



FINANCIAL POLICIES & PROCEDURES
PROPOSED



Financial Policies & Procedures

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OUR MISSION

The mission of CWC Kansas City is to provide an excellent public education focused on developing and demonstrating understanding while building connections within a diverse community.

I. INTRODUCTION

This manual describes the financial policies and procedures (internal controls) for CWC Kansas City that shall be followed by the employees and board members of CWC Kansas City at all times.

The goal of this document is to identify the policies, protocols, and procedures that form the framework for ensuring the accuracy and integrity of CWC Kansas City's financial matters, including but not necessarily limited to the following:

- Responsibility and accountability for the governance, administration and management of financial operations, performance, and results; and
- Adherence to regulations

The policies and guidelines contained within apply to the central office and local schools that make-up Citizens of the World Kansas City.

II. ACCOUNTING

ACCOUNTING PERIOD

The accounting period of CWC Kansas City is a fiscal year beginning on July 1 and ending on June 30.

ACCOUNTING METHOD

CWC Kansas City will utilize the modified cash basis of accounting that recognizes revenues when they have been received and expenses when they have been paid.

CHART OF ACCOUNTS

All account coding information used for check requests/deposits, cash receipts, or other accounting documents can be found on CWC Kansas City's chart of accounts. The Accountant shall perform an annual review of the chart of accounts and delete any unused or obsolete accounts. The Executive Director must approve changes to the chart of accounts.

RECONCILIATIONS AND ACCURACY

It is the policy of CWC Kansas City to keep detailed records of all financial statement accounts. A monthly reconciliation of the cash account(s) is performed by the Accountant. All discrepancies should be investigated and resolved within one month.

JOURNAL ENTRIES

It is the policy of CWC Kansas City that the Accountant is authorized to prepare journal entries. Journal entries shall contain a detailed description that will allow for complete understanding of the transaction. The Accountant is responsible for entering the journal entry into the accounting system and writing the computer assigned number on the journal entry. Journal entries for

expenditures made with state and local funds should be completed within three days of federal funds receipt. The Executive Director will review all journal entries on a monthly basis.

ACCOUNTS PAYABLE

It is the policy of CWC Kansas City to pay invoices within 60 days of their issue. Invoices of an amount which precludes payment within 60 days are put on a payment plan, allowing a monthly payment agreeable to both CWC Kansas City and the vendor. Unpaid expenses will be recorded in its financial records. As part of the fiscal year-end procedures, all bills paid by CWC Kansas City after June 30 shall be reviewed by the Accountant and considered for recording to the accounting period just ended.

ACCOUNTS RECEIVABLE

It is the policy of CWC Kansas City to bill for all activities within two weeks of services/goods being rendered/delivered and maintain an aging of Accounts Receivable (A/R), which is reconciled monthly. The Accountant maintains A/R. An electronic copy of each invoice is also maintained chronologically, as well as a listing of each invoice by date, vendor, invoice number, service rendered, and amount billed.

FINANCIAL STATEMENT PREPARATIONS AND DISTRIBUTIONS

It is the policy of CWC Kansas City that at the end of each month, the Accountant prepares financial statements. Reports will be provided to the Executive Director and Finance Committee in a mutually agreed upon format but shall at a minimum include the Statement of Activities and Statement of Financial Position. The full Board shall receive a financial report at least once per quarter, which will be provided to them in advance of the meeting.

AUDITS

Independent audits are completed annually by the accounting firm selected and hired by the Board, once the school begins official operations. In requesting proposals for audit services, the objectives and scope of the audit shall be clear and a copy of the audit organization's peer review report that the accounting firm is required to provide under GAGAS. The annual IRS Form 990 is completed by the accounting firm engaged to manage the audit and reviewed in draft form by the Board prior to filing. Upon completion, audits are reviewed by the Finance Committee and submitted to the Board for approval. All audits should include a management letter that includes a corrective action plan to address each audit finding in the current year accounting firm's audit report.

III. BUDGETING

Budgets for CWC Kansas City are set annually. The Board will define CWC Kansas City's broad goals and mission. Working with the Executive Director, they will also approve annual objectives. The Board will review actual versus budget performance at least quarterly. The Executive Director will explain any budget variances greater than five percent, as well as provide any recommendations for corrective action, as required.

