

OVERVIEW

Windham Academy (WA) is committed to developing and maintaining financial policies and procedures that ensure sound internal controls, fiscal responsibility, and accountability in accordance with Generally Accepted Accounting Principles (GAAP). WA will follow all relevant laws and regulations that govern charter schools in New Hampshire. As a nonprofit organization, WA is entrusted with funds granted by government agencies, private foundations, and individual contributors, and it will adhere to the highest of accounting standards.

The Financial Policies and Procedures Manual contains the policies necessary to be strong stewards of public dollars and to carry out the fiduciary responsibilities pursuant to New Hampshire charter schools and nonprofit entities for the purpose of creating a high quality, public charter school for the students and families of New Hampshire. Clear policies and procedures will enable the school to meet its financial needs and obligations, ensure long-term financial stability and viability, and protect its tangible assets and reputation.

The Board of Trustees for WA has reviewed and adopted the following procedures to ensure transparent and effective use of WA funds aligned with the school's mission and vision. Furthermore, the policies outlined within safeguard that funds are budgeted. Accounted for, expended, and maintained appropriately.

Governance Responsibilities - Board of Trustees

- The WA Board of Trustees will meet on a regular basis to ensure its fiduciary duty is maintained. The Board of Trustees formulates financial policies and procedures and delegates administration of the policies and procedures to the Director.
- The Board of Trustees will commission an annual financial audit by an independent third party auditor who will report directly to the Finance Committee. The Board will approve the final audit report and a copy will be provided to the New Hampshire Department of Education (NHDOE). Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Board.
- The Board of Trustees can appoint an alternate resource to perform the Director responsibilities in the case of absence.

Governance Responsibilities - Finance Committee

- WA will establish a Finance Committee. This committee is responsible for selecting an audit firm, reviewing the financial policies and procedure manual on an annual basis, approving the annual budget, and working with the school's finance team to review the monthly financial statements.
- The Finance Committee of the Board of Trustees shall be responsible for the primary

Board-level oversight of school financial matters, as defined by the Board. The Director will have the primary responsibility of executing all financial matters. All members of the financial management team will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of WA.

Section I - Budget

Development

WA's budget is created annually and updated regularly based on actual expenditures and programmatic changes that occur during the year. Creation of the annual budget and capital budget is an iterative process led by the Director with input from other staff members as appropriate.

Once complete, the Director presents the overall budget to the Finance Committee for review. If/when the committee is satisfied, the budget is then presented to the entire Board for a vote of approval. The budget must be approved and passed by June 30, before the start of a new fiscal year. The approval of the budget includes Expense, Revenue, Capital, Debt Services, Salary and Wage expenses, and must be approved and submitted to the NH DOE by June 30, before the start of the new fiscal year. The implementation of, and accountability for the budget is the sole responsibility of the Director.

From a day-to-day operational standpoint, the Director will work with the Business Director, Treasurer of the Board of Trustees, or the Chairperson of the Board of Trustees to resolve questions or issues related to the budget.

Adherence

Adherence to the budget is crucial to maintaining fiduciary responsibility by the Board of Trustees. As such, budgeted money may only be spent as specifically appropriated according to the expense budget and salary and wage schedules approved by the Board of Trustees. Transfer of funds from one budgeted line item to another is expressly forbidden. Further, changes to approved salaries and wages are not allowed.

When grant money or donations are received and can be used to offset a budgeted line item, the unexpended balance shall not be spent and will be transferred to a retain account.

Modification

In the event it becomes necessary to expend an amount greater than what was appropriated for a specific purpose, the Board is authorized to transfer funds from an unexpended balance of one budget line item to a different budget line item that is in deficit. All transfers of budget line items will be made consistent with the provisions of RSA 32:10.

All proposed changes to the budget will be presented to the Treasurer, Chairman of the Board or Finance committee and must undergo a cost/benefit analysis and impact review of the rolling five-year projected budget. Changes recommended by the Finance Committee must be approved by the Board of Trustees before any expenses may be incurred related to the proposed change.

