

# Mountain Song Community School Financial Policies and Procedures

LAST UPDATED JUNE 2023

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## Introduction

The financial health of the school is the fiscal responsibility of the Mountain Song Community School Board. The Board is responsible for adopting a budget that will provide the financial basis for buildings, staff, materials and equipment which will enable the school to carry out the educational program. The Board is responsible for exercising control over the finances of the school to insure proper use of, and accounting for, all school funds.

Mountain Song Community School Financial Policies and Procedures shall align with the Code of Federal Regulations (C.F.R.) Part 200 and with the Colorado Department of Education's Financial Policies and Procedures Handbook (following Colorado Revised Statutes (C.R.S.) 22-44-201 through 206). The purpose of these policies and procedures is to ensure that the budgeting, accounting, reporting, auditing, investing, and cash managing of the school's finances are sound practices and adhere to local, state and federal requirements.

## Board Power and Duties

Financial Planning shall align with the Board's established goals and priorities while ensuring fiscal soundness. The School Leader and administrative team will operate within the school's budget so that actual expenditures align with Board priorities established in goal setting and that financial jeopardy is avoided.

Accordingly, the School Leader and School Administrators shall:

- Ensure purchases are consistent with Mountain Song Community School goals, tenets, mission statement and core virtues.
- Expend funds that are available and within budget.
- Accrue income and expenses in the proper fiscal year.
- Settle payroll and debts in a timely manner and according to applicable law.
- File and pay tax payments or other government ordered payments timely and accurately.
- Pursue receivables after a ninety-day grace period.
- Develop, implement, analyze and revise financial policies and procedures which are compatible with a successful audit.
- Avoid indebtedting the organization in an amount greater than can be repaid by certain, otherwise unencumbered revenues within ninety days.

Additionally, approval of the Board must be gained for the following:

- Use of any long-term reserves.
- Expending money outside the highest level of an object code on the approved budget.
- Acquiring, encumbering, or disposing of real property.
- Changing any curriculum (and, in turn, purchasing the new curriculum).
- Borrowing any money.

## Annual Budget

The annual budget is the financial plan for the operation of the school and provides the framework for both expenditures and revenues for the year and translates into financial terms the educational programs and objectives of the school. It is the responsibility of the Board to establish budget priorities that reflect the needs of the school in advance of the budgetary process. The budget shall be based on a fiscal year from July 1 to June 30.

The School Leader or designee, including any 3rd party contractors, is directed to develop, subject to annual approval by the Board, a one to five-year budget plan that assures the future financial viability of the school and achievement of the school's objectives and takes into account future revenue, including tax and non-tax revenue, and future increases in operating expenses. The budget will map out the school's financial operations by estimating proposed expenditures over a given time span and identifying sources of income to balance the expenditures. The budget creation process will allow for recommendations from the school accountability committee. The final budget will then be approved and adopted by a vote from the Board in the designated timeframe stipulated by state statute, CDE and CSI. The Board shall only adopt a budget which spends money that is reasonably expected to be real income by the school.

## Requirements

The budget shall be developed and presented in accordance with all applicable state statutes and the Colorado Department of Education Financial Policies and Procedures Handbook and under the following guidelines:

- Costs in the adopted budget will be allowable, reasonable, and allocatable.
- Income sources will be identified and will be applied following each source's authorized purpose.
- The adopted budget will contain adequate information to enable credible projection of revenue and expenses, cash flow, and disclosure of planning assumptions.
- The adopted budget will plan only for expenditures in any fiscal year that balances with income conservatively projected to be received in that period or saved from the previous years.
- The adopted budget will be the source of information that appears on financial reports. These reports will follow the Minimum Requirements set forth in the Colorado Department of Education Financial Policies and Procedures Handbook, and comply with Colorado Revised Statutes and GAAP reporting requirements.
- The budget (including actual expenditures and revenues) will be monitored and analyzed periodically to ensure that funds are being managed in compliance with federal, state and local regulations.
- The adopted budget will comply with TABOR and the school's contract with the Charter School Institute.
- The adopted budget will comply with financing agreements and any other relevant contracts.
- The budget shall include any board policy designated reserves.
- The budget format shall itemize expenditures of the school by fund and show the amount budgeted for the current fiscal year and the amount budgeted for the ensuing fiscal year.