The budget process for CWC Kansas City will include the following steps:

- A. Plan the scope and level of CWC Kansas City's activities with sufficient funds earmarked for all goals, policies, or projects approved by the Board
- B. Estimate sources of revenues for the appropriate time period

- C. Estimate the use of funds for all entities for the appropriate time periods and specify how services are to be provided and where they are applied or used
- D. Develop a Statement of Activities and cash flow for the budget period
- E. Obtain approval by the Board

The Executive Director and relevant staff will establish guidelines, priorities, and assumptions for preparation of the budget. These assumptions will be communicated to all Program Managers (e.g., Executive Director, Chief Academic Officer, School Principals, Business/Operations Director).

When deemed appropriate by the Finance Committee, the annual budget can be revised mid-year. Typically this would be triggered by a significant enrollment variance from the approved annual budget. The procedures detailed above would be used for the budget revision.

IV. BANKING

BANK ACCOUNTS

The approval of the Board is required to open and close bank accounts.

CHECK SIGNERS

It is the policy of CWC Kansas City to give check-signing authority to the Executive Director, Board Chair, Vice Chair, and Board Treasurer.

Any checks exceeding **\$10,000** must be authorized by at least two persons, one of which must be the Board Chair, Vice Chair, or Treasurer. Otherwise, only one signature is required on any check. Checks shall be issued only when clearly within the approved budget or with the Finance Committee or Treasurer's approval as designated by the Board.

SAFEGUARDING OF CHECKS

It is the policy of CWC Kansas City that unused check supplies be safeguarded by the Executive Director or staff person designated by the Executive Director in a locked file cabinet. Signed checks which have not been mailed shall be placed by the Executive Director or designated staff person in a locked file until the following day.

OLD CHECKS

It is the policy of CWC Kansas City to investigate all outstanding checks over three months old in conjunction with year-end procedures. CWC Kansas City shall contact the payee to resolve the issue.

VOIDED CHECKS

It is the policy of CWC Kansas City that the Accountant shall maintain a Voided Check Log and document every check that has been voided, regardless of the reason. If voided checks are physically available, they will be marked "VOID" and filed in CWC Kansas City's Voided Check File. If voided checks are not physically available, CWC Kansas City's copy of the banks' stop-payment order will be filed with the journal entry recording the fee.

CHECK ENDORSEMENT/STAMP

It is the policy of CWC Kansas City for the Executive Director or staff person designated by the Executive Director to endorse checks with a stamp prior to deposit as follows:

For Deposit Only

An appropriate bank stamp may be substituted for the CWC Kansas City "For Deposit Only" stamp if such stamp is unavailable for use.

BANK RECONCILIATIONS

The Accountant will do an initial review of checks that cleared during the prior month and perform the bank reconciliations within 14 days after receiving the bank statement. The Accountant shall investigate all significant issues, including the following:

- unmatched data in cash receipts and cash disbursement journals that did not clear the banks within one month
- unmatched items on bank statements judged erroneous
- mismatched items in cash receipts and disbursement journal and bank statement items

On a monthly basis, the Executive Director and Board Treasurer will review bank reconciliations.

PROHIBITIONS

The following check writing activities are prohibited:

- Checks made payable to "bearer" or "cash"
- Checks signed in blank
- Utilizing checks out of sequence

CREDIT CARDS

CWC Kansas City will maintain corporate credit cards that are issued to appropriate staff designated by the Executive Director. A credit card may be issued to the Executive Director with credit limit up to \$10,000 without Board approval. Limits above \$10,000 must be approved by the Board. The Executive Director may approve additional credit cards with lesser credit limits to be assigned to leadership team members. The Board must be notified whenever a credit card is opened or closed for an employee.

The purpose of these credit cards is to facilitate travel and procurement, and they are to be used solely for Organization business. Any expenses found not to be authorized by CWC Kansas City become the responsibility of the staff member, and CWC Kansas City will deduct these expenses from future payments due. All frequent flyer miles earned with the use of any Organization credit card will be accrued for the use of CWC Kansas City.

V. CASH MANAGEMENT

RECEIPTS

Cash/original checks shall be forwarded directly to the Business/Operations Director or staff person designated by the Executive Director. The Business/Operations Director or staff person designated by the Executive Director will complete the following steps:

- A. Make a copy of the check
- B. Write up Deposit Slip
- C. Endorse check using ink pad

- D. Deliver endorsed check(s) and original Deposit Slip to appropriate bank
- E. Attach to receipt from bank transaction, a copy of check(s) deposited and a copy of the deposit summary form. Place all documents in the "Deposits" folder

Staff will discourage the submission of cash for any payments, instead encouraging payment via check, money order, credit card, or other electronic forms of payment.