Section II - Purchases

By the adoption of the operating budget by the Board of Trustees, the Director becomes both responsible for, and generally authorized to expend, the amounts budgeted. This authorization may, however, be qualified by the Board action based upon availability of funds.

The acquisition of supplies, equipment, and services will be centralized in the business office, which functions under the supervision of the Board of Trustees, and through whose office all purchasing transactions are conducted.

The Business Manager shall be responsible for all phases of purchasing in accordance with Board Policy; for requisitions, current order purchasing, writing of specifications for bids, deliveries, storage, and other tasks related to the purchases, acceptance, and distribution of supplies.

WA procures only items and services that are required to fulfill the mission and/or fill a legitimate need. Procurements are made using best value contracting which entails assessing the best value considering quality, performance, and price. This is achieved partly by the Business Manager, who also has the annual responsibility of reviewing the newly approved budget to uncover patterns of orders and opportunities for clustering orders to achieve volume discounts.

WA adheres to the following objectives:

- Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations, such as delivery, quantity, quality, etc.
- The school will utilize State of New Hampshire Bureau of Purchase and Property, or regional purchasing cooperatives to attain best pricing whenever possible.
- The school will make all purchases in the best interests of the school and its funding sources.
- The school will obtain quality supplies/services needed for delivery at the time and place required.
- The school will buy from reliable sources of supply.
- The school will obtain maximum value for all expenditures.
- The school will deal fairly and impartially with all vendors.
- The school will 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 WA supplier relationships.

- The school will consider purchase of pre-owned items and or items from the Windham or other School Districts that are no longer being used.

Purchasing

- All purchases made using state or federal grant monies over \$500 will require the use of a purchase order and will be conducted in accordance with all applicable local, state and federal regulations.
- Purchase orders shall be reviewed by the Business Manager prior to approval to determine:
 - Is the expenditure budgeted?
 - Are funds currently available for expenditures?
 - Is the expenditure appropriate and consistent with the mission and vision of WA?
 - Is the expenditure aligned with the approved charter, school policies, and procedures, and any related laws or applicable regulations?
 - Is the price competitive and prudent?
- Purchase orders must be approved by the Chairman of the Board, Treasurer or Board approved designate prior to a purchase or commitment to spend funds.
- All procurements made with federal funds will be consistent with 2 C.F.R. §200.317 through §200.326 Procurement Standards.
- All purchases over \$3,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods and services. A minimum of three (3) bids or quotes should be obtained.
- The Director must approve all purchases. Purchase requisitions, authorizing purchase of items greater than \$500, must be signed by the Director.
- No one shall intentionally divide a procurement purchase into one or more smaller purchases to divide an invoice or purchase order into two or more invoices or purchase orders, or to make smaller purchases over a period of time in order to circumvent any aspect of this policy or of state law.
- Any individual making an authorized purchase on behalf of the school must provide the WA Business Manager with appropriate documentation of the purchase.
- Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be promptly reimbursed upon receipt of appropriate documentation of the purchase.

Receipt of Goods

All goods purchased by WA are delivered directly to the school. It is the responsibility of the Business Manager to sign for delivery. The Business Manager is also responsible for opening the package(s) and obtaining the packing slip(s). The packing slip will be reviewed for accuracy, checked against the original PO, stamped as received, and signed by the Business Manager. If everything is not correct with the order, the Business Manager will contact the vendor for a return/credit to the account. When discrepancies occur, they are to be resolved by the Business Manager and/or Director.

Commented [SD1]: Not sure this is compliant with SOD.

Section III - Contracts

Contracts

Consideration will be made of in-house capabilities to accomplish services before contracting for them.

- The Director will approve all proposed contracts and modifications in writing and is responsible for ensuring the terms of the contract are fulfilled.
- The Business Manager will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$3,000.
- All purchases over \$3,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods and services.
 - Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).
 - Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Director may also require that contract service providers list the School as an additional insured.
- The Board of Trustees must also review all contracts over \$3,000 outside of budgeted dollars.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- If the contract service provider is a sole proprietor or a partnership, the school must have a W-9 from the contract service provider prior to submitting any requests for payment to WA.
- Potential conflicts of interest will be disclosed upfront, and the Director and/or members of the Board of Trustees with the conflict will excuse themselves from discussion and from voting on the contract.
- When necessary, legal counsel deemed will review all contracts over \$3,000.