- The budget also shall disclose planned compliance with spending limitations outlined in Article X, Section 20, of the Colorado constitution, including holding TABOR reserve funds in an unrestricted general fund or in cash funds.

### School Accountability Committee

The school accountability committee shall recommend to the School Leader of its school priorities for spending school moneys. The School Leader shall consider the school accountability committee’s recommendations regarding spending state, federal, local, or private grants and any other discretionary moneys and take them into account in formulating the proposed budget for presentation to the Board.

The school accountability committee shall include the adopted plan (school performance plan, school improvement plan (UIP), school priority improvement plan, or school turnaround plan as is required) in the compilation prepared pursuant to section 22-11-302 (1), and the Board shall consider such adopted plan in developing the budget required by section C.R.S. 22-44-108. C.R.S 22-11-403, 404, 405, & 406.

### Timeline

The School Leader shall present the proposed budget to the Board no later than May of each year, with the intent of adoption prior to the required statutory date of June 30th.

Within 10 days after the submission of the proposed budget to the Board, the School Leader or designee shall publish a notice stating that the proposed budget is on file at the principal administrative offices of the school; that the proposed budget is available for inspection during reasonable business hours; that any person paying school taxes in the district may file or register an objection thereto at any time prior to its adoption; and that the Board will consider adoption of the proposed budget for the ensuing fiscal year on the date, time and place specified in the notice.

If necessary, a revised budget will be approved at the January Board meeting after the official student count is known. If necessary, a supplemental budget will be approved after January 31st but before expenditures in excess of the revised budget are incurred. A supplemental budget may only be adopted if money for a specific purpose becomes available to meet a contingency and must comply with CDE guidelines.

### Legal References

- C.R.S. 22-44-101 through 22-44-119
- C.R.S. 22-44-105 (1)(c.5)
- C.R.S. 22-44-204 (3)
- C.R.S. 22-44-301

## **Fiscal Accounting**

The School Leader shall be responsible for receiving and properly accounting for all funds of the school.

All funds received and/or disbursed by school shall be accounted for carefully and accurately; and shall conform to generally accepted principles of governmental accounting.

Assets worth more than \$5,000 will be capitalized and depreciated under generally accepted accounting principles.

The Financial Policies and Procedures Handbook adopted by the State Board of Education shall be used to report financial records and in the periodic presentation of financial information to the school board.

The accounting system utilized shall conform to the requirements of the State Board of Education standards providing for the appropriate separation of accounts, funds, and operational duties. Fiscal accounting must meet requirements established by the State Board of Education as set forth in the Financial Policies and Procedures Handbook for public schools in Colorado.

### Legal References

C.R.S. 22 45

C.R.S. 29-1-506

C.R.S. 22-44-203

C.R.S. 22-44-204 (3)

C.R.S. 22-45-102

## Annual Financial Audit

In accordance with state law, all funds and accounts of the school shall be audited annually, following the close of the fiscal year.

Before the end of the third quarter of the fiscal year the Board shall appoint an independent auditor licensed to practice in Colorado and knowledgeable in government accounting to conduct the audit. The Board shall undergo an auditor selection process every 5 years, at minimum, to ensure continued independence and objectivity.

The audit report shall contain the following:

1. Financial statements prepared insofar as possible in conformity with generally accepted governmental accounting principles (the financial statements are the representation of the school whether prepared by the school or by the auditor).
2. Disclosures in accordance with the Financial Policies and Procedures Handbook adopted by the State Board of Education.
3. All funds and financial activities of the school.
4. A budget to actual comparison for each Governmental fund and activity.
5. The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained.
6. Disclosure of all instances of noncompliance with state law, including the Public School Finance Act of 1988, irrespective of materiality.
7. A supplemental listing of all investments held by the school at the date of the financial statement.
8. Other schedules and disclosures required by the Governmental Accounting Standards Board (GASB).