DISBURSEMENTS

It is the policy of CWC Kansas City to maximize check disbursements through an online bill-pay service. Any payment processed through the online bill-pay service will include the following:

- Invoice image
- General Ledger code
- Date of payment approval
- Record of electronic approval by Executive Director or Executive Director and Board Treasurer or Board Chair (when applicable)
- Check image

For any requests for check disbursements that are not handled through the online bill-pay service, a Payment Request Form is completed with the following information:

- Date of request
- Name of the payee and address
- Payment amount and reason for payment
- Signature of the Executive Director as approval
- Signature of Executive Director or necessary manager as designated by the Executive Director on a case-by-case basis

The documentation shall prove the legitimacy of the request and substantiate the payment before a check is cut. The Business/Operations Director or staff person designated by the Executive Director is responsible for mailing all signed checks to the vendors, and for maintaining payment and invoice documentation and completed payment request forms for future reference. No signature stamps will be used by anyone within the organization for purposes of disbursements. Disbursements shall be released at the latest acceptable time, without affecting relationships with vendors. Early payment discounts shall be taken advantage of if they result in benefit.

PETTY CASH FUND

While the use of such funds shall be discouraged, the Executive Director, at his or her discretion, may authorize the creation of a petty cash fund of \$200 on an imprest basis. It is the responsibility of the Executive Director or staff person designated by the Executive Director to ensure that the petty cash fund is under lock and key at all times. Disbursements from the petty cash fund are available for expenditures totaling under \$50 unless approved by the Executive Director and may only be made for expenditures approved by the Executive Director. An original receipt must accompany every disbursement. The person receiving the cash and the person disbursing the cash must sign a petty cash voucher in ink. The petty cash fund will be replenished as needed. The petty cash replenishment check will be made out to the individual with the word "custodian" following the individual's name. Cashing checks for employees from the petty cash fund is prohibited. The Executive Director or staff person designated by the Executive Director in the presence of the Executive Director shall make periodic counts of the petty cash fund.

INVESTMENT POLICY

It is the policy of CWC Kansas City to invest excess cash in the following list of approved investments:

- Savings and Checking Accounts
- Certificates of Deposit
- Money Market Funds
- Treasury Securities not to exceed a maturity of 12 months

The decision to invest cash in approved investments must be approved by the Board Finance Committee and the full Board must be informed at the next Board meeting. CWC Kansas City will strive to maintain at all times enough cash to cover expenses for at least three months.

CASH AND CASH EQUIVALENTS

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less. Certificates of Deposit with original maturities in excess of three months are considered to be cash, provided that the stated terms do not restrict the withdrawal of funds and such withdrawals do not have substantial penalties associated with them.

LOANS

It is the policy of CWC Kansas City to prohibit loans to employees and board members under all circumstances.

VI. PURCHASES & ALLOWABLE ACTIVITIES

OVERVIEW

The School procures only those items and services that are required to fulfill the mission and/or fill a bona fide need. Procurements are made using best value contracting, which entails assessing the best value considering quality, performance, and price.

EXEMPTION FROM SALES TAX

The School is exempt from federal and state tax. As such, the School is exempt from sales taxes on goods purchased for their own internal use and services. It is the responsibility of the Director of Operations to ensure that all vendors have a copy of the sales tax exemption letter allowing the School to be exempt from sales taxes.

The School adheres to the following objectives:

- Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable considerations such as delivery, quantity, quality, etc.
- The School will make all purchases in the best interests of the School and its funding sources and in accordance with any grant restrictions as applicable.
- The School will buy from reliable vendors.
- The School will obtain maximum value for all expenditures.
- 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 the School supplier relationships. The School's conflict of interest policies are described in its Bylaws.

POLITICAL CONTRIBUTIONS

No funds or assets of the School may be contributed to any political party, School or individual who either holds public office or is a candidate for public office. The School also cannot be involved with any committee or school that raises funds for political purposes. Examples of prohibited activities are:

- Political contributions by an employee that are reimbursed by the School.
- Purchase by the School of tickets for political fundraising events.
- Contributions in-kind, such as lending employees to political parties or using School assets in political campaigns.

VII. EXPENSE REIMBURSEMENT

While staff shall be encouraged to make relevant business-related purchases using the organization's credit card, it is the policy of CWC Kansas City to reimburse staff for business expenses incurred on the behalf of CWC Kansas City. All expenses must be from an approved budget category. The following expense limitations and guidelines have been established.

