAUL Purchase Requisition Form (see copy in Appendix) and complete:

- **Vendor** - Include vendor information as needed. Full name of vendor is sufficient for recurring vendors, but new vendors require address, phone number, and contact.
- **Deliver to** - Complete address for delivery/receipt of goods and services. The goods will be received and logged by the business manager or Office Assistant and then delivered directly to the staff making the request.
- **Desired Date of delivery** - Requested receipt date Item Number -Fill in item number provided in catalog.
- **Product Description** - Provide a detailed description of the desired items
- **Justification** - Describe in detail the uses to which items will be put in the context of the school's mission and priorities.
- **Quantity** - Provide number of item units being requested
- **Unit Cost** - Provide the price per unit
- **Total Cost** - Multiply the Quantity times the price per unit. Add shipping costs if known and applicable
- **Name and Signature** - Provide the name and signature of the person making the request

2. Submit the request to the appropriate Director (Curriculum, Training and Instruction for general school purchases, Student Services for counseling and special education purchases, and Administrative Operations for office purchases). The appropriate Director will:

- Review the requisition form for accuracy and completeness. If items are missing or incorrect, the Director will contact the individual requesting the item to obtain the correct/additional information
- Review the justification to ensure that the purchase meets program and school-wide mission and goals

- Initial to denote approval
- Submit it to the Accounts Payable Manager who will generate a purchase order

3. The Accounts Payable Manager shall forward the purchase order and request to the Director of Operations. The Director of Operations is responsible for ensuring that there are adequate funds in the budget to make the purchase and also ensuring that the line items are properly coded to the correct account and project (grant/endowment). The Director of Operations then initials the purchase order to denote approval and forwards the information to the CEO.

4. The CEO shall review the purchase order and requisition. The CEO or designee will:

- Review the items to ensure that they are allowable in accordance with the School's budget and consistent with the mission and priorities of the school.
- Sign the purchase order if the purchase is deemed allowable and consistent with the mission and priorities of the school.

5. If approved, the purchase order and requisition form are to be returned to the Accounts Payable Manager for processing.

6. The Accounts Payable Manager will then:

- contact the vendor to contract goods and services;
- return a copy of the purchase order requisition form to the person that originated the request and to the receiving clerk (Security Officer);
- send a copy of the Purchase Order to the vendor;
- retain a copy on file until the request has been completed to your satisfaction. If any questions/problems arise, this form may be valuable in resolving the situation;
and
- retain a copy for Accounts Payable processing.

B. Requests for Proposals

Policy

Under the District of Columbia Charter School legislation (section 31-2853.14 (c) (1)), except in the case of an emergency (as determined by the DC Public Charter School Authority), public charter schools wishing to enter a contractual agreement for goods and services in an amount equal to or greater than \$25,000, must publish a notice of a request for proposal in the District of Columbia Register and in newspapers of general circulation not less than 14 days prior to the award of the contract (see Appendix for District regulations).

Procedures

The following are a list of procedures for obtaining contracted services in an amount equal to or greater than \$25,000:

1. The CEO in consultation with the approval of the Board of Trustees, shall develop a Request for Proposals (RFP) specifying the scope of services required and the methods used to evaluate contract bids.
2. Notice of the RFP is forwarded to the District of Columbia Register and general newspapers to be published. A minimum of 14 days notice is required.

3. The CEO with the approval of the Board of Trustees submits to the DC Public Charter School Board, all bids received for contracted services, not later than 3 days after the date on which the award is "conditionally made". The information submitted must include the name of the contractor who is to be awarded the contract and the rationale for the award of the contract.
4. The DC Public Charter School Board will review the contract for compliance and give final approval on the contract.
5. The contract becomes effective 15 days after the date of submission to the DC Public Charter School Board or the effective date of the contract, whichever is later if all required supporting documentation has been received by the DC Public Charter School Board. The contract is considered null and void if the DC Public Charter School Board determines, within 12 days of the date the school submits the supporting documentation, that the contract endangers the economic viability of the school.