The auditor also shall make recommendations to the Board concerning its accounting records, procedures and related activities as may appear necessary or desirable and shall perform such other related services as may be requested by the Board. A draft and final audit report must be completed by the dates specified in the school's charter agreement with its Authorizer.

The Board reserves the right to request a financial audit at more frequent intervals if desired. The Board reserves the right to request periodic internal control audits. Additionally, Mountain Song Community School will comply with requests for assistance with documents or other matters during the single audit of the Colorado Charter School Institute.

### Legal References

C.R.S. 22 32 109 (1)(k)

C.R.S. 24 75 601.3

C.R.S. 29 1 601 et seq.

2 CFR 200.500-200.512

## Interim Financial Reporting

### District & State Reporting

The School Leader or Designee is responsible for providing financial reports to all Stakeholders. Budget and actual revenue / expenditure reports are due to the state by established due dates in prescribed formats. As the state occasionally changes reporting requirements, the School Leader and the chair of the Board's Finance Committee are responsible for monitoring changes to and ensuring compliance with all state reporting requirements.

Reports will be provided to the Charter School Institute in a timely manner no less than quarterly, and reports will be formatted according to Financial Transparency Act requirements. Timely is defined as the last day of the month following the end of a quarter.

### Reporting to the Board

The School Leader or their designee shall provide to the Board a report detailing the financial condition of the school at least quarterly and preferably monthly during the fiscal year. The Finance Committee shall review the Board reports before attaching them to the board agenda and packet. The financial report shall include at a minimum:

- Income and Expense - Monthly
- Balance Sheet - Monthly
- Cash Flow analysis when such a consideration is necessary
- Accounts Payable Register - Monthly
- Check Register – Monthly

More specifically:

- The actual amounts spent and received as of the date of the report from each of the funds budgeted by the school for the fiscal year, expressed as dollar amounts and as percentages of the annual budget.
- The actual amounts spent and received for each fund for the same period in the preceding fiscal year, expressed as dollar amounts and as percentages of the annual budget.
- The expected year-end fund balances, expressed as dollar amounts and as percentages of the annual budget.
- A comparison of the expected year-end fund balances with the amount budgeted for that fiscal year.
- A year-to-date balance sheet for the school's Governmental Funds.

The Board or Finance Committee may request and review monthly financial reports that shall include at a minimum:

1. The actual amounts spent and received as of the date of the report from the general fund budgeted by the school for the fiscal year compared to the annual budget.
2. A year-to-date balance sheet for the school's general fund.

### Reporting to Parents and the Community

The School Leader or their designee shall make available to the parent population, collapsed versions of the budget and actual expenses. Fiscal year Profit & Loss information and Fund Balances will be included in an annual "Report to the Community." The School Leader or their designee shall follow the



requirements set forth in the Public School Financial Transparency Act by using the templates and timeline provided by the Colorado Department of Education to ensure that required financial documents and reports are readily available on the school’s website.

Legal References

C.R.S. 22-45-102(1)(b)

C.R.S. 22-45-103 (b)

## Banking

All revenue received by the school shall be deposited in an official bank or banks or savings and loan institutions as designated by the Board. Such financial institution must qualify as an eligible public depository in accordance with state law.

All moneys belonging to the school, including moneys derived from food services and school activities, shall be deposited by the Treasurer of the Board or official custodian to the credit of the school in a depository designated by the Board.

The Treasurer or official custodian shall comply with all requirements of state law regarding the deposit of public school funds.