AIR TRAVEL

Staff may make their own air travel arrangements or use a travel agent authorized by CWC Kansas City. Air travel shall be reimbursed at the lowest feasible coach fare available. As much as possible, air travel arrangements should be made at least two weeks before the flight date. First-class air travel may be used in an emergency if prior approval is received from the Executive Director. The original airline ticket must be attached to the Reimbursement Request Form. For electronic tickets, attach confirmation.

HOTEL/MOTELS

Staff may make their own hotel or motel arrangements or use a travel agent authorized by CWC Kansas City. CWC Kansas City will reimburse for reasonable room charges for one person based on the federal per diem occupancy of double rooms or suites may be approved by Executive Director if deemed in the interest of CWC Kansas City. Other expenses billed to the hotel room will be reimbursed only if they are specifically related to school business. Deductions for any personal expenses that appear on a hotel bill should be made on the employee expense report form. Hotel and motel rooms, as well as incidental expenses, are authorized one night before and/or one night after a meeting as travel conditions require. An extra hotel night will be reimbursed if it allows for significant airfare savings due to a Saturday night stay.

MEALS

Expenses for meal costs will be reimbursed based on the federal per diem. Receipts must be attached to Reimbursement Request Form. Alcohol expenses will not be reimbursed. Receipts for group meals should include a notation of participants.

BUS, RAIL, TAXIS, LOCAL TRANSPORTATION, AND PARKING

Charges for these are reimbursable with an original receipt, where possible. If no receipt is available, the employee must provide a dated, written statement of the expense for which reimbursement is requested.

CAR TRAVEL

When personal automobiles are used for school-related travel, mileage reimbursement shall be at the level approved by the U.S. Internal Revenue Service. Mileage must be documented with date of travel, place of origin, destination, total number of miles, mileage reimbursement rate, and total amount of reimbursement. Reimbursement for car rentals and associated gas expenses are authorized when necessary for school-related purposes. Commuting mileage will not be reimbursed. The cost of gas will only be reimbursed when using a rental car. The individual must also have sufficient auto insurance when renting a vehicle for school-related travel.

PHONE CALLS WHILE ON TRAVEL

It is the policy of CWC Kansas City to reimburse staff for school-related long-distance phone calls made from outside CWC Kansas City. An itemized phone bill should be submitted, including which cost center each item should be charged to.

MISCELLANEOUS TRAVEL EXPENSES

Reasonable gratuities for services related to school-related business will be reimbursed. The date, amount, and purpose must be noted on the travel expense report. Reasonable laundry and valet services will be reimbursed for stays of over five days or in emergency situations. Telephone costs for school-related calls during travel are reimbursed.

SCHOOL SUPPLIES AND MATERIALS

Staff may be reimbursed for purchases of school supplies and materials when receiving prior approval to make purchase by his or her supervisor or by the Executive Director.

UNALLOWABLE EXPENSES

Reimbursement will not be made for items of a personal nature or for entertainment, unless approved by the Executive Director. These expenses include but are not limited to movies and alcohol expense.

REIMBURSEMENT PROCESS

The Reimbursement Request Form must be submitted within 30 days of the end date of travel in order to be reimbursed. Receipts are required for all expenses except metro fare, tolls, and non-restaurant tips under \$10. In the event that a receipt is unavailable, the employee may provide a dated, written statement of the expense for which reimbursement is requested.

Reimbursement forms must be signed by the employee being reimbursed, the Executive Director, and necessary manager, if relevant. The following items shall be included on the Reimbursement Request Form:

- Name of employee
- Itemization of expenses with original invoice documentation regardless of the amount of expense
- Date of expenses
- Category of expenses

If travel costs are paid with federal funds, documentation must be maintained to justify that participation of the individual is necessary to the federal program and the costs are reasonable and consistent with CWC Kansas City's expense reimbursement policy.

VIII. DEBT

ASSUMPTION AND AUTHORIZATION OF DEBT

Determination of the need to assume and authorize debt will be made by the Executive Director and the Board. All borrowing of funds, establishment or increases of all credit lines, as well as a repayment plan, must be approved by the Board and comply with other terms of agreements entered into by the board, unless designated otherwise. This authorization shall be documented in the Board minutes. The original debt agreement shall be maintained by the Executive Director or designated staff in a safe place and the existence of these instruments shall be verified periodically.

