

Paul Public Charter School

FINANCIAL POLICIES & PROCEDURES

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 PCS 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 PCS) employees to reference in matters pertaining to the school's banking practices, purchases 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 PCS 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 PCS 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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Accounting Guidelines

Standards

It is Paul PCS'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. The accounting period is a fiscal year beginning on July 1 and ending on June 30.

Segregation of Duties

In order to meet Paul PCS's control objectives, the Paul PCS leadership encourages clear 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.

Ethics

Paul PCS 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 PCS. 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 PCS, making it clear that gifts, favors, and entertainment are not conditions for doing business with Paul PCS. The guidelines should also help Paul PCS employees avoid situations that might create misunderstandings. In any situation, feel free to seek advice from the CEO or the Executive Director of Finance and 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 Executive Director of Finance and Operations in concert with the CEO. Frequent meals with the same supplier are discouraged and Paul PCS 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 PCS 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 Executive Director of Finance and Operations.

NOTE: Paul PCS 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 PCS 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.

Banking

Establishing a Bank Account

Paul Public Charter School requires that only the CEO, Executive Director of Finance and Operations, and the Board's 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 the Executive Director of Finance and Operations.

Procedures: The CEO, Executive Director of Finance and Operations, 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 Executive Director of Finance and Operations for filing.
- A separate non-interest bearing checking account must be established for use of Federal funds.

Check Preparation and Signature

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 PCS. The Executive Director of Finance and Operations is the primary check signatory for all school bank accounts, with the CEO as an additional signer. All checks between \$50,000 and \$100,000 require two signatures, one of which must include approval from the CEO. Payment approval over \$100,000 will be reviewed by the Executive Director of Finance

and 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.

Deposits, Withdrawals, and Transfer of Funds

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

Procedures: The Executive Director of Finance and 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. All deposits of cash or checks are made monthly, unless large amounts of cash or checks require additional deposits to be made. Under no circumstances should checks be delayed or held for extended periods of time.

Custody of Checks

Paul PCS requires the Operations and Business Manager 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 electronically then shredded.
3. Blank checks will not be pre-signed or post dated.
4. The Executive Director of Finance and Operations or designee will verify that checks prepared are for approved purchases of goods and services (see Section IV, Procurement).
5. The Operations and Business Manager or designee will record all checks in Intuit/QuickBooks.
6. The Operations and Business Manager or designee will forward checks for signature, along with supporting documentation (e.g., invoices), to an authorized signer. All checks over \$50,000 require two signatures.
7. The authorized signer reviews the supporting documentation for:
 - a. Vendor/Payee information.
 - b. Accuracy in calculation in the amount of payment.
 - c. Appropriateness of expenditure.
8. The authorized signer signs the checks and forwards them to the Operations and Business Manager or designee for distribution.

Bank Account Reconciliations

Paul PCS requires that the school's person fulfilling the oversight of the Finance and Operations function or designee prepare monthly bank reconciliations for each account. The reconciliations are then reviewed by these same individuals to ensure accuracy and completeness.

Procedures: To reconcile bank accounts, the following functions must be routinely performed by the internal Business Office Team or the third party contractor, as designated by the Executive Director of Finance and Operations and Finance:

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

Petty Cash

Paul PCS does not utilize petty cash as part of their financial procedures. In instances where a credit card or check cannot be used, and the amount is under \$500, the staff member may request a reimbursement of funds. All reimbursements will be processed in accordance with the reimbursement policies below. For immediate items, requests for purchase should go to the business Office who will purchase with PO or School credit card, as appropriate. These purchases follow the purchasing policies and procedures.

Reimbursement Policy

All reimbursement requests must be submitted thru FMX for Budget Holder approval. Reimbursements must be submitted within 15 business days from the date of purchase and will be on the next corresponding payroll. All requests for reimbursement must have a full, readable copy of the receipt. Once the Budget Holder approves the reimbursement, it will be reviewed by the Business Office for completeness of the request and submitted to HR to process reimbursement thru ADP. If the reimbursement request is over \$500, it must be approved by the Director of Finance, or designee. Toner for personal computers, not supplied by Paul PCS will not be reimbursed, as Paul has a copier contract that includes toner for contracted machines.