### Legal References

C.R.S. 11 10.5 101 et seq. (relates to deposits of public funds in banks)

C.R.S. 11 47 101 et seq. (relates to deposits of public funds in savings and loan institutions)

C.R.S. 22 32 104 (4)(c)

C.R.S. 22 32 107 (3),(4),(6)

C.R.S. 22 32 109 (1)(g)

C.R.S. 22 32 110 (1)(x)

C.R.S. 22 40 105

C.R.S. 22 45 104 (relates to collection and deposit of fees and fines)

## Procurement

No person shall be authorized to commit the school to a purchase contract or purchase unless expressly authorized by the School Leader or their designee (as outlined below in the Budgetary Expenditure Authorization section). Only authorized representatives of the school will issue a purchase order number, obligate the school for purchase of goods and services, and revise or cancel a purchase order.

Except in case of an emergency, purchases shall be handled as follows:

1. A purchase for goods and services up to \$9,999 may be made through direct check, procurement card, or by purchase order. While competitive quotes may be obtained, they are not required.
2. A purchase for goods and services between \$10,000 and \$249,999 requires an informal written competitive bid from a minimum of two qualified sources.
3. A purchase for goods and services \$250,000 and above requires a formal RFP process to solicit competitive bids. Before the purchase award is granted, approval by the Board must be given.

The above thresholds correspond to federal requirements but shall be followed regardless of funding source.

When making purchases, consideration will be given to the price and such other factors as the school at its sole discretion deems to be appropriate, including without limitation, the reliability and responsibility of vendors, timely delivery, extent of warranties offered, and quality of materials or services proposed to be used.

Procedures shall be established which assure that purchases are appropriate and that funds are available before purchases are authorized.

## Budgetary Expenditure Authorization

Expenditures from any school fund must be approved or authorized in accordance with all Board policies and require the following signatures (which may be electronic or hard copy) to be effective as expenditures against budget:

1. Up to \$500: Program Directors, Coordinators, and Managers
2. Between \$500 and \$3,500: School Leader or Business Leader
3. Greater than \$3,500 up to \$50,000: School Leader
4. Greater than \$50,000 up to and including \$500,000: must be approved by the Board of Education and executed by the designee.

## General Exclusions

Exclusions to the above requirements may be made by the School Leader in cases of emergencies and sole source procurement, which shall be reported to the Board no later than its next regular meeting.

## Exclusion: Building Excellent Schools Today (BEST) Grant Expenditures

An additional exclusion to the above Procurement policy is made regarding a BEST Grant award to Mountain Song Community School. This exclusion is for BEST Grant Award Expenditures that are within its designated budget, and within its contingencies and cost escalation factors included in the budget, as

approved by the Capital Construction Assistance Board (CCAB) for a BEST Grant award. Expenditures that meet these requirements do not need to be further approved by the MSCS Board of Directors, however they require authorization by the School Leader. Any expenditure that exceeds these thresholds will require approval by the MSCS Board of Directors.

BEST Grant Expenditures are paid in disbursements on a reimbursement basis within the approved budget. For expenses incurred by a BEST Grant project that are within its budgetary constraints, invoices will be presented to the School by contractors for work performed. Payment for invoices must be approved by the School Leader. Approved invoices will be presented to the State according to BEST Grant procedures for reimbursement. Each disbursement will require the School to pay its required matching percentage. The matching funds will come from the School's bond reserves. The MSCS Board must pass a resolution committing the School's bond reserves to be allocated as matching funds. Therefore, to the degree that School bonds are used to meet the required matching percentage for BEST Grant expenditures within its set budget, these bond disbursements will not need Board approval, however they require approval from the School Leader.

## Purchasing

The School Leader may allocate funds in any manner so long as it remains in the correct budget line item approved by the Board. Any deviations from expenditures from the highest level of object codes in the adopted budget must be brought to and must be approved by the Board in advance. The Business Manager or Board Designee may authorize any expenditure that falls within the normal operating needs of the school; however, when such expenditure requires the approval of a contract not currently in place and extends over three months, Board approval must be obtained before any contract is final. The Business Manager or Board Designee must inform any vendor whose contract s/he approves that final Board approval is required for long term obligation. This final approval requirement must become a written part of the contract with said vendor.

