

River Montessori Charter School
Fiscal Control and Fiscal Management Policy
Approved by the RMCS Board of Directors, August 27, 2009

The River Montessori 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 River Montessori 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 Executive Director 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 \$500 must be co-signed by the Executive Director and countersigned by one Board member, preferably the Treasurer, 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 the Financial Services Coordinator (or bookkeeper). To ensure segregation of recording and authorization, the bookkeeper may not co-sign check requests for purchase orders.

Budget Transfers

The Executive Director may transfer up to \$2,000 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 River Montessori Charter School will maintain its accounts in the Sonoma 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 Executive Director and Finance Committee of the Board 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 Office Assistant, 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 will be made in accordance with the Board approved Purchasing Policies.

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 Executive Director shall establish and maintain an inventory of all non-consumable goods and equipment worth over \$250. This inventory shall include the original purchase price and date, a brief description, serial numbers, percentage (if any) of federal participation in the cost of the property, 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. Adequate maintenance procedures shall be developed and tracked in the property records.

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 Executive Director provided the Executive 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 \$1,000 shall be approved in advance by the Board.

Payroll Services

The River Montessori Charter School will contract with the Sonoma County Office of Education to prepare payroll checks, tax and retirement withholdings, tax statements, and to perform other payroll support functions. The Executive Director will establish and oversee a system to prepare time and attendance reports and submit payroll check requests. The Executive Director and Board Treasurer 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 paid time off.

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 Sonoma County Office of Education, the Office of the State Controller, and California Department of Education prior to December 15 of each year.