LONG-TERM DEBT

It is the policy of CWC Kansas City to include the current portion of long-term debt with current liabilities on the financial statements. Only the noncurrent portion of the long-term debt will be included in the long-term debt section of the financial statements. The current portion of debt is considered to be the amount of debt due to be paid over the ensuing twelve month period, or any debt expected to be refinanced within the same twelve month period.

IX. GRANTS & DONATIONS

GRANTS

The following classes of support will be used by CWC Kansas City:

- A. *Unrestricted Support*
Support that is not subject to donor-imposed restrictions. This classification includes support subject to donor-imposed conditions which have been met in the current year and support previously subject to donor imposed restrictions that have been lifted.
- B. *Temporarily Restricted Support*
Support subject to donor-imposed restrictions that may or will be met, either by actions of CWC Kansas City and/or the passage of time. When a restriction expires, temporarily restricted support is to be reclassified to unrestricted support and reported in the statement of activities as net assets released from restrictions.
- C. *Permanently Restricted Support*
Support subject to donor-imposed stipulations that they be maintained permanently by CWC Kansas City. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

The Executive Director is responsible for determining whether contributions made are available for unrestricted use or specifically restricted to use. All contributions determined to be restricted must be reviewed by Board Finance Committee before funds can be accepted. For contributions which are other than unrestricted, the Executive Director or relevant manager(s) will be responsible for documenting and monitoring the compliance with those restrictions and determining whether the restrictions have been met.

Unconditional promises to give that are expected to be collected within one year are to be recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are to be recorded at the present value of their estimated future cash flows. The discounts on those amounts are to be computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is to be included in contribution revenue. Unconditional promises to give shall be recognized as contribution revenue and receivable in the period in which the promise is received. Conditional promises to give are not to be included as support until the conditions are substantially met.

ACKNOWLEDGEMENT OF CONTRIBUTIONS

It is the policy of CWC Kansas City to acknowledge all contributions made regardless of the amount of contribution. It will be the responsibility of the Executive Director and/or staff person(s) designated by Executive Director to prepare all corporate, foundation, and other contribution acknowledgements. Board members, where relevant, will be engaged as appropriate in these acknowledgments (e.g., where the Board member has a relationship with the donor).

REFUNDABLE ADVANCES

It is the policy of CWC Kansas City that cash receipts in excess of costs incurred on conditional grants are to be reflected as refundable advances until they are expended for the purpose of the grant, at which time they will be considered earned and recognized as unrestricted support.

X. ASSETS

FIXED ASSETS CAPITALIZATION

All assets with a useful life of greater than one year and costing more than \$1,000 will be capitalized and will be recorded in the fixed asset records. Any asset that does not meet these criteria, such as small tools and equipment or repairs and maintenance, will be expensed.

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.

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.

Leasehold improvements are to be capitalized if they relate to the renovation of an existing building. Expenditures incurred in connection with maintaining the existing building in good working order shall be expensed as a repair.

DEPRECIATION

Depreciation methods/lives for assets shall be selected for consistent financial reporting purposes. The following depreciation methods and useful lives shall be used for the following asset classifications for financial reporting purposes.

Asset Class	Useful Life	Method
Computers	Three Years	Straight Line
Office Furniture & Equipment	Seven Years	Straight Line
Classroom Furniture & Equipment	Seven Years	Straight Line
Leasehold Improvements	Remaining Life of Lease	Straight Line

CONTRIBUTED EQUIPMENT

It is the policy of CWC Kansas City 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 designated school staff and/or Accountant and may be measured by quoted market prices for similar assets or replacement cost.

DISPOSITIONS

Capital assets may be sold or traded-in for new equipment. An Asset Disposition Form (see Forms section for a template) is to be completed and approved by the Business/Operations Director. Upon approval, CWC Kansas City may advertise the property for sale. After completion of the sale, the Asset Disposition Form will be submitted to the Accountant who will delete the item from the asset records and record any gain or loss on the disposition.

Except as otherwise provided below, nonfunctioning or obsolete property with no value will be reported to the Business/Operations Director or staff person designated by the Executive Director on the Asset Disposition Form with the description, serial number, and condition. This individual will inspect all nonfunctioning or obsolete property before it is removed from CWC Kansas City and discarded. The asset will then be removed from the asset records by the Accountant.

