



## **Internal Control Policies and Procedures**

The purpose of this document is to define the financial responsibilities and requirements of the Technology Leadership High School (Tech) Board members and employees.

**Board Fiscal Responsibilities** – The following detail the responsibilities and requirements of the Tech Board.

The Board will appoint both a Finance and an Audit Committee to oversee the financial aspects of Tech Operations. The two board members who serve as the Audit Committee will also serve as the members of the Finance Committee. The Audit Committee will be made up of the two board members who serve on the Finance Committee, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. In addition the Executive Director and Business Manager shall serve as ex-officio members of the committee.

1. Annually the Board will approve the budget, which should include both expected revenues and approved broad spending categories. It is understood, especially in the first year of operations that the budget will have to be reviewed on an ongoing basis (see responsibilities of the Finance Committee below) and may need to be updated to adjust to changing conditions (i.e. unexpected funding sources, funding not received, etc.).
2. Review and approve the monthly financial statements that are presented by the Finance Committee and Executive Director.
3. Review the recommendation of the Finance Committee and the Audit Committee and Executive Director for the Accountant/Controller position.
4. Review and approve of the recommendation of the Finance Committee and Executive Director for the investment policies of any held funds.
5. Approve the initial and any future revisions of the Fiscal Policies and Procedures of Tech. Revisions will be reviewed and recommended at least quarterly by the Finance and Audit Committee.

**Finance Committee Responsibilities** – The duties of this committee will be to perform the detailed interaction with the Executive Director and oversight of the external monitoring on budget and financial matters of Tech. The responsibilities of this Committee will be for the following:

1. Make recommendations to the Board in the following areas:
  - a. Financial planning, including reviews of the school district's revenue and expenditure projections;
  - b. Review of financial statements and periodic monitoring of revenues and expenses;
  - c. Annual budget preparation and oversight; and
  - d. Procurement;
2. Serve as an external monitoring committee on budget and other financial matters.
3. On an ongoing basis to review the Fiscal Policies and Procedures of Tech to ensure that safeguards and controls are adequate and effective. In those situations where improvement or changes are appropriate, the Committee will propose and recommend such changes to the Board.

4. Especially in the first years of operations, the annual budget will need to be reviewed for reasonability and adjustments or changes that appear will need to be recommended to the Board for their approval. It will be the duty of the Committee to ensure that the Executive Director is holding to the budget approved by the Board and to discuss and bring to the attention of the Board any perceived shortfalls or problems with the actual versus budgeted results.
5. At least quarterly the Committee will review the monthly reports from the Executive Director and accounting personnel. As indicated above, the review should include any concerns about budget, review of bank reconciliations and any other elements the Committee deems relevant to helping oversee fiscal responsibility and reporting accuracy. The Executive Director should on a monthly basis submit to the Committee the following information for review and approval:
6. At least quarterly, the Committee will review the investment results and reports to ensure that invested funds are being held according to the investment policy and are performing in the expected manner. Any concerns or suggested changes will be forwarded to the Board for their consideration, and if required, changes to the investment policy and / or investment advisors.
7. Work with the Executive Director and/or Finance Director to secure proper assistance to see that annual IRS statements are prepared and filed timely.
8. Review and approve with the Executive Director any proposed hiring decisions and ensure that such decisions are within the budgetary requirements. This responsibility will likely need to be diminished once the school is established as it is not anticipated that the Executive Director will need to involve the Board for hiring decisions, unless they involve the controllership position.

**Audit Committee Responsibilities** - The responsibilities of this Committee will be for the following:

1. Evaluate the request for proposal for annual financial audit services;
2. Recommend the selection of the financial auditor;
3. Attend the entrance and exit conferences for annual and special audits;
4. Meet with external financial auditors at least monthly after audit field work begins until the conclusion of the audit;
5. Be accessible to the external financial auditors as requested to facilitate communication with the Board and the superintendent;
6. Track and report progress on the status of the most recent audit findings and advise the Board on policy changes needed to address audit findings;
7. Provide other advice and assistance as requested by the local school board; and
8. Be subject to the same requirements regarding the confidentiality of audit information as those imposed upon the local school board by the Audit Act [12-6-1 through 12-6-14 NMSA 1978] and rules of the state auditor.

## **Fiscal Procedures**

### **Salary Schedule and Salary Increases**

- Minimum salaries for teachers and Executive Director are determined by the Legislature of the State of New Mexico. Yearly a salary schedule is approved by the Board for teaching staff and support staff. Teaching and support staff are paid strictly by licensure level and years of allowed experience. A copy of the salary schedule will be provided in the staff handbook. Salaries for all other staff are determined at the time of hire and are based on qualifications and experience for each position. Salary increases are determined by the Legislature of the State of New Mexico and are passed during the January/February legislative session regarding the *on average* percent increase for the following school year.