### Purchase Procedures

Prior approval for any purchase must be obtained from the School Leader or Business Manager. Purchases, regardless of the payment method and the purchaser (staff, parent, volunteer, board member) must adhere to the following policies and procedures:

- Prior approval for any purchase must be obtained from the School Leader or Business Manager in the form of their signature on a Mountain Song Community School Requisition Request form.
  - The form must state the anticipated cost, department, and detailed vendor information
  - The Business Manager or Board Designee may then enter the purchase order into the accounting system.
  - If the purchase is made using personal funds, the purchaser must present the receipt for the purchase to the Business Manager or Board Designee along with a Reimbursement Request form; reimbursement shall be issued in the form of a check and in a timeframe that does not interfere with the school's cash flow.
- Each teacher is allocated \$600 (or other limit set annually by the Executive Leadership Team) to spend on classroom purchases outside of general school supplies or curricular supplies.
- Staff may not shift their allocations to another staff member.
- Staff are responsible for bringing the appropriate tax-exempt document to their place of purchase; under no circumstances will any sales tax be reimbursed.
- Items purchased with school funds (i.e. with a school check or credit card) or items purchased with personal funds that are then reimbursed by the school become property of Mountain Song Community School and, if non-consumable, must be included in the annual inventory.
- At least three quotes will be obtained for any purchase of goods or services over \$25,000 individually (see Contracts). Quotes may be as simple as clipping an advertised price or asking for a price over the phone. The person who is placing the order is responsible for obtaining the quotes. Quotes should be attached to and kept with the paid invoice of the item finally purchased. It will be available for the auditor.

## Fund Disbursement

### Checks

All checks drawn on the school funds shall require two authorized signatures, one which must include the signature of the School Leader.

The school shall designate at least 3 authorized signers on the bank account(s). One of the authorized signers must be an active board member. A signer must be replaced within 10 business days of removal. Authorized signers may include the School Leader, Business Manager, Director of School Performance, Board Member.

### Procurement Cards

The school is authorized to establish a procurement card to supplement the ordering of supplies of a nominal value. The purpose of the procurement card is to provide flexibility, convenience, and security with small purchases while conducting school business.

Purchase transactions using the procurement card shall not supersede or conflict with the purchasing policies that have been established by the Board.

The school shall establish procedures for the usage of procurement cards, including limiting access to procurement cards to the School Leader, Business Leader, Program Directors, Coordinators, and Managers.

A number of unique controls shall be developed for the procurement card program that do not exist in a traditional credit card environment. Usage shall be limited by transaction amount and total monthly expenditure amount. Type of merchandise allowed for purchase, restrictions of persons authorized to receive the cards, and other procedures may be set at the determination of the School Leader or their designee.

### General Exemptions

Exceptions to this policy may be made by the School Leader in cases of emergencies that threaten basic school operations (such as rent and payroll), which shall be reported to the Board no later than its next regular meeting.

### Exemption: Building Excellent Schools Today (BEST) Grant Expenditures

An additional exclusion to the above Fund Disbursement policy is made regarding a BEST Grant award to Mountain Song Community School. This exclusion is for authorized BEST Grant Award Expenditures (see Procurement Policy above).

BEST Grant Expenditures are paid in disbursements on a reimbursement basis within the approved budget. For expenses incurred by a BEST Grant project that are within its budgetary constraints, invoices will be presented to the School by contractors for work performed. Payment for invoices must be approved by the School Leader. Approved invoices will be presented to the State according to BEST Grant procedures for reimbursement. Each disbursement will require the School to pay its required matching percentage. The matching funds will come from the School's bond reserves. The MSCS Board must pass a resolution committing the School's bond reserves to be allocated as matching funds. Therefore, to the degree that School bonds are used to meet the required matching percentage for BEST

Grant expenditures within its set budget, these bond disbursements will not need Board approval, however they require approval from the School Leader.

