

SECTION 9: FISCAL PROCEDURES

The Esperanza Elementary Board of Directors is ultimately responsible for the financial health of the school. The Board exercises its responsibility by:

Hiring the Chief Executive Officer/Director to manage school's financial operation and to comply with the school's board-adopted financial policies and procedures guidelines.

Designating a Board Treasurer (see Bylaws job description excerpt at the end of this section) to work closely with the CEO/Director and business management personnel, acting as a bridge between Board and management, to ensure that Board fully understands the organization's financial status.

Developing and approving the school's annual budget, including regular review and adjustments as required.

Reviewing regular financial status reports, including profit and loss, budget vs actual, cash flow, balance sheet and accounts payable.

Reviewing and approving the annual financial audit report.

Participating in board professional development training with emphasis on financial management and oversight.

As per Esperanza's organizational plan, the CEO/Director is expected to hire additional personnel to execute the business plan and oversee the business operation. The Esperanza Elementary Business Manager may be a person hired by the CEO/Director or the Business Management functions may be performed by a contracted service provider. The Business Manager must have been experienced and have a track record of successful charter school financial management. See the Business Manager job description in the appendix.

The Business Manager will work closely with the CEO/Director. Together, they are charged with executing and managing the financial operation of the school. The Business Manager, in concert with the CEO/Director, will work closely with the Board of Directors, particularly the Board Treasurer, in the development of the annual budget, reporting and oversight of the school's finances and business operation.

The Board of Directors has adopted fiduciary goals and indicators. See goal table on page 53.

The Board of Directors has adopted a comprehensive policy for its fiscal operation, *The Esperanza Elementary Financial Policy and Procedures Guide*. The CEO/Director and the school's business management personnel are charged with complying with these guidelines. Find the link to Esperanza's complete Guide in Appendix E. Key policies of interest to reviewers follow.

Standards – Esperanza Elementary will utilize uniform budgeting, accounting, and auditing procedures and forms approved by the State Board of Education, which must be in accordance with generally accepted accounting principles (GAAP) and governmental auditing standards (GAAS) and Title 63J, Chapter 1, Utah Budgetary Procedures Act. ESPERANZA ELEMENTARY CHARTER SCHOOL
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School Finance and Statistics Trainings – Appropriate Esperanza Elementary personnel, including the CEO/Director and Business Manager, will attend USOE School Finance & Statistics trainings regarding the Minimum School Program, financial reporting requirements and Legislative changes of import to charter schools and districts. The CEO/Director (and the Business Manager where necessary) will attend all USOE Charter School Section monthly meetings. Esperanza Elementary, in its efforts to ensure that all fiscal matters are handled responsibly and ethically, understands the need for ongoing training to stay abreast of the requirements of the State when handling public funds.

Budget – Esperanza’s CEO/Director and Business Manager have primary responsibility for preparing an annual operating budget of revenues and expenses and a cash flow projection. Budgets are reviewed by the Board Treasurer and presented to Board of Directors at an open and public meeting. They are reviewed regularly and modified, as necessary. Esperanza Elementary will comply with the budgeting rules for local school boards as outlined in 53A-19-102. More details on the budget process guidelines are in sections 103 and 206 of the *Esperanza Elementary Financial Policy and Procedures Guide*.

Budget Reports – On a regular basis, at least monthly through the end of the first operational year, the CEO/Director and Business Manager are responsible for preparing financial status reports for the Board Treasurer and the full Board of Directors, including profit and loss, budget vs actual, cash flow, balance sheet and accounts payable. A monthly (quarterly after the first operational year) financial statement will also be provided to the staff of the Utah State Charter School Board. Business management staff will maintain complete and open records for any person who requests the information in compliance with Utah State Laws and federal regulations governing the request of public records.

Segregation of Duties & Signature Authority – Because of our small size, it is especially important to be conscious of the separation of duties to prevent fraud or the appearance of fraud, especially in areas concerning cash, revenue receipts and check signing. The Board President, the Treasurer of the Board, the CEO/Director and the Business Manager shall have signatory authority and are responsible for authorizing cash transactions. Signature authority may be granted to others as directed by the Board. All checks must have two signatures. A check may not be signed by the person who has prepared the check. Appropriate documentation must accompany expenditures. More details can be found in sections 103/Signature Authority and 1601/Accounts Payable of the *Esperanza Elementary Financial Policy and Procedures Guide*.

Independent Auditor – As per its policies and state law, Esperanza Elementary will engage a qualified independent auditing firm to conduct an annual review of its financial operation and prepare Financial Statement and the annual financial reports required by the Utah State Office of Education and the Utah State Auditor. Esperanza will also engage an audit firm to confirm its October student census count and its year-end student data upload.