C. Receiving

Policy

Goods and services received are to be delivered directly to the Security Officer in his capacity as the receiving clerk. All receiving reports/packing slips accompanying the goods and services received must be forwarded directly to the Accounts Payable Manager.

Procedures

When goods and services are received:

1. The Security Officer receiving the goods and services should verify the shipment against the PO for Quantity, Quality and Product Description.
 - Partial shipments may be accepted but must be noted on the receiving report/packing slip.
 - Items should also be examined for quality - any damaged goods should NOT be accepted; they should be returned immediately to the vendor and the Director of Operations/Accounts Payable Manager should be notified of the situation.
2. The Security Officer receiving the goods and services shall initial and place the date the goods were received on the receiving report/packing slip and forward it to the Accounts Payable Manager for processing and timely payment to the vendor.

Receipt of Services

1. The Accounts Payable Manager will be responsible for verifying the receipt of operating services (e.g., repairs, maintenance, etc.). All consultant and temporary help services will be confirmed with the CEO and/or the Director of Operations.
2. When these services are complete, the Accounts Payable Manager should:
 - Pull PO from file.
 - Match PO with a signed "service slip," if applicable.
 - Verify that the service was received.
 - Sign and date "service slip".
 - Retain copy for payment processing.

D. Non-Standard Deliveries

Policy

Orders for cash on delivery, and unsolicited orders will not be accepted by school staff. Delivery

attempts for such items will be reported to either the CEO or the Director of Operations.

Procedures

1. The Security Officer is NOT to accept any of the following:
 - Cash on Delivery (COD) shipments.
 - Unsolicited Orders (No Purchase Order).
 - Damaged goods.
 - Any quantity above the specified number on the PO.
 - Any items that do not match the PO description.
2. Inform Director of Operations or CEO of the delivery attempt.

VII. Accounts Payable

A. Accounts Payable

Policy

The Director of Operations is responsible for the processing of all payment requests.

Procedures

To process payment requests:

1. The Accounts Payable Manager retains a copy of all purchase orders and requisition forms
2. Staff receiving goods and services forwards a copy of the receiving reports to the Accounts Payable Manager
3. The Accounts Payable Manager places these forms in a pending file, by vendor and fiscal year, awaiting the receipt of an invoice

B. Invoices

Policy

All payments for goods and services will be based on original, adequately supported invoices or contract agreements. All invoices should be mailed directly to the school's Business Office or to AnyBill Online Payment System. Staff receiving invoices in the mail should immediately forward them to the Accounts Payable Manager in the Business Office.

Procedures

As invoices are received, the Accounts Payable Manager should:

1. Scan the Invoice to AnyBill online payment system.
2. Match the invoice with the corresponding PO, requisition form, and receiving report in the pending file
3. Review the invoice and supporting documentation (PO, requisition form, and receiving report) for:

· **Appropriate approval in the AnyBill System** - Online Approval requirements based on amount of purchases for goods and services.

· **Completion** - All supporting documentation must be attached to invoice for processing. Follow up will be necessary in those instances where documentation is incomplete.

· **Quantity** - Quantity on the invoice should match the supporting documentation. Discrepancies in quantities (e.g., partial shipments) should be clearly stated on the receiving report for invoice processing to continue. In the case of partial shipments, attach the receiving report to the invoice and leave the original in a pending file until the balance of the order is received.

· **Amount** - The dollar value on the invoice should match the supporting documentation. Unit costs should match exactly, and shipping/freight costs should match within reason. Material variances should be noted. **According to District of Columbia Charter School Legislation, Subpart B, Section 31-2853.20, a public charter school is exempt from District of Columbia property and sales taxes.**

4. The Accounts Payable Manager or Business Manager processes the invoice. Once the invoice has been entered into the Accounts Payable system, the invoice and supporting documentation must be submitted to the Director of Operations for review and approval.

