



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 the 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 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 the monthly financial statements that are presented by the Finance Committee and Executive Director.
3. Review and approve cash disbursements.
4. Review the recommendation of the Finance Committee and the Audit Committee and Executive Director for the Accountant/Controller position.
5. Review the recommendation of the Finance Committee and Executive Director for the investment policies of any held funds.
6. 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.
7. The Governing Council shall receive notification of any purchases over \$10,000.00 prior to the purchase. This notification may take the form of an email.

Finance Committee Responsibilities: The responsibilities of this Committee in conjunction with the Executive Director is oversight of the external monitoring on budget and financial matters of Tech for the following:

1. Make recommendations to the Board in the following areas:
 - a. Financial planning, including reviews of Tech'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. The annual budget will be reviewed for reasonability and adjustments or changes that appear and will be recommended to the Board for their approval.
5. It will be the duty of the Committee to ensure that the Executive Director is holding the budget approved by the Board and to discuss or bring to the attention of the Board any perceived shortfalls or problems with the actual versus budgeted results.
6. At least quarterly the Committee will review 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.
7. 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.
8. Review with the Executive Director any proposed hiring decisions and ensure that such decisions are within the budgetary requirements.

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.

Chief Procurement Officer Responsibilities:

Pursuant to NMSA Section 13-1-38.1 each local public body shall have a Chief Procurement Officer (CPO). The CPO is responsible for the control of procurement of items of tangible personal property, services or construction of a local public body. Only certified chief procurement officers may do the following, except that persons using procurement cards may continue to issue purchase orders and authorize small purchases:

1. Make determinations, including determinations regarding exemptions, pursuant to the Procurement Code;
2. Issue purchase orders and authorize small purchases pursuant to the Procurement Code; and
3. Approve procurement pursuant to the Procurement Code.

Deposits

1. Receptionist receives incoming check
2. Receptionist gives check to Community Engagement Coordinator or other designee to receipt
3. Community Engagement Coordinator gives receipt and check to Administrative Assistant
4. Administrative Assistant completes deposit slip and signs back of check (deposit only)
5. Administrative Assistant copies both check and deposit slip
6. Administrative Assistant gives copies to Finance Director
7. Administrative Assistant gives deposit slip and check to receptionist or designee
8. Receptionist deposits at bank the day of receiving check
9. Receptionist initials receipt of deposit and gives to Finance Director
10. Finance Director posts deposit to General Ledger

11. Finance Director indicates on deposit documentation of posting and files in a Cash Receipts file or binder
12. All cash must be deposited within 24 hours.

Emergency Procurements

1. The central purchasing office of the School may only make an emergency procurement when the service, construction, or item of tangible personal property procured:
 - a. is needed immediately to:
 - I. control a serious threat to public health, welfare, safety or property caused by a flood, fire, epidemic, riot, act of terrorism, equipment failure, or similar event; or
 - II. plan or prepare for the response to a serious threat to public health, welfare, safety or property caused by a flood, fire, epidemic, riot, act of terrorism, equipment failure, or similar event; and
 - b. cannot be acquired through normal procurement methods.
2. The central purchasing office of the School in making an emergency procurement, shall:
 - a. employ a competitive process to the extent practicable under the circumstances; and
 - b. use due diligence in determining the basis for the procurement and in selecting a contractor.
3. The central purchasing office of the School shall not make an emergency procurement for the purchase or lease of heavy road equipment.
4. In making an emergency procurement the central purchasing office of the School shall outline its determination of the basis for the procurement and its selection of the contractor in writing and include the writing in the procurement file. Promptly thereafter the central purchasing office shall post notice of the procurement on its website, if it maintains one, and shall transmit the notice to the state purchasing agent for posting on the state purchasing agent's website.
5. The central purchasing office that makes an emergency procurement to plan or prepare for the response to a serious threat to public health, welfare, safety or property caused by a flood, fire, epidemic, riot, act of terrorism, equipment failure or similar event shall account for the money spent in making the procurement and report on that accounting to the legislative finance committee and the department of finance and administration within sixty days after the end of the fiscal year in which the procurement was made.