Purchasing Policies & Procedures – Esperanza Elementary’s purchasing guidelines exist to ensure that goods and services are acquired at fair and reasonable prices and the highest personal standards of conduct are maintained in all relationships with vendors, suppliers, and subcontractors.

Esperanza’s full procurement policies can be found in section 600 of the ESPERANZA ELEMENTARY CHARTER SCHOOL

Esperanza Elementary Financial Policy and Procedures Guide. Esperanza adheres to the following procurement objectives:

1. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
2. Make all purchases in the best interests of the school and its funding sources.
3. Obtain quality supplies/services needed for delivery at the time and place required.
4. Buy from responsible and dependable sources of supply.
5. Obtain maximum value for all expenditures.
6. Deal fairly and impartially with all vendors.
7. Be above suspicion of unethical behavior at all times; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in Esperanza Elementary supplier relationships.

In short, the school utilizes the following procurement guidelines:

Contracts under \$1,000 - The school uses the purchasing objectives noted above when procuring goods and services for amounts less than \$1,000.

Contracts from \$1,000 to \$50,000 - The school seeks price quotes from at least two vendors (three quotes are preferred) and awards the contract to the responsible vendor offering the supply or service needed for the best price, appropriate quality and in the necessary timeframe.

Contracts greater than \$50,000 - The school conducts a formal advertised competition using sealed bids or proposals. An award is offered to the qualified bidder who meets the School's specifications and offers the best price.

Construction contracts – The school follows all state and federal guidelines inclusive of state public bidding laws.

Expendable Revenue and Undistributed Reserves – Esperanza Elementary management and Board of Directors will work to set standards on its annual operating safety margins. During the annual budget review, any plans to use expendable revenue and/or undistributed reserves must be in fulfillment of the school's mission, values and spending priorities and receive Board approval in an open meeting. Esperanza Elementary will comply with the rules around school budget undistributed reserves in 53A-19-103.

Investments and Banking – Esperanza Elementary will invest its funds in a fiscally prudent manner. The following priorities shall be followed: safety of principal, cash flow, liquidity, and yield. The school shall allocate interest earnings or losses as they are realized, not less than annually Reports no less than quarterly, shall be made to the Board of Directors by the business management staff indicating fund balances, interest earnings to date and a forecast for the remainder of the fiscal year. Esperanza Elementary bank accounts will be placed in reputable and stable financial institutions and be FDIC insured. Utah Money Management Council reports will be sent in accurately and timely. The school will comply with Rule R628-2, "Investment of Funds of Public Education Foundations Established under Section 53A-4-205 or Funds Acquired by Gift, Devise or Bequest," commonly called, the Money Management Act. ESPERANZA ELEMENTARY CHARTER SCHOOL

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Fundraising and Donations – All revenue producing activities at Esperanza Elementary, including fundraising projects, must support the school vision and educational philosophy, and be Board approved. Proposals for fundraising projects should answer the following questions:

1. For what purpose do we need additional funds?
2. How much revenue do we intend to generate?
3. How does this fundraiser align with our school's mission statement and educational beliefs?
4. What are the responsibilities attached to receiving additional funds?

Esperanza Elementary welcomes donations from private sources. Accepted funds must be consistent with the mission and philosophy of the school and promote the education, health or safety of students.

School Fees – Esperanza Elementary will follow all State Rules related to charging school fees. No Fees will be charged students in grades K-6. In grades 7-9 minimal fees may be charged subject to prior State Rule limits and as per Esperanza's Board-approved fee policy. Fees may include lockers, towels, yearbooks, clubs, travel, extracurricular activities, certain materials and supplies, textbook rental, musical instrument rental, calculator rental, etc. Charges related to the National School Lunch Program are not considered fees. Fees will be set, approved, and published each school year by the Board of Directors. The fee schedule will be posted and distributed to all parents or guardians annually. Students may apply for a waiver of any school fees as per Board policy and State Rules.

ESPERANZA ELEMENTARY BYLAWS EXCERPT: TREASURER

4.6 Authority and Duty of Officers

(d) Treasurer. Reports to the Chair and the Board of Trustees. Supports the CEO and business management personnel. Specific responsibilities:

- (i) Provides direction for the financial management of the school and facilitates the board in meeting its financial oversight responsibilities. Works in concert with business management personnel.
- (ii) Provides direction for the oversight of the school's record keeping and accounting policies.
- (iii) Ensures the presentation of timely and meaningful financial reports to the board.
- (iv) Ensures the development of annual budget and its submission to the Board for its approval. Leads the monitoring of budget implementation.
- (v) Oversees development and board review of financial policies and procedures.
- (vi) Ensures the presentation of the recommendations of the auditor to the Board for their approval. Leads in reviewing the results of the audit including the management letter, develops a plan for remediation, if necessary, and presents the results to the Board.
- (vii) Takes responsibility for designing an annual board education program so that all board members can effectively conduct oversight of the financial health of the organization