



FINANCIAL ACCOUNTING AND REPORTING POLICIES AND PROCEDURES

SECTION 1. BEN FRANKLIN ACADEMY

MISSION

The mission of Ben Franklin Academy is to develop young adults with character like America's founding Renaissance man, Benjamin Franklin: well-read, scientifically curious, and civically engaged.

VISION

Our students will excel academically through a challenging, sequenced curriculum that emphasizes math, science, and literacy. We will be a data driven institution, focusing on individual students. Our students, teachers, parents, staff, and leaders will be held accountable for the success of our school. Finally, we recognize that an education is incomplete without fostering the arts, sports, nature, and character.

SECTION 2. FINANCIAL PLANNING AND BUDGETING POLICY

PURPOSE

Ben Franklin Academy ("the Academy") will operate according to a formal financial plan and operating budget. This plan will provide the framework for both anticipated revenues and planned expenditures as planned by the Ben Franklin Academy Board of Directors ("BOD"). The BOD will be accountable for the establishment, adoption and reporting of this proposed budget using a fiscal year reporting structure (July 1 to June 30). A modified accrual basis of accounting shall be used in measuring financial position and operating results for fund accounting purposes.

RESPONSIBILITY

The BOD assigns overall responsibility for preparation and administration of the annual budget to the Principal. No later than April 1 (with a goal of March 1st) of each fiscal year, administration will present to the BOD for their approval an initial annual formal budget for the successive fiscal year in conjunction with a three-year budget projection model developed and reviewed by the Finance Committee in accordance with the rules of the Governmental Accounting Standard Board (GASB) and in observance of any applicable Colorado State law or District contractual requirement. No later than June 1 of each year, administration will present to the BOD for final approval.

ORGANIZATION

Each budget shall include both a summary sheet as well as a detail sheet as per the requirements listed under C.R.S. 22-44-105 and will conform to the requirements established by the Financial Policies and Procedures (FPP) Handbook and Chart of Accounts coding requirements. Information pertaining to budget versus actual revenue and expenditures as well as projected year-end balances will be presented to the BOD via a budget presentation. Material opportunities or risk that may impact the budget shall be footnoted for consideration by the BOD.

SUPPLEMENTAL BUDGET

Following a final October pupil count, a “Supplemental Budget” may be developed for any additional funding to be expended within the academic year. If there were to be a reduction in funding, the BOD will approve either a percentage adjustment or follow an alternative Administrative recommendation for a reallocation of current year expenditures. The board may review and change the budget with respect to both revenues and expenditures at any time prior to January 31 of the fiscal year for which the budget was adopted. C.R.S. 22-44-110(5)

SECTION 3. FISCAL ACCOUNTING AND REPORTING

PURPOSE

The purpose of this policy is to communicate to the Ben Franklin Academy Administration the expected frequency of financial reporting and analysis and the amount of detail required by the Board of Directors (BOD). All financial dealings including, but not limited to, all cash management, contractual dealings and fundraising operations of or related to Ben Franklin Academy shall operate through school Administration.

RESPONSIBILITY

The Principal, including through delegation of activities to the Business Manager, shall be responsible for receiving and properly accounting for all funds of Ben Franklin Academy. Administration shall review internal and external audit results and provide recommendations to the BOD annually to assure the controls associated with payroll, accounts payable, cash management and all other areas of business management are in compliance with policies and procedures of all governing entities.

ACCOUNTING SYSTEM

The accounting system utilized shall conform to the requirements of the State Board of Education and District standards providing for the appropriate separation of accounts, funds and operational duties. Fiscal accounting and reporting must meet requirements established by the State Board of Education as set forth in the Financial Policies and Procedures Handbook for public schools in Colorado. (C.R.S. 22-44-203 and 22-44-204).

FINANCIAL REPORTING

Financial statements for each month shall be final and available for presentation by the 10th day of each calendar month and upon request by the BOD. Administration shall provide the BOD financial reports including, but not limited to, a Balance Sheet, Income Statement (as compared to Budget) and Cash Flow Statement.

The Principal will inform the BOD of any anticipated modifications to budgeted revenues and expenditures which may be required. Administration is not permitted to reallocate or approve expenditures which create a negative account balance in approved budget funding by major category (as defined by the CDE Chart of Accounts) without BOD consent.