The *on average* percent increase is distributed via the salary schedule. Taking priority are teachers who are changing licensure levels (level one to level two, etc.). Then the step changes are accounted for (3 years' experience to 4 years' experience, etc.). After these two procedures are accomplished, if the *on average* increase is less than the state mandated *on average* increase, the remaining percentage is worked evenly into the salary schedule, moving the entire schedule up. If the Legislature does not fund salary increases in any given year, then the salary schedule remains stagnant and no raises will be available to staff members.

### **Purchasing**

For the purposes of this Procedure purchases are defined as any tangible object such as books, classroom supplies and services. Purchases by the Executive Director of two hundred dollars (\$200.00) or more require an approved purchase order before the purchase can be made. Purchases by instructional and non-instructional staff, other than the Executive Director of one hundred dollars (\$100.00) or more require an approved purchase order before the purchase can be made. Initiating agreements to procure goods or services is not allowed until an approved purchase order has been executed.

### **Small Purchases**

#### **Goods\*, Non-Professional Services, or Construction**

Because Tech is it's own Central Purchasing Office if it is \$60,000.00 or less exclusive of all applicable state and local tax, Tech can purchase without competitive bid.

"Services" means the furnishing of labor, time or effort by a contractor not involving the delivery of a specific end product other than reports and other materials which are merely incidental to the required performance. "Services" includes the furnishing of insurance but does not include construction or the services of employees of a state agency or a local public body.

#### **Goods\*, Professional Services, Non-professional Services, or Construction**

\$60,001.00 or more exclusive of gross receipts tax – Must be put out for competitive bid barring any applicable exemption or exception.

"Professional services" means the services of architects, archeologists, engineers, surveyors, landscape architects, medical arts practitioners, scientists, management and systems analysts, certified public accountants, registered public accountants, lawyers, psychologists, planners, researchers, construction managers and other persons or businesses providing similar professional services, which may be designated as such by a determination issued by the state purchasing agent or a central purchasing office [Tech].

\*Referred to in the Procurement Code as "items of tangible personal property."

- a. **Purchase Requisition** - Employees will obtain quotes first, and then complete and submit a purchase requisition along with any backup information/quotes to the Executive Director. The employee's printed name on the purchase requisition will serve as their electronic signature. When a purchase requisition is received, the Executive Director will verify that there is budget available for the purchase, insert the chart of account number for each line item, then approve the requisition by signature.
- b. **Purchase Order** - When the purchase requisition has final approval, the Finance Director will generate a Purchase Order in the school's accounting system. The Executive Director and Finance Director will sign the Purchase Order. A copy of the Purchase Order will be issued to the staff member who submitted the

purchase order. Upon receipt of the approved Purchase Order, the staff member will then have authorization to make their purchase. The Finance Director will file the original approved Purchase Order and the approved Purchase Requisition until the invoice arrives.

- c. **Receiving/Packing Slip** - When the merchandise arrives, the staff member will check the contents against the packing slip, note any discrepancies, sign and date the packing slip and forward the packing slip to the Finance Director. If there are any discrepancies, the staff member is to contact the vendor to clear the situation and then notify the Finance Director of the outcome. If there is no packing slip the purchaser will send an email to the Finance Director informing him/her what merchandise has arrived, or that the service has been rendered. This email will be attached to the purchase order in place of a packing slip.
- d. **Invoice** – The Finance Director will enter the invoice in the school’s accounting system. The Finance Director or other staff member will staple together the original purchase order, the packing slip and the invoice together and double check that all signatures are on the purchase order and then stamp the invoice. The stamp will have areas to insert the following information: Fund, amount to be paid, check number and check date. There will also be an area for the Executive Director to initial. The Finance Director will fill in all but the check number and date paid information and then enter the invoice into the accounting system and file it until it is to be paid.
- e. **Vouchers/Warrants** – The Finance Director will print the warrants, fill in the check number and check date on the stamped area of the invoice and attach the check to the accounts payable (A/P) package. The Executive Director will review and initial the invoices and sign each check. The signed checks will be returned to the Finance Director who will mail the checks and file the paid invoices.
- f. **Employee Reimbursements**- Purchases in the amounts outlined in Section “Fiscal Procedures – Purchasing” of this policy or less are discretionary purchases and are for school business only. These items do not need a purchase order. However, artificially dividing your purchase is prohibited. Artificial dividing is defined as making several purchases within a two-day period at the same or different store, but the total amount of all purchases is greater than allowable under the “Fiscal Procedures – Purchasing” Section of this policy. Employees must take care to purchase from vendors with which the School has a pre-existing relationship in which sales tax is not charged to the School. Sales tax will be reimbursed only where the items purchased could not have been purchased from any store with which the School has such a pre-existing relationship.

