

ACCOUNTING & PAYROLL POLICY

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Accounting & Payroll Policy

ACCOUNTING POLICIES AND PROCEDURES

The accounting policies and procedures manual will include the process from the establishment of a chart of accounts through the preparation of financial reports. The following accounting procedures were designed to be used in conjunction with School Board's (Board) policies, program operations and personnel manuals of Notre Ecole (the School).

Chart of Accounts

The chart of accounts provides transaction classification necessary for the presentation of financial statements in accordance with generally accepted accounting principles, grant requirements, and to provide a tool for the management decision process. The chart of accounts is tailored to the specific operating needs of the School and is a valuable tool in the budgeting and control process.

The account coding has seventeen digits segregated into six groupings.

XX – XXX – XXX – XXX – XXX - XXX
Fund-Organization-Program-Finance-Object/Source-Course

In this manner, a fund account concept can be utilized to record revenues and expenses by different grants and cost centers. Accounts should be added or deleted as deemed appropriate in light of good management control and financial reporting.

- The School Coordinator and Office Coordinator determines the natural classifications, and cost centers for every invoice or purchase order.
- The School Coordinator, and/or Contracted Financial Manager is authorized to set up new accounts in the general ledger. All accounts are compared to those authorized by the Department of Education. New accounts are assigned an unused code but within the parameters of the classifications.

Budgeting

- The School Coordinator and Contracted Financial Manager meet to review the prior year's financial results and project expenses for each natural line item. They also examine changes in the environment, funding sources, or vendors.
- The Contracted Financial Manager prepares a draft budget with guidance from the School's leadership- including the Coordinator and finance committee.
- Budgets are sent to the School Coordinator for analysis and comments.
- The Contracted Financial Manager adjusts the budget as necessary. The budget is then sent to the School Board for approval with the recommendation of the Finance Committee to approve. The budget is approved prior to July 1 each fiscal year.

- The School Board reviews the budget in October/November after the prior year financial statements are finalized and makes adjustments if necessary. On an ongoing basis, enrollment and budget changes are considered in a Working Budget.
- Budget to actual expenditures are monitored monthly by the School Coordinator, Finance Committee and the School Board.
- The School Coordinator will submit a revised budget proposal to the School Board if circumstances force the school to spend in excess of the budgeted targets or if revenues appear to be significantly more or less than forecasted.

Cash Receipts

- The Office Coordinator is responsible for opening mail, (stamp mail with date received stamp) restrictively endorsing checks received, receiving cash, issuing receipts, preparing a cash log and forwarding the cash log, checks, cash, and receipts to the School Coordinator.
- Grant checks are handled in a similar manner except for funds that are directly deposited by EFT. The School Coordinator and Office Coordinator are responsible for monitoring these receipts to ensure that the amounts received correspond to the grant agreement.
- The Office Coordinator prepares the bank deposit weekly or when receipts exceed \$50. The deposit ticket has the name and amount for each check deposited. The deposit ticket is attached to the deposit tracking sheet broken down by revenue sources and forwarded to the School Coordinator.
- The deposit tracking sheet is sent to the Contracted Financial Manager for recording into the GL and reconciliation with the bank statements.
- All cash and checks are stored in a locked box in the storage room until deposited. Only the School Coordinator and the Office Coordinator have access to the locked box.
- Deposits are brought to the bank by the Coordinator.
- The Contracted Financial Manager records the receipts and deposit after the deposit tracking sheet is forwarded via email.

Grants and Contracts Receivable

The School's Coordinator is authorized to apply for monetary grants on behalf of the School and to represent the School in grant seeking activities. The school board must authorize grant contracts in accordance with the Acceptance of Gifts Policy. This includes, but is not limited to grant applications to the MN Dept of Education, the Federal Government and foundations or organizations.

- The School Coordinator receives a copy of all grant letters received by the organization. The School Coordinator maintains files of all grant letters and agreements.
- The School Coordinator determines whether the funds have been received.
- The School Coordinator is responsible for monitoring grant projects and for filing program reports.

Bank Reconciliation

- The Contracted Financial Manager receives all bank statements electronically from the bank. The Coordinator and has access to view the statements online.
- The bank reconciliation is prepared by the Contracted Financial Manager within ten days of receiving the bank statement. Checks outstanding for an undue period of time will be reported to the School Coordinator for investigation. The School Coordinator will determine if payment is stopped. The Contracted Financial Manager will make an entry restoring such items to cash.
- The bank reconciliation, statement, report of monthly transactions and outstanding transactions, and check register are forwarded to the Treasurer or Other Board Member for review monthly.
- Bank statements and reconciliations are stored in the Administrative Office.