Employee Reimbursements

Purchases by the Executive Director of two hundred dollars (\$200.00) or less do not require a written 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 less do not require a written approved purchase order before the purchase can be made. All purchases above these amounts require a written approved purchase order before the purchase is made. Please note, artificially dividing your purchase is prohibited. Artificial dividing is defined as making multiple purchases over a period of time or a range of stores in order to bring individual purchases within the amount required for employee reimbursement.

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 must have written approval from the Executive Director before the purchase is made in order to be reimbursed. This written approval may take the form of an email. Staff members will staple receipts to a completed employee reimbursement form and submit it to the Finance Director. This written approval must accompany the receipt and reimbursement form when submitted to the Finance.

Equipment

Equipment includes laptops, cameras, projectors, keys and any other electronic or multi-media devices that are not permanently affixed.

1. Checking Out & Checking In

- a. Staff member completes Check Out Form in the beginning of school year and Check In form at the end of the school year
- b. Date, serial number of equipment, key number are recorded with name of Staff Member
- c. Equipment remains on Staff Member at all times
- d. Students sign out and in their equipment on student logs
- e. Staff Member verifies all equipment is accounted for before class is dismissed
- f. Student equipment is not allowed outside the school for any reason
- g. Students are prohibited from logging in with other students' or staff members' credentials
- h. Students needs to ask their teacher for their login information

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:

1. **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:
 - a. 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. The Executive Director may from time to time authorize the Finance Director and/or the Director of Student Support to sign checks. This authorization may take the form of an email.
 - b. 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 Tech, there will need to be flexibility and close scrutiny to be maintained over the budget to ensure that fiscal solvency can be maintained.
 - c. The Executive Director will be responsible for the hiring of the Finance Director position.
 - d. The Executive Director will be responsible for reviewing any hiring decisions and purchases all such decisions should be within the constraints of the overall budget approved by the Board.
 - e. At least quarterly the Executive Director will review all financial information with the Finance Committee.
 - f. At least quarterly the Committee will approve and submit to the Board; financial package including monthly income statement and budget to actual comparison.

Succession Plan for Executive Director

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.

2. **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.

- a. 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.
- b. The Finance Director will be responsible for reviewing and submitting accounting packages to the Committee for their review and submission to the Board.
- c. 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.
- d. The Finance Director will prepare on a monthly basis and present to the Executive Director the following:
 - The bank statement and cancelled checks.
 - The investment statements.
 - The bank reconciliation.
 - The statement of income and expenses for the month.
- e. The Finance Director will prepare on an as needed basis Budget Adjustment Requests and Requests for Reimbursements for review and approval of the Executive Director.
- f. 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 Tech. Payroll registers and associated reports, along with manual checks will be forward to the Executive Director for signature.

Succession Plan for Financial Director

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.

Inventory

1. The Receptionist is responsible for maintaining all furniture, equipment and other building related inventory
2. The Compliance Agent is responsible for maintaining all technical inventories.
3. Physical inventories are conducted each year
4. Items valued \$1,000.00 or more will be maintained on inventory list (2.20.1.16, NMAC)
5. Capital Improvements valued at \$5,000 or more will also be maintained on inventory list
6. Items with digital memory will be maintained on the inventory list regardless of cost
7. Items which will also be maintained on inventory list regardless of cost;
Projectors and Cameras

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.

Lost or 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.

Purchasing

For the purposes of this Procedure purchases are defined as any tangible object such as books, classroom supplies and services. Unless otherwise excepted by these Internal Controls (e.g. employee reimbursements) initiating agreements to procure goods or services is not allowed until an approved purchase order has been executed.

a. Small Purchases

Goods*, Non-Professional Services, or Construction

Because Tech is its 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.

b. Large Purchases

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 and approve the requisition by signature. Administrative Assistant will insert the chart of account number for each line item.
- 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. In the event the Executive Director is not available the Director of Student Support may sign the purchase order instead. 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 Registrar 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 Registrar 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 Registrar will send an email to the Finance Director informing him/her. This email will be attached to the purchase order in place of a packing slip. Once the merchandise has arrived the Registrar is to inform the Executive Director and Finance Department. The staff member informs the Finance Department once the service has been rendered.