Each staff member needs approval before purchase. Staff members will staple receipts to a completed employee reimbursement form and submit it to the Finance Director. The Executive Director may waive the maximum discretionary limit on occasions where extenuating circumstances exist that impede small purchases through issuance of purchase orders (i.e. credit cards only). In these circumstances, the employee must get written permission from the Executive Director prior to making a purchase exceeding those allowable under Section “Fiscal Procedures – Purchasing” of this Policy. This written approval must accompany the receipt and reimbursement form when submitted to the Finance Director.

### **Travel Expenditures**

As a policy, Tech will comply with all the standards set for in the NM Per Diem and Mileage Act, 10-8-4, NMSA 1978. A pre-travel authorization, policy and procedures form must be signed before leaving on professional development trips. Staff members will be reimbursed for actual costs of meals, taxi, shuttle and mass transit costs and airport parking; dollar limits apply to meals and those limits depend on whether travel is in-state or out-of-state. Over the limit costs will not be reimbursed. Costs for a traveling companion or any non-school employee will not be reimbursed. Original, itemized receipts must be turned in with a travel reimbursement request form. Non-itemized receipts, alcoholic beverages and entertainment expenses will not be reimbursed. When several diners share a receipt, each diner must identify their food/drink items.

Splitting a check evenly between all diners is not acceptable. Non-original copies of receipts will only be accepted when separate checks are not issued by a restaurant; however, one person must turn in the original receipt. Restaurant tip reimbursement is limited to 20% of the allowable reimbursable purchase unless the restaurant adds a larger gratuity. In this instance the larger gratuity must be itemized on the restaurant receipt. If you are driving to your destination a mileage reimbursement form must be completed. You will be reimbursed for mileage, not for gas receipts (exception is if you are driving a school arranged rental car). If traveling in a group only one person will be reimbursed for mileage. Reimbursement requests must be turned in within 30 calendar days of returning from your travel to guarantee reimbursement.

### **Receiving Cash from Students or Parents**

A receipt book will be supplied to staff members who collect money from students and parents for any purpose. When collecting money fully complete the receipt form with the following information: student name, amount collected and what the money was collected for. Please note if the payment was cash or check. The original receipt goes to the student or parent. The first copy of the receipt is attached to the cash/check and turned in to the Finance Director. The second copy stays in the receipt book. If the money collected is for a lost book, DVD or piece of equipment please check with the Finance Director for the replacement cost of the lost item (see below). The Finance Director will not accept cash or checks without a completed receipt. Receipt books must be turned into the Finance Director when it is full or at the end of the school year, whichever comes first. If money is being collected from fundraisers (bake sales, etc), individual receipts do not need to be written. Collect the cash for the event and count the cash using a cash collection form and issue a receipt. Money must be turned in to the Finance Director at the end of every day, no matter how much was collected.

### **Deposits**

The Finance Director will verify all cash receipts against the cash collection form and/or receipts on a daily basis. The Finance Director will prepare a deposit ticket listing the total cash/coin and checks to be deposited. A photocopy of all checks shall be kept with the cash collection form and copy of the deposit ticket and receipt(s). The Finance Director will give the prepared deposit to the designated school employee to deposit in the bank. The designated employee will make the deposit at the bank, sign/initial the bank deposit receipt and return it the Finance Director. The Finance Director will attach the bank deposit receipt to the copy of the deposit ticket, cash collection form, receipts, and photocopies of all checks. The Finance Director will post the deposit to the General Ledger, indicate on the deposit documentation that it was posted and file it in a Cash Receipts file or binder.

### **Computer and A/V Equipment**

- All mobile/portable electronic equipment is available for presentations or instructional purposes. Equipment includes laptops, cameras, projectors, and any other electronic or multi-media devices that are not permanently affixed. Staff members are required to reserve equipment through the appropriate staff member

#### *1. Checking Out & Checking In Equipment*

- a. Staff members must contact appropriate staff member on the day of the equipment reservation and sign for the equipment.
- b. Enter the date, time of check out and your name on the equipment log.
- c. The equipment will then be placed in your possession including any keys or accessories that go along with the equipment.
- d. Keys shall remain on your person at all times. Do not give a key to any other staff member or student for any reason.