Purchasing/Receiving

- Purchase orders are used when possible.
- Requests for purchases must be made with a purchase order/requisition (standard VPR form) or through another request process (email).
- In limited circumstances, employees may make purchases and request reimbursement. However, original receipts must be submitted with the reimbursement request. No sales tax will be paid.
- The School Coordinator must approve all purchases in advance. In the absence of the School Coordinator and for single item equipment purchases or leases of equipment with a fair market value over \$5000, purchases must be approved by the Board Treasurer. In the absence of the Board Treasurer, another Board Member may approve purchases.
- The items purchased are delivered to the Office Coordinator and reconciled to the purchase order/packing slip. The Office Coordinator initials and dates the purchase order/packing slip noting any items not received.
- The Office Coordinator forwards the purchase order/packing slip, invoice, and approved VPR form to the School Coordinator whose signature authorizes payment and then forwards to the Contracted Financial Manager via email on a weekly basis.
- No purchases may be made or authorized unless provided for in the School Board approved budget.

Property and Equipment

- Fixed asset purchases over \$5000 must be authorized by the School Coordinator and Board Treasurer.
- An inventory of individual items purchased over \$1000 and all non-consumable items purchased with federal money will be maintained and updated by the Contracted Financial Manager. The Office Coordinator will label all inventoried items.
- The Contracted Financial Manager maintains a computer spreadsheet listing for all fixed assets and non-consumable items purchased with federal money.
- This inventory listing includes a description of the asset, date acquired, and original cost.

- The Contracted Financial Manager will periodically send the inventory listing to the School Coordinator to be updated for additions and disposals.
- The Contracted Financial Manager determines the appropriate depreciation values. Assets are depreciated using the straight-line method.

Accounts Payable

- All check requests are received by the Office Coordinator.
- The Office Coordinator routes all purchase invoices to the School Coordinator. In instances where reimbursement or payments are made to the Coordinator an email or other authorization should be made by the Board Chair or Treasurer.
- The School Coordinator approves each invoice for payment and indicates which cost centers to charge per the chart of accounts, particularly if charges should be tracked to specific revenues. These items are located on the VPR form.
- Invoices are forwarded to the Contracted Financial Manager weekly for payment. The items are entered into the finance system and a listing of open invoices is sent to the Board Treasurer and Coordinator for review.
- The Contracted Financial Manager prepares all checks. Checks are printed with electronic signatures.
- Once the check run is completed, the Contracted Financial Manager mails all checks. All invoices and packing slips are filed in the Administrative Office.
- In exceptional circumstances, the School Coordinator may authorize payment of an invoice when an electronic check may not be printed in a timely manner. In those circumstances, the School Coordinator and one of two other authorized check signers may issue a manual check. Manual checks will be locked in the Administrative Office. A copy of the manual check will be attached to the approved invoice and forwarded to the Contracted Financial Manager for recording.
- The School Board has designated as authorized check signers – the coordinators, and the board chair. If there is a change in the authorized check signers, the Treasurer completes a change in signer form and forwards the form to the bank.
- If checks are printed with errors, the Contracted Financial Manager marks these checks as void and stores them in the Contracted Financial Manager's Office.
- The check stub with check number and date paid is attached to the original invoice. The voucher number, date, and cost center charged is entered onto the cancelled invoice.
- Paid invoices are kept and stored in the Contracted Financial Manager's Office.
- The monthly check register is reviewed by the Board Treasurer or another Board Member monthly.

Journal Entries

- The Contracted Financial Manager is authorized to make journal entries to reclassify expenditures, correct coding, and reconcile general ledger accounts to monthly bank statements.
- The Contracted Financial Manager prepares a report of journal entries from the school's financial software for a separate business manager's review monthly.

Payroll Procedures

- The Office Coordinator prepares a monthly payroll report for the payroll provider, including the following for each employee: monthly gross pay, gross pay adjustments, withholdings, and retirement plan enrollment. The report includes new employees, employee terminations, and changes in hours or FTE status of employees.
- The School Coordinator reviews the payroll report prepared by the payroll provider and forwards the approved report to the Business Manager for recording and payment.
- The payroll provider enrolls employees in retirement accounts, submits retirement plan contribution reports and payments, makes payments for reemployment insurance and federal and state taxes, and enrolls employees in medical benefit plans.

Finance Committee Responsibilities

- Aid in the preparation of an annual budget (as well as revised budget) for the School in collaboration with the School Coordinator and Contracted Financial Manager.
- Also in collaboration with the School Leader and Contracted Financial Manager, develop and annually revise a five-year financial forecast and develop long-range financial plans based on the forecast.
- Arrange for an annual audit to be provided to the Board.
- Provide oversight of the procurement process including reviewing payments to the School Coordinator on at least a monthly basis- if after the fact.
- Review monthly financial statements and variances from budget, and recommend action to the Board, as appropriate.
- Create specific measurable board-level goals for the year as part of the full board planning process.
- Develop and implement a board-level training program to ensure that all members (especially those without a financial background) can be effective stewards of the school's financial resources.
- Report to the Board at regular meetings of the Board in a manner determined by the Board.
- Annually evaluate its work as a committee and the objectives it has committed itself to and report on same to the Board.

Adopted at a properly noticed meeting of the Board of Directors on 8/6/2019.

Certified:



Secretary