- 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. In the event the Executive Director is unavailable this review, initialing, and signing may be performed by the Director of Student Support. The signed checks will be returned to the Administrative Assistant who will mail the checks and file the paid invoices

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 deposit procedures will be followed. 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.

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 Board may approve salary increases.

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 by the Executive Director or Board Member 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.

Student Activity Account Fund

Student activity accounts represent the monies raised or collected by and/or for school sponsored student activities. The activity accounts are typically used to account for monies raised by the students for the students.

Funds set aside for non-instructional activities shall be accounted for the same as any other funding budgeted in the operational sub fund. These funds are not considered public money for purposes of the State Procurement Code and these monies are not considered public money for the purposes of formal budgetary integration.

An activity fund is established by the Tech Leadership Governing Council. All activity funds shall be accounted for on the same fiscal year basis as all other school funds. All activity funds must be audited and subject to well-defined procedures for auditing. All employees responsible for handling and recording activity fund transactions shall have adequate training. All employees responsible for handling and recording activity fund monies shall be bonded by the district. The Executive Director and the Finance Director are appointed by the Council as activity fund supervisors.

Depositories for student activity funds should be approved by the governing council and be further subject to the same accounting requirements as all School funds. All activity funds shall operate on a cash basis, meaning that no commitments or indebtedness may be incurred unless the fund contains sufficient cash. A system of purchase orders and vouchers shall be applied to all activity funds that requires written authorization for payment and should be strictly enforced. Prenumbered receipt forms for recording cash and other negotiable instruments received shall be used. All receipts shall be deposited intact. All receipts should be deposited daily. Cash or checks not deposited the same day of receipt shall be well secured. Pre-numbered checks and two original signatures (no signature stamps) for disbursing funds that includes using shall be the sole means for disbursing activity fund monies. A perpetual inventory shall be maintained on pre-numbered forms, receipts, and other documents to create an adequate audit trail. Bank statements for activity funds shall be reconciled as soon as they are received.

Monthly financial reports on all activity funds shall be reconciled on the School's financial management system and the applicable bank account. A full reporting of activity funds shall be included in the School's annual financial statements. Random audits shall be performed by school administration periodically to 1) view transactions and documents for accuracy, 2) verify that approvals are in place, and 3) establish that the accounting for these funds is in compliance with local, state and federal regulations. Any weaknesses in accounting practices and procedures shall be addressed as soon as possible and personnel shall be held accountable for not demonstrating competencies set forth.

1. Segregation of Duties

- a. Executive Director is the activity fund supervisor.
- b. Community Engagement Coordinator collects activity fund monies.
- c. Administrative Assistant prepares the deposit slip
- d. Receptionist or designee shall deposit monies.
- e. Two signatures are be required on all checks that result in a disbursement from the activity fund.

- f. Approved signatories are the Executive Director and the Financial Director.
- g. Director of Student Support reconciles bank statements and verifies receipts and expenditures.
- h. These procedures include using prenumbered forms and receipts, purchase orders and vouchers, and a perpetual inventory of pre-numbered forms and receipts and tickets; depositing receipts intact; and making timely deposits.

2. The School's Finance Department is responsible for:

- a. Maintaining adequate collateral pledged for monies in activity funds.
- b. Assisting Executive Director and club sponsors in order to assure:
 - Timely deposits within 24 hours or one banking day
 - Appropriate approvals are obtained for disbursements
 - An internal control structure is in place to safeguard the assets and promote reliability of the activity financial reports
 - Accurate bank or cash reconciliations are prepared timely
 - Records are retained for review by business office and the school district's Independent Public Accountant.