- e. Laptops/cameras or other devices that are distributed to students shall be documented through permanent student logs. This equipment is only available to the class of the instructor who reserved it. Students from other classes cannot check out a computer and take it to another class.
- f. Students are be required to sign out and in for their machine.
- g. Students are not allowed to take a device outside the classroom or leave the class/group with the device for any reason.
- h. Students are prohibited from logging in with other students' or teachers' credentials. If they forget their login information the student needs to ask their teacher.
- i. Instructors will verify by initialing next to each student's name as the device is returned to the cart.
- j. Students will not be allowed to leave the classroom until all equipment is accounted for.
- k. Staff member must ensure that all equipment/keys/accessories are accounted for and are ready to be checked back in.
  - l. Return equipment to appropriate staff member and enter the time of check in on the equipment log.
- m. Only the staff member that checked out the equipment can check it back in.

### **Petty Cash Fund**

- Tech has identified a need to have a petty cash fund to serve as a resource for student emergencies and small purchases for staff. Allowable purchases shall only be those deemed necessary for students experiencing severe personal and scholastic hardships and for small incidental purchases for the purpose of regular school operations. The funds cannot be used to purchase food/drinks for field trips or other school sponsored events. The money in the fund will come from private donated funds, excluding any state or federal funds. The fund is established and replenished by drawing a check made payable to a Tech employee charged with responsibility for the fund. The petty cash fund must contain cash and/or receipts totaling the full amount of the fund at all times. Purchases from Petty Cash may not exceed \$200 in any given month. Questions regarding allowable purchases must be presented to the Finance Director and/or Executive Director in advance. The Finance Director will determine if the purchase is allowable.

### **Petty Cash Internal Control Procedures**

- The Finance Director shall possess the Petty Cash Box and is responsible for any missing cash or cash for missing receipts, until signed out to the evening employee, hereinafter, called Custodian. The Custodian checks in with the Finance Director on the first day of each school week. The Finance Director and Custodian shall count the cash and receipts in the cash box together and record the results in the Petty Cash Sign Out Log. The Finance Director will sign over the petty cash box and the Petty Cash Purchases Register to the Custodian using the Petty Cash Sign Out Log. The sign out log will list the following field:
  - ✓ Checkout
    - I. Date and time of the handover of the cash box
    - II. Amount of cash in the box
    - III. Amount of receipts in the box
    - IV. Custodian's name and signature
    - V. Finance Director's initials
  - ✓ Check-In
    - I. Date and time that box is returned to Finance Director
    - II. Custodian's initials
    - III. Finance Director's initials

- After the Petty Cash Box is signed out to the Custodian, it is the Custodian’s responsibility to secure the cash box at all times, away from other staff and students. While in their possession, the Custodian is responsible for replacing any missing cash or cash for missing receipts. When a purchase is made, the Custodian will remove the needed cash from the box and make/authorize the purchase. The receipt and any change must be immediately returned to the cash box and the purchase must be documented in the Petty Cash Purchases Register. A receipt must be from a registered business and cannot be handwritten. A receipt cannot be an I.O.U. for a loan to a student or an employee. The Petty Cash Purchases Register will list the following fields:
  - I. Date of the purchase
  - II. Amount of Cash Disbursed
  - III. Description of the items purchased
  - IV. Amount of the purchase
  - V. Amount of change returned
  - VI. Custodian’s initials
- In addition, the register records the weekly reconciliation to the Petty Cash Box, verified by the Finance Director’s signature and date. On the last day of each school week, the Custodian will turn in the Petty Cash Box and the Petty Cash Purchases Register to the Finance Director. The Finance Director and Custodian will reconcile the cash and receipts in the Petty Cash Box to the Petty Cash Purchases Register. The Finance Director will record on the Petty Cash Purchases Register, the date and if it indeed reconciles on the Petty Cash Purchases Register. If it does not reconcile, the Finance Director will investigate the nature of the discrepancy, and record the findings in the Petty Cash Purchases Register. Missing cash must be replaced in timely manner. Failure to comply with these procedures may result in revocation of the Petty Cash Fund and disciplinary action including termination of Tech Staff.

### **Lost/Broken Items**

If a student loses or breaks any school property, please follow these procedures: Notify the Finance Director and the Registrar via email of the event. The Finance Director will let the staff member know the replacement cost of the item and the staff member is responsible for giving the student and/or parent the information. The Registrar will note the student’s record that the student owes for the item. When the student pays or turns in the found item, notify the Registrar so that the note will be removed from the student’s record. If the student has paid, please follow the procedures above, Receiving Cash from Students or Parents. If a staff member loses or breaks any school property, the staff member is responsible payment of repair or replacement cost.