Except as otherwise provided below, any asset that is missing or has been stolen will be reported in writing to the Business/Operations Director as soon as possible for investigation. The description, serial number, and other information about the lost item shall be included in the report. The Business/Operations Director or staff person designated by the Executive Director will determine the proper course of action and will notify CWC Kansas City's insurance carrier and any outside authorities if deemed appropriate. If unrecovered, the asset will then be removed from the assets records by the Accountant.

Except as otherwise provided below, CWC Kansas City will adhere to all federal guidelines including OMB guidance 34 CFR 80.32 for inventory management standards for any equipment purchased with federal funds with a current market value over \$5,000. CWC Kansas City will contact OSSE prior to any such disposition occurs to ensure no federal guidelines are violated.

INVENTORY

The Accountant will maintain an inventory log of each capital asset item along with depreciation records, which will include the following:

- Description
- Vendor
- Date acquired
- Net book value
- Serial number or SAMPLE tag number
- Name of titleholder, if applicable
- Cost basis/Purchase amount
- Depreciation method/life
- Accumulated depreciation
- Funds used to purchase the asset (e.g., Local, Title, IDEA, E-Rate)
- Assigned department and location
- Use, condition and maintenance of the property
- Any ultimate disposition data, including sale price and date of disposal

The Business/Operations Director or staff person designated by the Executive Director shall complete a physical inventory of property and equipment that will be compared to the detailed fixed asset listing on an annual basis. At this time, an assessment shall be made as to the adequacy of insurance coverage in force.

XI. PAYROLL & PERSONNEL

RECORD KEEPING

The Human Resources Manager or other staff person designated by the Executive Director will maintain all employee files that 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, with the exception of the Executive Director's, shall be authorized in writing by the Executive Director including new hires, terminations, and pay rate changes. Changes to the payroll data of the Executive Director must be authorized by the Board. Employees shall authorize in writing any voluntary payroll deductions and court ordered payroll deductions.

TIME SHEETS

Each hourly employee will be responsible for completing a time sheet on a bi-weekly basis. Paper time sheets will be dated and signed by the employee and will be submitted to the Human Resources Manager or staff person designated by the Executive Director at the end of the last working day of each pay period for Executive Director approval. Alternatively, hourly employees may be required to complete timesheets online, which will be reviewed for accuracy by the Human Resources Manager. No payroll checks will be issued without a completed time sheet. Incomplete time sheets will be returned to the employee for correction.

PAYROLL DEDUCTIONS

It is the policy of CWC Kansas City to properly record payroll deductions and pay the appropriate third parties on a timely basis. Also all payroll reports to third parties shall be submitted on a timely basis.

PERSONNEL LEAVE

Sick, vacation, personal and administrative hours or days are requested by all staff members on a Time Off Request form stating the dates and total number of hours or days requested. These advance requests are given to the employee's Supervisor to be approved. When approved, the form is forwarded to the Office Manager. The time to be taken is recorded in the personnel records. Accrued vacation is recorded in the accounting system and updated each year based on vacation earned and taken. Accrued vacation per employee will not exceed the maximum carry over allowed in CWC Kansas City's personnel manual. It is the policy of CWC Kansas City not to pay staff for accrued leave upon termination of employment.

XII. CONTRACTS

CONTRACT AUTHORITY

CWC Kansas City will take affirmative steps to assure that minority, women, and labor surplus area firms are used when possible. CWC Kansas City will adhere to the following procedures for the purchase of goods and services:

1. **For new contracts under \$10,000:** CWC Kansas City grants authority to sign contracts that do not exceed \$10,000 to the Executive Director with the following provision:

All contracts to be signed must be consistent with the mission statement, philosophy, goals and objectives of CWC Kansas City. If there is a possibility, or the appearance of a possibility, that a contract would be outside the mission of CWC Kansas City, the Executive Director will consult with and receive approval of the Board of Directors.

For new contracts between \$3,000 and \$10,000, the Executive Director will seek price quotes from at least two qualified vendors before awarding the contract. A list of all newly approved contracts under \$10,000 must be provided to the Board at the next

Board meeting as part of the Executive Director's Board Report.

2. **For new contracts over \$10,000 but less than \$25,000:** The Executive Director shall inform the Finance Committee of the Board of Directors before the contract is signed.

For new contracts between \$3,000 and \$10,000, the Executive Director will seek price quotes from at least two qualified vendors before awarding the contract. A list of all newly approved contracts over \$10,000 but less than \$25,000 must be provided to the Board at the next Board meeting as part of the Executive Director's Board Report.