Credit Card Policy

Approved Credit Card holders at Paul Public Charter School are expected to fulfill the highest level of ethics and should only use the company credit card for approved company purchases. Approval for a company credit card can only be made by the Director of Operations.

The corporate credit card cannot be used to obtain cash advances, bank checks, traveler's checks, or electronic cash transfers. Misuses of the card will result in cancellation of the card and withdrawal of corporate credit card privileges. If the card is used for an employee's personal expenses, the employer reserves the right to recover these monies from the employee cardholder. Cardholders will be required to repay Paul for any amount incorrectly claimed. They may do so via payroll deduction, or payment via cash, money order or credit card through the Business Office. All repayments must be made by the next payroll date.

Each card will be given a limit as deemed appropriate by the Director of Operations or designee; increases to the established maximum may be made on a case-by-case basis by the Director of Operations or designee.

Corporate credit card expenditures must be reconciled and submitted with original receipts to the Business Office within 5 business days of the statement date. Cardholders who have not reconciled and submitted their monthly expenditure within this period will be asked to reconcile and submit their monthly expenditure immediately. Continued or repeated non-conformance to this policy will result in cancellation of the card and such other actions as appropriate. If the card expenditures are not reconciled and submitted within a month of the statement date or a plausible explanation has not been received by the Operations Department, the employee's corporate credit card will be canceled.

Lost or stolen cards must be reported immediately to the Business Manager.

Credit Card Holder Agreement

As a corporate credit card holder, I certify that I understand and agree that:

- I bear ultimate responsibility for the card.
- I have read, understand, and agree to the Corporate Credit Card Policy.
- I will not use the corporate credit card to withdraw cash.
- I will not use the corporate credit card for personal expenses and will use it only for official business on behalf of the Foundation and in accordance with all Foundation policies and procedures, including procurement regulations.
- If I misuse the card (i.e., use it otherwise than in accordance with the instructions given to me in this agreement or related policies) or otherwise fail to reconcile my expenditures

within the prescribed procedures and timeframe, I authorize Paul Public Charter School to recover the funds through payroll deduction(s) for any amounts incorrectly claimed or for reconciliations that are one month in arrears of the statement date.

- If the corporate credit card is lost or stolen, I will report it immediately to the Paul Public Charter Schools' CFO.
- If I resign from my position, I will return the card with a final reconciliation of all expenditures prior to departure.

Cardholder Name

Cardholder Title

Signature of Cardholder

Date

Approval from Director of Operations or designee

Date

Business Manager Signature of receipt

Date

Journal Entries

Journal entries are used at Paul PCS to record:

- Payroll expense details
- Depreciation/amortization
- Accrued expenses
- Release/recategorization of prepaid expenses, deposits, and unearned revenues
- Voiding checks
- Recategorization of leasehold improvements from construction in progress
- Adjustments to restate certain balances required by GAAP or other accounting standards
- To write off any stale A/Ps or stale pledges that are no longer expected to be collectable.

The following transactions are recorded NOT using journal entries:

- Pledges of funds to be received
- Receivment of funds
- Bills
- Payment of bills
- Transfer of funds from bank accounts
- Credit card purchases

The entries shall contain a detailed description that will allow for the complete understanding of any given transactions. All journal entries are entered by Accounting (EdOps) and to be reviewed and approved by the Operations and Business Manager or designee, and shall be escalated to the Executive Director of Finance and Operations as deemed appropriate. The documentation/schedules of accounts that are impacted by journal entries are updated as part of the monthly close and provided to auditors during the end of year financial audit.

Payroll

The Human Resources department at Paul PCS or a designee is responsible for preparing all payroll support documentation to be provided to the service provider.

Record Keeping

It is the policy of the Organization for the HR Manager to maintain all employee files which include employee pay history and withholding authorizations. An employee letter, which will include the employee's rate of compensation and effective date, will initiate the hiring of a new employee. All changes to standing payroll data, except for the Executive Director's, shall be authorized in writing by the Executive Director, HR Manager, COO, or CFO as appropriate including new hires, terminations, and pay rate changes. Changes to the payroll data of the Executive Director must be authorized by the Board of Trustees. Employees shall authorize in writing any voluntary payroll deductions and court ordered payroll deductions.