### **Inventory**

The Registrar is responsible for maintaining the book inventory, the Technology Director is responsible for maintaining all technical inventories and the Facilities Director is responsible for maintaining all furniture, equipment and other building related inventory. Physical inventories are conducted each year.

### **Journal Entries**

Non-standard journal entries are prepared by the Finance Director and are reviewed and signed by the Executive Director on a monthly basis.

### **Financial Responsibilities**

- The Executive Director will ensure that there is an adequate number of staff to ensure the necessary segregation of duties with regard to payroll, cash receipts, cash disbursements, purchasing, banking and other financial reporting requirements. Each position is described below:

**Executive Director**– The Executive Director will be administratively certified and act as the instructional leader of the school and will be directly responsible for the business functions and overall long-term viability of the institution. She will directly supervise the teachers and administration. In addition, the Executive Director will be responsible for the day-to-day financial operations of the school to include:

1. Initiation of disbursements if they are within the approved budget guidelines set forth by the Board. Any checks will have to be signed by the Executive Director. The Finance Director will be responsible for receiving all invoices and preparing the check and forward it to the Executive Director for signing.
2. Executive Director and Finance Director will be responsible for preparing the annual budget and reviewing with the Finance Committee for their approval and recommendation to the Board. The Executive Director understands that, especially in the first several years of the Tech, there will need to be flexibility and close scrutiny to be maintained over the budget to ensure that fiscal solvency can be maintained.
3. The Executive Director will be responsible for the hiring of the Finance Director position.
4. The Executive Director will be responsible for reviewing any hiring decisions and purchases over \$1,000. All such decisions should be within the constraints of the overall budget approved by the Board.
5. At least quarterly the Executive Director will review all financial information with the Finance Committee. At least quarterly the Committee will approve and submit to the Board; financial package including monthly income statement and budget to actual comparison.

In the event the Executive Director is unable to fulfill her duties one of Technology Leadership High School’s staff members holding an Administrative License will assume her duties. If no such staff member exists an agreement will be made with a company or contractor that provides educational staff for a temporary Administrator until a permanent replacement is hired. Any persons assuming the duties of the Executive Director shall be selected by the Governing Council in a meeting compliant with the Open Meetings Act.

**Finance Director** -To assure proper and appropriate financial controls over public funds, the Executive Director will hire a licensed business official in accordance with 6.63.12 NMAC.

Under the general direction of the Executive Director, the Finance Director oversees all operations regarding financial matters, including accounts receivable, accounts payable, payroll, purchasing and auditing; trains and supervises business office staff. The Finance Director develops and implements all internal control procedures and policies to ensure that the school’s financial system is accurate, efficient, and aligned with all state and federal laws and regulations. The Finance Director is expected to demonstrate professional excellence and adhere to standards of quality at all times. Other related duties may be directed by the Executive Director.

1. The Finance Director will process invoices for payment. The Finance Director will cut the check and forward it to the Executive Director for review and signature.
2. The Finance Director will be responsible for reviewing and submitting accounting packages to the Committee for their review and submission to the Board.
3. Monthly, the investment statements (if separate from the bank statement) will be forwarded to the Finance Director unopened. They will be responsible for recording the investment activity in the general ledger.
4. The Finance Director will prepare on a monthly basis and present to the Executive Director the following:
  - a. The bank statement and cancelled checks.
  - b. The investment statements.
  - c. The bank reconciliation.



- d. The statement of income and expenses for the month.
- e. A detailed payroll ledger for the month.
5. The Finance Director will review payroll registers submitted and prepare direct deposit schedule and manual paychecks on a bi-weekly basis for the employees of the Tech. Payroll registers and associated reports, along with manual checks will be forward to the Executive Director for signature.
6. Procurement – The Finance Director is the Procurement Officer of Tech. All procurements will be administered by the Finance Director. This position will ensure that all procurement laws and regulations are adhered to in accordance with NMSA, NMAC, GSA, and EDGAR.

In the event the Finance Director is unable to fulfill assigned duties or contract, an agreement will be made with a School Business Official or a Financial Management Service company until a full-time School Business Official is hired.

**Registrar** – The registrar will have limited financial responsibilities with regard to cash receipts and deposits, along with opening and receiving mail/parcels. The position requires a High School Diploma and 5 years' experience with student records, transcripts and other student data. Excellent computer skills are necessary.

1. Cash Receipts – The registrar will collect cash from students and parents and submit cash, cash collection ticket and pre-numbered receipt to the Finance Director.
2. Cash Deposits – On occasion, the registrar will make the deposits at the bank.
3. Mail – Registrar is responsible for opening mail, stamping received date and distributing mail to the appropriate staff member.