For new contracts over \$25,000: The Board of Directors must approve the contract. CWC Kansas City will follow all steps detailed below.

Competitive Bidding Procedure

- The School will seek price quotes from at least three vendors and award the contract to the qualified vendor offering the supply or service needed for the lowest price.
- The Executive Director or designee is responsible for soliciting and documenting these quotes.
- The Board of Directors must provide final approval after multiple bids are presented to them with recommendations.
- Award may be made to a vendor other than the low bidder in circumstances where the higher bid demonstrates best value contracting procedures to the School. In such situations, the Executive Director or designee shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision.
- If required by the School's Authorizer, the School will notify the School's Authorizer of any material or significant purchases, contracts and agreements in addition to obtaining Board of Trustee approvals.

Noncompetitive Procedure

- The School may solicit a proposal from only one vendor in the following situations: The item is available only from a single source; there is a public emergency that will not permit a delay in following the Competitive Bidding Procedure; or competition has been determined to be inadequate after a number of sources have been solicited.
3. **For renewal contracts over \$25,000:** The Executive Director shall inform the Finance Committee of the Board of Directors before the contract is signed.

A list of all newly renewed contracts over \$25,000 must be provided to the Board at the next Board meeting as part of the Executive Director's Board Report.

INDEPENDENT CONTRACTORS

It is the policy of CWC Kansas City to utilize criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issued, by CWC Kansas City, an IRS Form 1099 if compensation is \$600 or more in a calendar year.

The procedure for hiring a consultant is to prepare a contractual agreement detailing the following items:

- Detailed description of services or tasks to be performed and description of deliverables.
- The time frame in which these services/duties are to be completed.
- The rate of pay.
- When payment will be made.
- What expenses will be reimbursed.
- Confirmation that said contractor is not on the Federal Excluded Parties System List.

The contract shall be signed by the consultant and the Executive Director. Members of the Board of Directors or working groups of CWC Kansas City may not enter into a contract with a consultant on behalf of CWC Kansas City without Board approval. The contract must have a payee identification number (Social Security Number or Employer Identification Number), phone number and home address of the consultant. If services are extended beyond the contract's time frame or additional money is required, a new contract or an addendum must be written. An IRS Form W-9 must also be completed by the independent contractor, if applicable.

XIII. FEDERAL GRANT REQUIREMENTS

It is the policy of CWC Kansas City to adhere to all federal guidelines including OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations," OMB guidance A-87 and 34 CFR 80.20 for financial management standards, 34 CFR 80.36 for procurement standards, 34 CFR 80.32 for inventory management standards, and EDGAR 80.

OMB Circular A-87 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 acts with prudence under the circumstances). 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, CWC Kansas City will comply with maintenance of effort (MOE) and Excess Cost requirements.

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 and Board Chair (when applicable).

CWC Kansas City will ensure that reimbursement requests cover the appropriate grant period and will verify that all goods/services for which CWC Kansas City 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.

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

TIME & EFFORT REQUIREMENTS

CWC Kansas City will abide by the time and effort requirements of the Missouri State Department of Elementary and Secondary Education for employees paid with federal funds. This includes either Semi-Annual Certifications or Personnel Activity Reports. For each employee whose salary is partially or fully paid with federal funds an appropriate time and effort record must be maintained by CWC Kansas City. For an employee whose salary is fully covered by one cost objective, a Semi-Annual Certification must be completed.

A Semi-Annual Certification must:

- Be executed after the work has been completed
- State that the employee worked solely (100% of time and effort) on activities related to a particular cost objective
- Identify the cost objective
- Specify the reporting period
- Be signed by the employee or a supervisor with first-hand knowledge of the work performed
- Be dated

For an employee who works on multiple cost objectives, a Personnel Activity Reports (PARs) report must be completed.

A PAR must:

- Be executed after the work has been completed (projections of how an employee is expected to work or position descriptions are not sufficient)
- Account for the total activity for which each employee is compensated, including part-time schedules or overtime (total activity means all of the time an employee works, not just the amount of time worked on a federal program)
- Identify the cost objectives
- Specify the reporting period
- Be prepared at least monthly and coincide with one or more pay periods
- Be signed by the employee (unlike a semi-annual certification a supervisor's signature alone is not sufficient, although a subgrantee may choose to require a supervisor to sign the PAR in addition to the employee as an extra internal control)
- Be dated.