Section IV - Accounts Payable

WA has established an accounting system comprised of the methods and records used to identify, assemble, classify, record, and report accounting transaction. The methods are set up to: (1) identify and record all of the organization's transactions. (2) verify that recorded transactions actually took place. (3) describe the transactions in enough detail to allow classification for financial reporting, (4) ensure transactions are recorded at the appropriate amounts, (5) indicate the time period in which transactions occurred in order to record them in the proper accounting period, and (6) ensure that transactions were properly authorized.

The fiscal year is from July 1 to June 30th. The school's audited financial statements must be approved by the Board of Trustees and provided to the appropriate oversight entity according to all applicable requirements. Furthermore, the school's budget for the following fiscal year must be

drafted for Board review and approved prior to the end of the current fiscal year. The budget may later be revised and approved as necessary.

Accounts Payable Cycle: Segregation of Duties

Commented [SD2]: Tony, this is taken verbatim from SCS. Not sure what the process should be.

A hierarchical structure of authority and responsibility has been developed at WA. Tasks are divided and allocated to guard against one individual having the ability to make an accounting error (either knowingly or unknowingly). This protects the school from any potential fraud or misappropriation of funds.

1. WA Business Manager
 - a. Is responsible for collecting all bills and invoices
 - b. Reviews all invoices for accuracy
 - c. Matches invoices to supporting documentation (when available)
 - d. Contacts vendors if corrections are needed
 - e. Records invoices as outstanding payable, indicating the appropriate account and codes
 - f. File invoices and documentation awaiting payment
 - g. Prepares unpaid bill report for Director approval
2. WA Director
 - a. Reviews unpaid bill report and approves for payment
 - b. Returns unpaid bill report to Business Manager for check processing
3. WA Business Manager
 - a. Processes unpaid bills and cuts check for approved payments
 - b. Checks are attached to appropriate invoices and check manifest is prepared.
 - c. Check Manifest, checks and invoices are submitted for Director and Board signatures.
4. WA Director
 - a. Reviews check manifest and signs for approval
5. WA Board Trustee with check signing privileges
 - a. Receives checks and check manifest and reviews
 - b. Signs manifest and checks
 - c. Returns to Business Manager
6. WA Business Manager
 - a. Files vendor bill/documentation with attached check stub
 - b. Mails checks to vendors

Bank Checks

- The Board of Trustees will approve, in advance, the list of authorized signers on the school account. The Board Chair and Treasurer may sign bank checks within established limitations.
- The Board of Trustees will be authorized to open and close bank accounts.
- The Business Manager will be responsible for all bank checks.

Recurring Expenses

Recurring expenses that exceed the thresholds stated above can be approved once annually by the Board and then will not need to be approved monthly moving forward. For example, if the cost of health insurance payments exceeds \$10,000 per month, the Board may approve that payment one time and then provide written approval so that in future months Board approval is not needed to process payment.

Fixed Assets

- Items valued at more than \$1,000 that have a useful life beyond one year are capitalized.
- Invoices for fixed assets are processed the same as other vendor invoices, however, additional steps are taken to document the purchase of fixed assets.
- Business Manager
 - Records each asset, along with serial number when available, in Fixed Assets module.
 - Assets are coded to the appropriate asset class and grant.
- Account is setup to calculate depreciation on a straight line basis as follows:
 - Furniture - 5 years
 - Equipment - 5 years
 - Computers - 3 years
 - Software - 5 years
- On an annual basis, inventory will be taken and adjustments for disposal of assets will be recorded in account and Form 369 will be updated as required.

Commented [SD3]: Verify with Caitlin aligns with her established depreciation schedules

Section V - Accounts Receivable

Documentation will be maintained for accounts receivable by Business Manager and recorded in the general ledger, and collected on a timely basis.

Funds from NH Treasury are received by ACH.

Basic Tuition Support

Documentation will be maintained for accounts receivable and provided to the Business Manager, recorded in the general ledger, and collected on a timely basis.