5. If the invoice and supporting documentation are complete, correct and properly approved by the Director of Operations, the Accounts Payable Manager or Business Manager will process the invoices through the accounts payable system for payment.

VIII. Fixed Assets

A. Capitalization

Definition of equipment – Any durable item that has an acquisition cost or fair market value in excess of \$1,000 and an expected useful life of more than one year.

Policy

All equipment purchased by PAUL in the amount of \$1,000 or greater and has an expected useful life of more than one year shall be capitalized.

B. Labeling of Equipment

Policy

All equipment purchased and donated to the school must be labeled as the property of PAUL by the Security Officer. Labels will be bar-coded to expedite the process of performing a physical inventory count and maintaining the database inventory.

C. Subsidiary Record

Policy

The Business Manager is responsible for maintaining a database inventory of all fixed assets. The database records must distinguish equipment purchased with private, non-federal and federal funds.

D. Depreciation

PAUL fixed assets depreciation expense will be calculated using the straight line method of depreciation. PAUL will use a half-year convention. Depreciation of fixed assets will be as follows:

· Computers - 3 years.

- Furniture, Office, Audio Visual and Security Equipment – 5-8 years.
- Building Improvements- 25 years.

IX. Grants

A. Federal Grants

Policy

All goods and services purchased with Federal funds must be identified and maintained separately from those purchased with other school funds. Federal funds cannot be commingled with any other school funds. A separate account must be set up to receive federal funds. Once received, disbursement must be consistent with this policy.

B. Federal Grant Drawdown Procedures

Policy

PAUL is required to follow the District of Columbia Public School's (DCPS) Federal Drawdown procedures to receive reimbursement for goods and services purchased for the provision of Federal programs.

The Director of Operations is responsible for identifying which expenditures qualify for each Federal program in accordance with the school's approved budget.

Procedures

To complete the Federal Drawdown procedures, the Director of Operations must:

1. Prepare drawdown request (check request) in accordance with DC regulations. Ensure that the funds are drawn from the Federal Funds bank account. Drawdown requests should include:

- Federal Program
- Purpose
- Vendor
- Description of Services
- Amount

2. Process in the same manner as other check requests (see Accounts Payable procedures above.)

- Supplies for under \$3K - no changes to procurement needed; qualifies as a micro-purchases
- Supplies/Materials between \$3K and \$25K - schools need to RFP a minimum of 3 proposals
- Anything over \$25K – PCS Board procurement rules apply
- Anything over \$150k - must select lowest bid from RFP

3. The Director of Operations is responsible for maintaining an accounting for all federal funds used by PAUL. The accounting will include a chronological list of the use of all federal funds, including the Federal Entitlement or Program, vendor, invoice number, description of services or goods, date purchase, check number, check amount and the remaining balance. This information must be kept current at all times.

4. A separate file should be maintained for each Federal Entitlement and Program. Documentation supporting the use of all federal funds should be maintained in these files for each fiscal year (i.e., invoices, contracts, payment information, etc.).

C. Federal Grant Reporting

Policy

The Director of Operations is responsible for preparing all financial reports required by the (relevant DC and or Federal agency). The reports will be reviewed, approved and signed by the CEO prior to submission. Non-financial reports are the responsibility of the CEO or his/her designee.

D. Other Grants

Policy

All goods and services purchased for other grants (e.g., private, corporate) should be identified and maintained separately from those purchased with other school funds.

Procedure

The Director of Operations is responsible for maintaining an accounting for all private funds used by PAUL. The accounting will include a chronological list of the use of all funds, including the Program, vendor, and invoice number, description of services or goods, date purchased, check number check amount and the remaining balance. This information must be kept current at all times.

X. FINANCIAL REPORTING

A. Monthly Financial Reports

Policy

PAUL is required to submit monthly financial reports to the Board of Trustees and quarterly financial reports to the Public Chartering Authority. Other specific reports may be required by contributors or grantors.