Prior to paying an employee for extra work beyond the employee's contract, written documentation that indicates the extra work to be performed, the date(s) of performance, and the amount to be paid must be prepared. If a contract is established, it must be signed by CWC Kansas City and the employee.

It is the role of the accountant to create, distribute, and ensure completion of all Semi-Annual Certification and Personnel Activity Reports for each fiscal year. Staff administering activities of grants provided by federal funds shall be responsible for ensuring compliance with the requirements of each of the above regulations as well as the specific requirements contained in the grant agreements.

CONFLICT OF INTEREST

No employee, officer, or agent of CWC Kansas City shall participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. A conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit the firm considered or selected for an award. The officers, employees, and

agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements.

Should any officers, employees, or agents of the recipient engage in violation of such conflict of interest policy, disciplinary actions will be applied in accordance with the personnel policies of the school or Board of Directors bylaws, as applicable.

Staff administering activities of grants provided by federal funds shall be responsible for ensuring compliance with the requirements of each of the above regulations as well as the specific requirements contained in the grant agreements.

XIV. INSURANCE

It is the policy of CWC Kansas City that on an annual basis, the Business/Operations Director and the appropriate Board Committee shall review all insurance coverage in force prior to renewal to determine if coverage is deemed to be adequate. Limits, types of coverage, and deductibles shall be considered. The Executive Director shall approve any changes.

General Business owners insurance will be maintained on the following:

- General Liability
- Directors and Officers
- Umbrella Coverage
- Property/Lease Insurance
- Auto Liability Insurance (if applicable)
- Worker's Compensation covering each state in which there is an employee

As part of the annual budget submission, the Board will be notified of coverage amounts for all policies listed above and any recommendations for increases or decreases to policies.

XV. RECORD RETENTION

It is the policy of CWC Kansas City to maintain records in accordance with laws and regulations. In keeping with the sustainability mission of CWC Kansas City, as much as possible, electronic copies and archives of documents will be maintained. The record retention policy is as follows:

- A. Permanent
 - Corporate Articles of Incorporation
 - By-Laws
 - Minutes
 - Personnel Files - Including Employee Contracts, etc.
 - Legal Matters
 - Contracts
 - Audit Reports
 - Public Inspection of Records
 - Correspondence with Internal Revenue Service
 - Correspondence with District of Columbia
 - Donor Funding Records
 - Tax Filings (990s, Withholding, etc.)
 - Annual General Ledger and Financial Statements
- B. Five Years
 - Timesheets, Leave Requests and Personnel Activity Files
 - Bank Deposit Slips and Support
 - Procurement and Purchasing Data
 - Budgets

- Accounting Records
- Accounts Payable Invoices
- Accounts Receivable Records, Vouchers and Payroll Checks
- Bank Statements
- Insurance policy binders
- Payroll Earnings Records
- Travel Expense Reports and Records
- Journal Entries
- Grant and Contract Files
- Any records that pertain to property acquisition with more than a one-year life must be maintained until 5 years after the property has been disposed

If any litigation, claim, or audit is started before the expiration of the first three years of the 5-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and the final action taken.

XVI. LEGAL & INTERNAL REVENUE SERVICE MATTERS

It is the policy of CWC Kansas City that all legal and Internal Revenue Service matters and correspondence, verbal or written, shall be directed to the Executive Director immediately. When necessary and appropriate, the Executive Director is responsible for informing the Board of such correspondence in a timely manner.

XVII. AMENDMENTS OR CHANGES TO FINANCIAL POLICIES

Any changes or modifications to this Financial Policies and Procedures Handbook must be approved by the Board. The Executive Director is responsible for ensuring that the policies are revised as approved and required. The Executive Director will ensure that these procedures and policies are posted on the school's website.

XVIII. ANNUAL TIMELINE OF FINANCIAL DEADLINES

The following financial deadlines shall be adhered to annually:

Activity	Responsibility	Deadline
Audit: Engage auditor	Board Finance Committee	June 30. Notify Board of auditor by July meeting
Audit: Completed	Board Finance Committee and Executive Director	November 1. Provide to Board at November meeting for approval
IRS Form 990: Completed	Board Finance Committee	November 15. Board reviews draft prior to submission

The following are anticipated financial deadlines:

Activity	Responsibility	Deadline
Budget Draft	Executive Director in partnership with Board Finance Committee	March
Final Budget for Board Review and Approval	Executive Director in partnership with Board Finance Committee	April Board Meeting