Procedures: To prepare payroll documentation of the following procedures must be followed:

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 Human Resource Department will retain a copy of all payroll correspondence provided to the vendor.
4. The service provider will provide the Human Resource Department with payroll reports for each period.
5. The Executive Director of Talent or a designee will sign off on the payroll data summary; the ED of Talent may also collaborate with the Executive Director of Finance and Operations for support as needed for final payroll approval.
6. The Human Resource Department or designee will file all original payroll reports.
7. The Human Resource Department must ensure that the reports are reconciled.

Accounts Receivable

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

Procedures: Invoices are submitted thru Anybill for payment. Invoices are reviewed by gatekeeper, Budget Manager, Accounting (EdOps) and Operations and Business Manager. Invoices are paid by the Executive Director of Finance and Operations. Invoices over \$50,000 require approval from both the Executive Director of Finance and Operations and the CEO. All invoices from Anybill are directly added to the Accounting system via the Anybill / QuickBooks applications. Invoices that are paid via credit cards are reconciled monthly to the accounting files and include coding and documentation. Approvals via appropriate Budget Holder are either obtained and provided with documentation or is inherent if the Credit Card Holder and Budget Holder for the account is the same person.

Cash Receipts

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 stored in the safe until the bank deposit is complete. Cash from various collections is received by the Business Manager or designee who prepares a written receipt for the person making the payment. All cash and copies of the written receipts are locked in the safe until a bank deposit is made. The Copies become a part of the monthly reconciliation documentation. The Business Manager or designee prepares all deposits. Bank deposits are made monthly at minimum and all receipts are a part of the monthly reconciliation documentation. All incoming wire transfers are identified as to source by accounting (EdOps), the Executive Director of Finance and Operations, or the Operations and Business Manager and entered into the accounting records by Accounting (EdOps).

Procurement

Requisitioning and Purchasing

All requests for purchases for goods and services must be approved in advance of purchase and receipt of goods or services. The Executive Director of Finance and Operations has the authority to purchase goods and services on behalf of Paul PCS in accordance with the approved budget. All purchases of goods and services in the amount of \$2,000 or less can be approved by the Manager of Operations and Business. The Budget Manager, Manager of Operations and Business, and Executive Director of Finance and Operations must authorize purchases less than \$50,000. Purchases from \$50,000 to \$100,000 also require the signature of the CEO. Purchases above \$100,000 (that are not personnel-related) require the signature of the Board Chair or designated signatory. The Board Chair or, in their absence the Vice Chair, has the authority to incur expenditures over \$25,000, being mindful of the laws and procedures regarding procurement, ensuring that the CEO and/or Executive Director of Finance and Operations are informed of said decisions. Policies and procedures for purchases of \$25,000 and above are described in section “Requests for Proposals,” and must be approved by the Budget Manager,

Operations and Business Manager, and Executive Director of Finance and Operations. It is the direct responsibility of the Executive Director of Finance and Operations or designee to ascertain and institute the necessary procedural safeguards and controls to prevent deliberate or inadvertent violation of Paul PCS's procurement policy.

Procedures: To request goods or services:

1. All purchase request must be submitted thru FMX and contain the following:
 - a. Vendor details or link to product/services requested: Full name of vendor is sufficient for recurring vendors, but new vendors require address, phone number, and contact, W9 and ACH info if applicable.
 - b. Deliver to: All delivered will be sent to Paul PCS, unless otherwise indicated and approved. The goods will be received and logged by a business office associate and then delivered or picked up by the named recipient.
 - c. Desired Date of delivery: Requested receipt date, if applicable
 - d. Product Description: Provide necessary details, like color, qty, sizes, etc.
 - e. Justification: Brief description of how items will be used.
 - f. Total Cost: Determine approximate cost as this is required for Budget Approver
 - g. Follower: At least one of the followers must be the budget holder that will approve the requests.
2. The Operations and Business Manager or designee will review requests for completeness and approvals. All requests over \$2,000 will also require approval of the Executive Director of Finance and Operations. The Operations and Business Manager is responsible for ensuring that there are adequate funds in the budget to make the purchase, and that the line items are properly coded to the correct account as well as project (grant/endowment).
3. Once approved, the purchase will be processed. If a Purchase Order is requested, it will be sent to the vendor. Purchase Orders are internally logged and a copy kept with financial records.