The majority of the funds are received by ACH from the State of New Hampshire Treasury.

Cash Receipts via ACH

Basic Tuition Support

- Received from DOE based on student counts as of four specific count days
 - Opening day of school
 - Enrollment Coordinator reports, with Board Chair signature, the number of NH resident pupils that were enrolled and present on the 1st day of school.
 - DOE emails a notice of deposit to designated school official
 - 30% of pupil aid is received by the end of September
 - Business Manager makes appropriate documentation of monies received
 - November 1
 - Enrollment Coordinator reports, with Board Chair signature, the number of NH residents enrolled. Enrollment includes students who are present as well as absent students who are expected to return to school.
 - DOE emails a notice of deposit to designated school official
 - 30% of pupil aid is received by the end of November
 - Business Manager makes appropriate documentation of monies received
 - February 1
 - Enrollment Coordinator reports, with Board Chair signature, the number of NH residents enrolled. Enrollment includes students who are present as well as absent students who are expected to return to school.
 - DOE emails a notice of deposit to designated school official
 - 30% of pupil aid is received by the end of February
 - Business Manager makes appropriate documentation of monies received
 - June 30
 - Enrollment Coordinator files the EOY (End of Year Report) This report states the number of NH residents enrolled, present or absent.
 - DOE emails a notice of deposit to designated school official
 - 10% of pupil aid is received by the end of June
 - Business Manager makes appropriate documentation of monies received

Federal Grants

The majority of federal grant awards are made through NH DOE and funds are distributed by ACH on a reimbursement basis.

- The Business Manager submits grant claim to NH DOE for reimbursement.
- The Business Manager processes grant when approved and enters into general ledger.
- Reimbursement claims are processed by the NH DOE on the 15th and 30th of the month.
- NH DOE submits payment via ACH

- Director receives notice of deposit into school account.

Cash Receipts via Bank Deposit

Cash and checks are received for various purposes. All employees receiving or accepting cash or checks are instructed to forward the funds to the Business Manager.

- Business Manager
 - Maintains deposit entry of all funds received, noting who the funds were received from, amount received, and for what purpose.
 - Copies / scans all checks received
 - Prepares a bank deposit slip
 - Delivers deposit to bank in a timely manner
 - Attaches bank receipt to documentation

Section VI - Recording Cash Receipts

Recording Cash Receipts

Once the receipt of funds has been confirmed:

- Business Manager
 - Provides receipt to person paying in cash if requested.
 - Records cash receipt on deposit sheet
 - Maintains daily log of all funds received, noting who the funds were received from, amount received, and for what purpose.

Section VII - Payroll

WA contracts with Blundell Associates for Business to support the preparation of payroll, make specified tax payments, and prepare/submit all payroll tax reporting to the appropriate agencies.

- Payroll is processed bi-weekly
- Employees are required to receive their paycheck via direct deposit

Timesheets

- Time is accumulated through timesheets
- Business Manager collects timesheets, checks them for accuracy, and forwards to Director

Payroll Processing

- The Director approves all timesheets and forwards to Business Manager for processing
- Business Manager
 - Enters all payroll information using approved timesheets from Director
 - Creates a summary of payroll totals and forwards to Director
- The Director reviews summary and approves
- The Treasurer reviews summary and approves
- Business Manager approves payroll and submits for processing
- Payroll service provider
 - Reviews monthly/quarterly payroll reports for accuracy
 - Reviews, prints, and supplies W2 annually for accuracy

Payroll Taxes and Filings

- Business Manager will prepare payroll check details, withholding summaries, and other necessary payroll summaries.
- Payroll service provider will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Director and submit the forms to the respective agencies.

Record Keeping

The Director will be responsible for all new employees completing and/or providing all of the items required for inclusion in individual personnel files and the maintenance of these records to ensure information is up-to-date.

An employee's hiring is not effective until the employment application, form W-4, or I-9, have been completed. Employment will be dependent on clear background check. No employee will work alone with students until background check is cleared through the state.