### Credit Card Procedures

The school credit card shall only be used when the normal purchasing procedure cannot reasonably be followed, and with approval by the School Leader and/or Business Manager. With approval by the School Leader, the Business Manager is responsible for issuing a school credit card to an appropriate individual. The credit limit shall be approved by the School Leader, and shall not exceed \$10,000. The individual to whom the card is issued is responsible for the card; s/he will:

- account for the location of the card at all times.
- use the card only for prior-authorized school purchases.
- use appropriate tax-exempt documentation with any credit card purchase.
- promptly provide original receipts from his/her purchases to the Business Manager or Board Designee.

The credit card numbers shall not be copied, recorded, or stored as an online payment method. Credit cards may be withheld from any individual at any time at the discretion of the School Leader, Business Manager, and/or the Board.

### Petty Cash

Petty cash shall not exceed \$200 and shall be properly safeguarded in a locked cash box in the Business Office.

- Petty cash purchases will be approved by the Business Manager or Board Designee for small purchases that are less than \$100, or for a bank of change for special events.
- The Business Manager or Board Designee will issue a receipt for the total amount of cash given to the recipient.
- The recipient will have one week to return any change and a copy of the vendor receipt, or the entire bank of change, to the Business Manager or Board Designee.
- The Business Manager or Board Designee will track all petty cash transactions in the accounting system.

The Business Manager or Board Designee will be responsible for replenishing the petty cash as needed and reconciling the transactions monthly

### Unauthorized Purchases

Except in the case of exemptions, purchases that do not comply with the provisions of this policy or established procedures are unauthorized purchases. The school is not liable for payment of any unauthorized purchases. Individuals who make unauthorized purchases may be held personally responsible for payment.

## Contracts

The Board shall have the responsibility of reviewing contracts for the school and will have authority to approve such contracts, or pass the authority to approve to a Board designee. The Board will be responsible for approving all **contracts** which obligate the school to spend money for more than a single fiscal year and/or which obligate the school to spend more than \$50,000; an exception does exist for recurring items. The Board President or Designee shall have the sole authority to execute contracts in excess of \$50,000. Contracts shall be signed according to the Budgetary Expenditure Authorization thresholds above and shall not extend beyond a single fiscal year without TABOR-compliant non-appropriation language. No contract shall commit the school for more than 5 years. All contracts must include appropriate TABOR language and must include a clause requiring the contractor to sign the Proof of Delivery for Contracted Services form upon completion of the services. The School Leader or Designee shall maintain oversight of the services performed by outside contractors to ensure that services meet the terms, conditions, and specifications of the contract. Oversight must include (but is not limited to) using the Proof of Delivery for Contracted Services form to ensure proof of delivery/completion of services.

Any written contract shall include a provision requiring a criminal background check for any person providing direct services to students under the contract, including any subcontractor or other agent of the contractor, including but not limited to transportation, instruction, or food services, as required by law. Background checks are only required for persons who have regular, not incidental, contact with students at least once a month. The school reserves the right to require criminal background checks on other contracts at the school's discretion.

## Competition

The Board shall post a publicly-available Request for Proposals (RFP) for all contracts it seeks whose value meets or exceeds \$250,000; the Board may also post RFPs for contracts whose value is less than \$250,000 at the Board's discretion. Contractors may then submit proposals to the Board by the designated deadline for review. The Board will then review proposals at the next board meeting and will notify all contractors of their decision within three business days of the board meeting when the decision is made.

A purchase for goods and services between \$10,000 and \$249,999 requires an informal written competitive bid from a minimum of two qualified sources.