Requests for Proposals

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, for contracts over \$50,000. For Contracts between \$25,000 and \$50,000 the requesting Budget Holder will provide the scope of goods or services for the RFP.
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. Once a decision to award a bid is made by appropriate personnel (CEO, Board or Trustees, Budget Holder, or any combination of these) the Operations and Business Manager or designee submits contract date to the DC Public Charter School Board thru the Hub not later than 3 days after the date on which the decision is 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 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.

PCSB Guidelines for Specific Types of Contracts

In order to approve some types of contracts, specific information is routinely required.

- Real Estate: Provide information on the monthly or annual rent, as well as cost per square foot. Provide evidence that the price is reasonable in comparison with other rates in the same neighborhood. This should be provided within 15 days of the full execution of the contract.
- Sole Source: A contract may be awarded outside of a competitive bid process when there is only one provider of the good or service. However, when awarding such a contract, a school must submit a rationale justifying the sole source and documentation showing that the awardee is the only provider of the good or service.
- Conflicting Interest Contract or Interested Party Contract: A school can execute a Conflicting Interest Contract or an Interested Party Contract as long as the relationship or interest is disclosed to the school's board and the contract is fair to the school.
- Loan Agreements: Submit agreement for review if the interest and fees will amount to \$25,000 or more in any fiscal year and/or if the loan term exceeds the charter term. Agreements must include information on the total loan amount, the interest rate, applicable fees, pre: payment penalties, conditions of default, and financial and reporting covenants.

- Food Service: Include the cost per meal, whether breakfast and/or snacks are included, the estimated number of students to be served, the process for notifying the provider of the desired number of meals, and the frequency of payment.
- Multiple purchases from the same vendor: Each individual purchase from a vendor is viewed as a separate transaction/contract. For example, if a school purchased \$20,000 in supplies from Amazon in July and \$6,000 in supplies from Amazon in August, neither transaction would be required to be publicly bid. However, deliberate breakdown of contracts to stay below the \$25,000 threshold is not permitted.
- Brokerage Services: When a school removes or adds to the list of providers of a particular service, e.g., a health insurance company, and uses a broker to make such a change, it should submit evidence demonstrating that the broker solicited offers from multiple companies.

Receiving

Goods and services received are to be delivered directly to the Business Office for verification and distribution.

Procedures: When goods and services are received: The Business Office associate 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 requestor notified.

Receipt of Services

1. The Operations and Business Manager or designee will be responsible for verifying the receipt of operating services (e.g., repairs, maintenance, etc.). All consultant and temporary help services will be confirmed by the approving manager.
2. When these services are complete, the invoices will be compared to PO, pricing validate, and submitted thru Anybill for processing.

Non-Standard Deliveries

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 Executive Director of Finance and Operations.

Procedures:

1. The Business Office is NOT to accept any of the following:
 - a. Cash on Delivery (COD) shipments.
 - b. Unsolicited Orders (No Purchase Order).
 - c. Damaged goods.
 - d. Any quantity above the specified number on the PO.

- e. Any items that do not match the PO description.
2. Inform Operations and Business Manager or Executive Director of Finance and Operations of the delivery attempt.

Accounts Payable

Prepaid Expense

It is the policy to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses in the financial records and to expense them in the proper period. Payment of any expense of \$3,000 or less will not qualify as a prepaid expense and will be expensed entirely. Reconciliations of prepaid expenses will be performed by the Accountant at year's end.

Invoices

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 scan them into Anybill.

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, if applicable
3. Review the invoice and supporting documentation (PO, FMX,) for:
 - a. Appropriate approval in the AnyBill System: Online Approval requirements based on amount of purchases for goods and services.
 - b. Completion: All supporting documentation must be attached to the invoice for processing. Follow up will be necessary in those instances where documentation is incomplete.
 - c. 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.
 - d. 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. Once the invoice has been entered into Anybill, it is sent to the appropriate approving manager(s). The invoice is then coded for entry into the Accounts Payable system.

5. Once the invoice is approved in Anybill, final review and payment is submitted by the Director of Finance or designee. Amounts over \$50,000 also require approval of the CEO.