The Business Manager will maintain written records of all employees' contracts signed by board chair, use of sick leave, vacation days, and any other unpaid absences. The Business Manager will immediately notify the Director if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences. Each employee must maintain personal contemporaneous records.

Commented [SD4]: Currently Matt does this, do we want to assume responsibility for it?

Section VIII - Expenses

Expense Reports

- Employees will be reimbursed for authorized expenditures within thirty (30) days of presentation of appropriate documentation.

- Receipts or other appropriate documentation will be required for all expense reimbursements.
- Business Manager will show all reimbursements on check manifest which will be approved by Director and Board before payment.
- Director expense reports should be approved by a member of the board and always be submitted to Business Manager for processing and payment.
- Expenses greater than two months old will not be reimbursed.

Section IX - Finance

Financial Reporting

- Prior to each Board of Trustees meeting, the following will be sent to the Treasurer:
 - Check Detail Report
 - Deposit Detail Report
 - Up-to-Date P&L Statement
 - Transfer Detail Report

Financial Institution

- All funds will be maintained at a high-quality financial institution.
- Physical evidence will be maintained on-site for all financial institution transactions.

Bank Reconciliation

The following members of the school have online access to the bank accounts:

- Business Manager

On a weekly basis Business Manager reviews account for unusual or suspicious activity. At the end of each month:

- Business Manager
 - Downloads bank statement
 - Reconciles bank account
 - Downloads Paypal statement
 - Reconciles Paypal account

Section X - Month End Process

Month End Process

Once the bank statements have been reconciled, the following steps are taken:

- Blundell Associates
 - Prepares month-end journal entries for the following items:
 - To expense prepaids
 - To record any outstanding receivables, including grant receivables
 - To record monthly depreciation
 - To accrue payroll, if necessary
 - To accrue any recurring monthly expenses for invoices that have not yet been received
 - Any additional entries identified during the month
 - Reviews GL for accuracy
 - Journal entries are posted to make any necessary corrections
 - Prepares draft of financial statements in accordance with accounting principles for not-for-profit organizations
 - Meets with Director to review financial reports prior to Board meeting and makes corrections if necessary
 - Finalize reports and send final copy to Director and Board Treasurer.

Section XI - Financial Compliance

Annual Financial Audit Responsibilities

- The Finance Committee will select an Auditor by March 1 prior to year end (June 30)
- Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee
- The Finance Committee will annually contract for the services of an independent, certified, public accountant to perform an annual fiscal audit.
- The audit shall comply with state regulations and shall include, but not be limited to:
 - An audit of the accuracy of the financial statements
 - An audit of the attendance accounting and revenue accuracy practices
 - An audit of the internal control practices
- Director/Business Manager
 - Notifies WA Board of Trustees once the audit has been scheduled
 - Provides the necessary financial reports and documentation to auditors
 - Serves as the main point of contact during the audit process

- Notifies the WA Board of Trustees at least 2 days in advance of exit interview (including date, time, and place)
- Blundell Associates will provide support to Director/Business Manager as needed during the audit process

Form 990

- The Form 990 will be prepared by the same CPA Firm that contracts to conduct the annual audit
- Director/Business Manager is responsible for providing information to the CPA firm

Section XII - Records Management

WA is responsible for maintaining all financial records in accordance with all the state regulations defined by public record laws. Blundell Associates will provide support and guidance as needed.

Section XIII - Grants

Grant Management

Upon notification of a grant award, the Director will submit a copy of the grant agreement and notification letter to Business Manager and Accounting Firm (Blundell Associates).

- Director, Business Manager, and Blundell Associates will discuss the requirements of the grant.
- Blundell Associates
 - Will determine in which period revenue should be recorded and whether any or all of the grant should be recorded as temporarily restricted funds
 - Assigns a grant code and sets up the necessary accounts in the accounting system
 - Reviews all grant activity on a monthly basis to determine accuracy and compliance ○ Provides a summary of all grant activity to Director / Board of Trustees on a monthly basis
- Blundell Associates is responsible for preparing all grant reports on a timely basis. All Reports will be forwarded to Director / Board of Trustees for review.
- Director / Board of Trustees reviews all grant reports prior to submission to the appropriate agency.