If a contractor submits a proposal in response to a Request for Proposal (RFP), is not awarded the contract, and disputes the lack of award, the Board shall follow protest procedures:

- The board shall request written notification of the dispute from the contractor; the notification must contain valid, verifiable reasons of dispute as well as a return address listed to which responses may be mailed.
- Upon receiving the written notification, the Board will then address the reasons beginning in the next Board meeting.
- The Board will mail its written responses to each reason for dispute to the contractor;



the responses will be postmarked within 3 business days of the board meeting upon which the responses are completed.

Disputes must be announced within 90 days of the award.

## Exclusions

Exclusions to the above requirements for goods and services whose value is less than \$249,999 may be made by the School Leader in cases of emergencies and sole source procurement, which shall be reported to the Board no later than its next regular meeting.

Contractors that develop or draft specifications, requirements, statement of work, and invitations for bids or RFPs shall be excluded from competing in RFPs. Contractors that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal Assistance programs or activities shall be excluded from competing in RFPs. The school will use the System for Award Management's website to verify a contractor's debarment status prior to reviewing the contractor's submitted proposal. Contracts documenting purchases made with federal funds shall contain the provisions mandated by the [Federal Uniform Grant Guidance](#) (UGG).

## Legal References

2 CFR 200.318-200.326

CRS 24-18-201, 22-32-109 (1)(b) and 22-32-122

## Borrowing

When it becomes evident early in the fiscal year before substantial tax moneys have been received that the cash balances will not meet anticipated obligations, the Board shall negotiate, under the provisions of Colorado statutes, for short-term debt in such amounts as may be required to meet such obligations.

The Board may authorize the President and the Secretary to execute promissory notes on behalf of the school from time to time as such borrowing of funds becomes necessary and may further authorize them to execute any and all other documents necessary or incidental to the borrowing of funds.

Borrowing may not exceed the need demonstrated in the school's annual budget or year-end forecast presented by the School Leader to the Board.

By law (C.R.S.), these short-term loans are liquidated within six months of the close of the fiscal year from moneys received by the school for the general fund. According to the TABOR Amendment, these short-term loans may not cross fiscal years.

The school credit card shall only be used when the normal purchasing procedure cannot reasonably be followed. See more under "Credit Card Procedures" in the section on "Fund Disbursement."

Lease obligations are a routine and appropriate means of financing capital equipment. However, lease obligations also have a significant impact on budget flexibility. Therefore, efforts will be made to fund capital equipment with pay-as-you go financing where feasible, and only the highest priority equipment purchases will be funded with lease obligations.

Legal Reference  
C.R.S. 22-40-107

## Equipment Control and Disposition

The School Leader and the Board are responsible for ensuring that the school's assets are protected, adequately maintained, and protected from unnecessary risk. Therefore, the Executive Leadership Team, Administrators and Board must:

- Adequately insure against theft and casualty losses.
- Prevent unbonded personnel access to material amounts of funds.
- Protect the building from improper wear or insufficient maintenance.
- Protect the organization, its Board, and Staff from unnecessary claims of liability.
- Ensure the Board has an up-to-date list of persons who have check-writing authorization.
- Monitor purchases for budget consistency.
- Avoid investing in or holding operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AAA rating, or in non-interest-bearing accounts except where necessary to facilitate ease in operational transactions or as otherwise required by applicable contracts.

The School Leader or Designee shall establish and maintain an inventory tracking system to prevent asset loss. Inventory shall include all tangible real and personal property that meets any of the following criteria:

1. A useful life longer than one year and a unit cost or donated value that equals or exceeds \$5,000.
2. Highly portable and attractive.
3. Purchased with federal funds, regardless of the unit cost.

Any asset deemed highly portable and attractive must be kept in a locked location with limited access.

### Inventory

School Staff will conduct a physical inventory on an annual basis for all non-consumable items and report this inventory to the Business Office in a timely manner. The inventory shall document the following:

- Item Description
- Serial number or identification number
- Source of funding (including the Federal Award Identification Number)
- Holder of the title (in almost all cases, the school itself)
- Acquisition date
- Cost

If any equipment valued at over \$5000 needs to be disposed of, a note must be made on the inventory and the Charter School Institute must be consulted for disposition instructions. Assets with a useful life of more than two years and a value of \$5,000 or more will be capitalized.