Fixed Assets

Capitalization

All assets and bulk purchases of capital assets with a useful life of greater than one year and a cost greater than \$1,000 will be capitalized and will be recorded in the fixed asset records. Any asset or bulk purchase that does not meet this criteria, such as small tools and equipment or repairs and maintenance, will be expensed. The cost basis of furniture and equipment assets will include all charges relating to the purchase of the assets including the purchase price, freight charges and installation if applicable. Bulk purchases of capital assets with unit costs of less than \$1,000, but total monetary values for one-time acquisitions exceeding \$5,000 should be capitalized as a group and depreciated per the relevant classification schedule. Leasehold improvements are to be capitalized if all charges related to the purchase exceed \$1,000. Expenditures incurred in connection with maintaining the existing building in good working order shall be expensed as a repair.

Equipment Policy

Paul Public Charter School adheres to federal requirements with respect to the disposition of supplies purchased with federal funds (2 CFR §§200.314). Specifically, for supplies or capital assets with current fair market value in excess of \$5,000 that were purchased with federal funds, the individual requesting to dispose of the item(s) must notify the Executive Director of Finance and Operations before disposing of the item(s).

All such items will only be used for their stated purposes; accountability for this standard will be monitored through a yearly inventory process where all such items are designated to be used by an identified person / group of people who must report and assure appropriate usage yearly. Maintenance of said items will also be tended to on an annual basis. Facilities Manager (or designee) is responsible for ensure all facilities equipment is in good working order. Staff may submit specific requests through our maintenance ticketing system, all tickets of which are attended to within 2 business days.

The description, serial number, estimated fair market value, intended means of disposition (e.g. sale, donation, trash, or lost item) and any relevant notes on condition of the item(s) should be included in the request. Upon purchase of all items that this policy applies to, identified operations staff member log equipment into our asset management system that is shared by the facilities and technology teams. This log includes this following info:

- Description of the item (e.g., brand, model).

- Serial number or other identification number.
- Funding source, including the FAIN (on the GAN).
- Entity that holds the title.
- Acquisition date.
- Cost, including percentage of federal participation in the cost.
- Location
- Use and condition
- Disposition data, including the date of disposal and sales price or the method used to determine current fair market value.

This log is managed through a platform called “Asset Panda,” and also identifies a responsible party for the use and maintenance of these items.

The Executive Director of Finance and Operations (or designee) will notify the grants contact at OSSE or other relevant federal awarding agency (“Federal Awarding Agency”) for the grant in question of the planned disposal. Note that, with the Federal Awarding Agency’s approval (or if there is no response 120 days after notification by Paul PCS), Paul PCS can sell the item(s) it is disposing of. If the item is sold, per § 200.313 (e)(2), the Federal Awarding Agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal Awarding Agency's percentage of participation in the cost of the original purchase, though Paul PCS will deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses. In the event the item is sold, Paul PCS’ Executive Director of Finance and Operations (or designee) will make arrangements to repay the Federal Awarding Agency the proportionate amount as required under the statute and have Paul PCS’s accounting team adjust relevant fixed asset and grant tracking records.

Labeling of Equipment

All Computers, books and FF&E Purchases must be labeled as the property of Paul PCS by the IT department, staff from the Director of Schools, facilities or other appropriate equipment overseers. The Executive Director of Finance and Operations should be given access to all database inventory.

Subsidiary Record

The accountant 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.

Depreciation

Paul PCS fixed assets depreciation expense will be calculated using the straight line method of depreciation. Paul PCS 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 years.
- Building Improvements: 25 years.

Contributed Equipment

It is the policy of Paul PCS to report gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of equipment shall be recorded at fair value of the asset at the date of the donation. Fair value shall be determined by the Executive Director of Finance and Operations, staff person designated by the CEO and/or Accountant and may be measured by quoted market prices for similar assets or replacement cost.

Grants

Federal Grant Requirements

It is the policy of the Organization to adhere to all federal guidelines covered under Uniform Grant Guidance and EDGAR.