B. Internal Reports

Policy

The Board of Trustees, Board Audit and Finance Committee Chair and CEO may request other reports and in such frequency as deemed necessary by the management of the school. These reports include but are not limited to: accounts payable, check registers, cash flows, and federal funds accounting.

Procedures

The Director of Operations is responsible for preparing all such financial reports. The reports will be reviewed and approved (as indicated by signature) by the CEO or Finance and Audit Committee prior to submission to the Board of Trustees or other interested parties.

C. Financial Audit

PAUL is required to undergo an annual audit by an independent certified public accountant in accordance with Government auditing standards for financial audits issued by the Comptroller General of the United States. A copy of the annual audited financial statements must be submitted to the District of Columbia Public Charter School Board. The Transmittal letter for the annual audit financial

statements must be signed by the CEO and the Chairperson of the Board of Trustees.

XI. BUDGET

Prudent financial planning is essential to the fiscal health of the school. As such, budgets should be prepared annually and all financial transactions should occur only to the extent of funds available in the budget.

Policy

It is the policy of PAUL to maintain an annual cash flow and operating budget. The budget will be initially compiled by the Director of Operations in consultation with other school Directors and the CEO. Prior to the compilation, the Finance Committee of the Board shall present the budget objectives, including the mandate to achieve a balanced or surplus budget with a specified amount. The CEO will submit the annual budget to the Board Audit and Finance Committee Chair no later than the April Finance Committee Meeting. The Board of Trustees shall approve the budget by May of each year.

Any subsequent revision request must be made to the Board with the appropriate justification, in advance of expending the funds.

**PAUL PUBLIC CHARTER SCHOOL
RESOLUTION OF THE BOARD OF TRUSTEES
REGARDING CONTRACTS AND EXPENDITURES
JULY 24, 2007**

WHEREAS, Article VI, Section 4 of the By-laws of the Corporation specifies that: “Except as otherwise provided for by law, the Articles of Incorporation, or these By-laws, only those officers specifically designated by Board resolution shall have the authority to enter into and execute on behalf of the Corporation contracts, leases, debt obligations and all other forms of agreements or instruments, whether under seal or otherwise.”; and

WHEREAS, the Board of Trustees of the Corporation desires to designate certain officers of the Corporation to have the authority provided for by Article VI, Section 4 of its By-laws;

NOW, THEREFORE,

BE IT RESOLVED THAT: the President of the Corporation and, in his or her absence, the Treasurer of the Corporation shall have the authority to incur expenditures and to enter into and execute on behalf of the Corporation contracts, leases, debt obligations and all other forms of agreements or instruments, whether under seal or otherwise, with a value of up to \$10,000; and

FURTHER RESOLVED THAT: the President of the Corporation shall also have the authority to enter into employment agreements that obligate the Corporation to annual compensation of up to \$100,000; and

FURTHER RESOLVED THAT: the Chair of the Board of Trustees and, in his or her absence, the Chair-Elect shall have the authority to incur expenditures and to enter into and execute on behalf of the Corporation contracts, leases, debt obligations and all other forms of agreements or instruments, whether under seal or otherwise, with a value of up to \$25,000; and

FURTHER RESOLVED THAT: any expenditure or contract, lease, debt obligation, or other forms of agreements or instruments, whether under seal or otherwise, in excess of \$25,000, except for employment agreements as resolved above, shall be approved by the Board of Trustees; and

FURTHER RESOLVED THAT: the treasurer or the chair of the audit and finance committee *and* the CEO or the chair of the board of trustees may enter into loan and security agreements related to a line of credit secured by the corporation's investment portfolio with an investment bank, but not to exceed 70% of the value of such portfolio.

In witness thereof, I affix my signature as evidence that the above resolution was adopted by the Board of Trustees of the Paul Public Charter School during its regularly scheduled meeting on July 24, 2007, and that it supersedes a Resolution Regarding Contracts and Expenditures approved by the Board of Trustees on March 1, 2007.

Charlotte Cureton, Corporate Secretary