SECTION 4. EXPENSE PROCEDURES

PURPOSE

In order to track expenses, Ben Franklin Academy has established the following procedure for all conducting school or school related business. Proper authorization must be obtained prior to making a school related purchase otherwise the person assumes all risk associated with making this purchase including the possibility of not being reimbursed. Individuals are expected to provide receipts whenever reimbursement is requested. Exceptions to this procedure will be permitted only in rare exceptions, when allowed by the Principal.

PURCHASING AUTHORITY

The BOD assigns the overall responsibility for purchasing approval to the Principal. The Principal or designee shall have the authority to independently issue purchase orders for amounts within budget parameters. Purchase orders outside of budget parameters shall require consent of the Ben Franklin Academy BOD and signature by a BOD officer.

SIGNATURE REQUIREMENTS

The Principal and Business Manager (collectively, the “Signatories”) shall have authority to approve Ben Franklin business related checks. Approval of material expenses, including capital expenditures, must be approved by the Board of Directors before any expenditure is made or commitment to a project is given. Checks over \$2,000.00 must have two original signatures from these Signatories. Please note: any expenditure from the Capital Reserve / Insurance Reserve Fund requires Ben Franklin Academy BOD consent as per CRS 22-45-103.

CREDIT CARD POLICY

Corporate credit cards will be assigned to designated staff for school related purchases and travel expenses. Each staff member will also receive a budget amount which will correlate to the use of this credit card. It will be the responsibility of the staff member to ensure that this budget is not exceeded. It is expected that staff members will exercise due care and judgment when using the school credit card.

Credit card limits will be set by the BOD. On a monthly basis, the credit card statements and supporting original documentation/receipts must be reviewed and approved by the Business Manager. On a quarterly basis, the credit card statements and supporting original documentation/receipts must be reviewed by the Finance Committee of the BOD. The purpose of the review is to ensure items charged to the credit card meet all Board Policies and Procedures, are reasonable and justifiable and are adequately supported by original receipts and explanations for expenditures.

SECTION 5. PAYROLL PROCEDURES

PURPOSE

This policy ensures that all Ben Franklin employees be paid correctly and in a timely manner while conforming with the requirements established by the Federal Wage and Hour Division within the U.S. Department of Labor. Ben Franklin will operate on a monthly payroll cycle with payment being made on the last business day of every calendar month, or on the Friday preceding the 30th whenever the 30th should fall on a weekend.

BOARD APPROVAL

Employee wages and salaries are established by the Principal and approved by the BOD. Pay structure for all employees as well as contractor rates will be included in this analysis. The BOD reviews and approves all budgets, including the Payroll Procedure, each fiscal year as part of the Financial Planning and Budgeting Procedure.

HOURLY EMPLOYEES

Hourly employees will be required to punch in and out utilizing a Time and Attendance tracking system. At the end of every time period, time sheet data must be verified and approved (via signature) by the employee and their immediate supervisor. Once approved the information should be sent to the Business Manager for final review. Any changes to the timecards should also be initialed next to the change by the Business Manager.

BENEFITS

In addition to the hourly or salary rate, employees working over 35 hours per week may be eligible for Health Insurance benefits, as underwritten and administered by a third party administrator chosen by the BOD.

Employees must contribute to the Public Employee Retirement Association (PERA) as per Title 24, Article 51 Section 309 of the Colorado Revised Statutes.

SALARIED EMPLOYEES

Salaried employees are not required to punch in/out via a time clock but will need to have days of leave or time off approved by the Principal.

Employees are responsible for sending Time-Off Request forms to their supervisor for approval. Once approved, these requests can be forwarded to the Business Manager for

review. All approved requests should be entered onto the Leave Calendar so that they are visible by all company Managers.

PRINTING AND DISTRIBUTION OF PAYROLL CHECKS & TRANSFERS

Once all payroll data has been approved, the Business Manager will upload data from the Time and Attendance system to the Payroll System for processing. Once the payroll cycle is complete, a report outlining all payroll deductions and withholdings will be submitted to the Business Manager so that all bank transactions and adjustments can be entered.

RECORD RETENTION

All records will be retained in accordance with the Division of State Archives and Public Records' permanent records control schedule authorization. Destruction of any financial record will be done in compliance with the procedures set forth in this same schedule.