Uniform Grant Guidance mandates that all costs paid with federal funds be necessary (needed for performance or administration of the grant), allocable (cost benefits the program in proportion to the amount of money paid), and reasonable (LEA follows sound business practices, pays a fair market price, and makes purchases with open competition). Funds should be targeted where the needs are greatest. EDGAR covers three broad components: i) financial management, ii) procurement, and iii) inventory management systems.

Federal grant dollars should be used to supplement, not replace (i.e., supplant) spending that would have happened anyway using local money had the federal funds not been available. Additionally, the Organization will comply with maintenance of effort (MOE) and Excess Cost requirements.

The Organization will comply with Procurement Standards as defined in 2 CFR 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” Subpart D, Sections 200.318-200.326, for all federal grant funded procurements.

The Executive Director and Accountant will be responsible for completing grant budgets, applications and budget amendments, with the final authorization provided by the Executive Director.

The Federal Grant Compliance Checklist will be completed by anyone making a purchase of supplies, services, or travel that will be reimbursed with federal grant funds. The Organization will ensure that reimbursement requests cover the appropriate grant period and will verify that all

goods/services for which the Organization is seeking federal reimbursement have not only been purchased and paid for but have been actually received by the school. It will retain invoices and contracts onsite as backup for reimbursement requests.

As part of the Federal Grant Compliance Checklist process, the following websites will be reviewed to ensure that prospective vendors are not debarred or suspended. The school takes a screen snapshot of the page on the date of inquiry and saves the information electronically to ensure evidence of compliance with this requirement is readily available.

- <https://www.sam.gov>
- Excluded Parties List: OCP-DC

The Organization will follow the first in/first out (FIFO) policy when seeking reimbursements of its federal grants. The Organization will seek to draw down the earlier grant period of a grant when multiple years of a grant are concurrently open.

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.

Federal Grant Drawdown Procedures

Paul PCS 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 Executive Director of Finance and 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 Executive Director of Finance and 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:
 - a. Federal Program
 - b. Purpose
 - c. Vendor
 - d. Description of Services
 - e. Amount
2. Process in the same manner as other check requests (see Accounts Payable procedures above.)

- a. Supplies for under \$10,000: no changes to procurement needed; qualifies as a micro-purchases
 - b. Supplies/Materials more than \$10,000 and \$25,000: schools need to RFP a minimum of 3 proposals
 - c. Anything over \$25,000: PCS Board procurement rules apply
 - d. Anything over \$250,000: must select lowest bid from RFP, or express rationale for a different selection through appropriate appeal process
3. The Executive Director of Finance and Operations is responsible for maintaining an accounting for all federal funds used by Paul PCS. 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.).

Federal Grant Reporting

The Executive Director of Finance and 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.

Other Grants

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 Executive Director of Finance and Operations is responsible for maintaining an accounting for all private funds used by Paul PCS. 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.

Time and Effort Reports

Time and Effort Reports are required to document that federal funds were charged only for time actually worked on allowable cost activities and ensure federal programs only paid their proportionate share of personnel costs. All applicable “Time and Effort” at Paul PCS is certified in an appropriate and in accordance with federal and/or OSSE standards (usually once a year). Certification is collected from appropriate stakeholders just after the end of the federal fiscal year. Applicable faculty and exempt employees or a knowledge leader (usually the Executive

Director of Finance and Operations or designee) report the percent effort for all federally sponsored activity and curricular activities a Time and Effort Report form.

Time and Effort Reports reasonably reflect the percentage distribution of effort by faculty and exempt employees charged to federally funded projects. Effort is not determined based on a 40-hour week but rather as a percentage of total employment activities. 100% effort is an employee's total hours actually spent on work within the scope of his/her employment activities. The report includes activities for which the employee is being compensated, both sponsored and non-sponsored, within a given time period. The purpose of the report is to certify the level of effort expended on these activities.

Financial Reporting

Monthly Financial Reports

Paul PCS 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.

Internal Reports

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.

Procedure: The Executive Director of Finance and 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.

Financial Audit

Paul PCS 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. The annual IRS Form 990 is completed by the accounting firm engaged to manage the audit. 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.

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.

It is the policy of Paul PCS to maintain an annual cash flow and operating budget. The budget will be initially compiled by the Executive Director of Finance and 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, to the full Board of Trustees. The CEO will submit the annual budget to the Board's 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.