SECTION 6. COLLECTION AND DEPOSIT PROCEDURES

PURPOSE

This section of the document defines and outlines Ben Franklin Academy's policy with respect to the handling, receiving, transporting and depositing of cash ("Cash"). The term Cash includes currency, checks, money orders, negotiable instruments and charge card transactions.

Ben Franklin funds are monies received primarily from per pupil funding, grants, tuition, interest income, community use fees, donations, rental income, student fees and all other sources of revenue. All checks made payable to the Ben Franklin Academy are considered Ben Franklin Academy funds.

INTRODUCTION

The collection and control of Cash at Ben Franklin Academy are very important functions. The Business Manager is the primary Cash handling agent.

SAFEKEEPING OF FUNDS

All forms of Cash (currency, checks, money orders, negotiable instruments and charge card transactions) should be physically protected through the use of vaults, locked cash drawers, and/or locked metal boxes. It is the responsibility of each department to make whatever provisions are necessary to properly safeguard the cash receipts in their area. Any amount of Cash on hand that exceeds \$500 must be maintained in a vault or heavy safe.

FREQUENCY OF DEPOSITS

Deposits are to be made in a timely manner to insure proper posting of accounts and to ensure the safety of Ben Franklin Academy funds. All bank deposits are to be made at a bank acceptable to the BOD and Principal as required, and generally not less than once per week. Cashing checks from Ben Franklin Academy deposits, borrowing cash for personal use, lapping receipts to cover shortages in cash receipts, withholding checks for

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deposit in order to float checks, commingling of personal and Ben Franklin Academy funds, and modification of cash records are all serious offenses and may result in immediate discharge from employment and/or prosecution.

RETURNED CHECK PROCEDURES

Any checks returned to Ben Franklin Academy as uncollected will be assessed a returned check fee of \$25. Examples of returned checks include; non-sufficient funds (NSF), account closed, payor's signature missing, refer to maker and post dated or stale dated checks. If after proper due diligence is performed, collection problems exist, the Business Manager may turn the debt over to collections.

PETTY CASH FUNDS

The Business Office may determine a need for the use of petty cash funds. A petty cash fund ("Petty Cash") is a small amount of currency issued (not more than \$500) and held by the business office to cover payments of day-to-day miscellaneous purchases and postage charges. Petty Cash is not to be used to circumvent Ben Franklin Academy procedures and record keeping in regards to purchases and payments.

The Business Manager is the primary cash handling agent and is responsible for its safekeeping, disbursing and balancing. The Business Manager is fully responsible for the safekeeping of Petty Cash and for its proper usage. The Business Manager must exercise caution in the administration and protection of Petty Cash in his/her possession. Access to Petty Cash should be limited to the Business Manager. Petty Cash should be locked in an office safe, file safe, or reinforced lockable file at all times and the key should be kept in the custodian's possession. At no time should Petty Cash be left in unlocked desk drawers or cabinets. Petty cash funds must not be commingled with any other funds or used for any purposes other than those listed in this policy document. Any discrepancies in Petty Cash are the responsibility of the Business Manager.

No money may be loaned or borrowed from Petty Cash for personal use, and it may not be used to cash personal checks.

SECTION 7. EXPENDITURE PROCEDURES

PURPOSE

This procedure is the process for the approval and monitoring of capital expenditures for Ben Franklin Academy.

INTRODUCTION

Approval of material expenses, including capital expenditures, must be approved by the Board of Directors before any expenditure is made or commitment to a project is given. All capital expenditure must align with the plans, direction and vision of the Ben Franklin Academy BOD.

Projects requiring capital expenditure must be approved as an entire project rather than on an individual item basis. Each project is to be defined as being self-contained and requiring no subsequent approvals or authorities. The calculation of the amount of capital expenditure for which approval is being sought is to be the total cost of the

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item/project including any duty, freight, internal labor costs, working capital and capitalized interest (where applicable). Any operating costs associated with the projects need to be listed. If there are maintenance contracts associated with the capital expenditure, the commitment to Ben Franklin Academy needs to be specified.

APPLICATION PROCESS

Applications for capital expenditure must include a cost-benefit analysis with all applicable quotations/estimates. Once the capital improvement is approved, the BOD will notify the Principal. Purchasing/procurement should not begin until approval is received.

POLICY HISTORY:

Original: approved by the board 12/13/11