### Equipment Purchased with Federal Funds

Any property purchased with federal funds must be tagged with a distinct asset tag that includes the year purchased and the grant with which the asset was purchased. Equipment shall be used in the program or project for which it was acquired as long as needed, whether or not the project or program

continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

The school shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency.

When acquiring replacement equipment, the school may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with federal grant funds, until disposition takes place shall be established and meet the requirements mandated by the [Federal Uniform Grant Guidance](#) (UGG).

Any asset purchased with federal funds must comply with the disposition requirements of the grant.

## Payroll

The School Leader or their designee shall establish payroll processing procedures, which shall be reviewed by the Finance Committee. Procedures must address frequency of payroll, PERA contributions, other benefits, and time and effort reporting. The School Leader or Designee must approve all time sheets and the monthly pay amount in writing or by electronic approval. All salary and wage authorizations shall be completed at the time of employment and prior to the issuance of pay. Payroll may be processed by the Business Leader or contracted service provider. Payroll will be generated for distribution on the 28th day of the month.

## Payroll Changes

A Payroll/Status Change Notice will be used to document all changes to compensation and/or benefits. The School Leader or Designee will prepare this document for changes to salaries and other compensation rates. That person will verify pay rates, confirm that extra time or extra duties are compensable under School/Board policies, and that funds are available in the budget. Approval or denial of the request will be documented and signed by the School Leader or Designee. The Business Manager will then send the form, or approve the form, to the Third Party Payroll for processing. Once compensation rates have been properly authorized and documented, timesheets and monthly paychecks may be processed using the approved rates.

Board approval will be required for any changes to compensation for the School Leader (as well as to immediate family members of the School Leader should they be employed by the school). Any contracts negotiated with special benefits, including but not limited to, severance packages, compensation upon termination, and/or buyout of other benefits, must be approved by the Board. The School Leader will have the authority to approve compensation for other employees within the constraints of the approved budget.

## Accrual

Official accrual for payroll obligations is the last day of the fiscal year (June 30th) based on work completed as of that date. For auditing purposes, it is imperative that correct payroll obligations be entered for the correct year and salary accruals are maintained for each respective year.

## Payroll Liabilities

Payroll liabilities such as income tax, Public Employees' Retirement Association (PERA) withholdings, insurance, garnishments, and other obligations owed by the school will be paid in a timely manner. PERA withholdings will be adjusted based on legislative and PERA changes..

The Mountain Song Community School Business Manager, Payroll Executive, or Board Designee will maintain a calendar of dates required for payroll disbursement and liability payments (including but not limited to insurance payments, income tax payments and PERA contributions), and will ensure that funds are available to pay these obligations.

## Travel

### Authorization

All travel and travel reimbursements require authorization from the School Leader. The School Leader shall approve travel costs for staff, students, Board members and volunteers. The School Leader's travel and travel reimbursements require authorization from the Treasurer of the Board.

The School Leader shall develop and ensure representatives of the school adhere to travel and expense reimbursement procedures. Charging costs must follow the Purchasing Procedures and the school's travel policies, and the costs must be reasonable. Arrangements utilizing the most economical means of accomplishing the authorized travel must be considered. Each school employee and Board member who is authorized to travel for school business assumes a direct responsibility to limit travel claims to those actually incurred while traveling and representing the school. Likewise, each school official and employee has a responsibility to limit travel to purposes that are essential. This planning should include consideration of the use of personal car or common carrier, sharing rides with other employees attending the same event, and similar alternatives if appropriate. These costs may be charged on the basis of actual, per diem, mileage, or some reasonable combination of costs thereof.

### Lodging

The school will pay for the actual cost of employee lodging for travel that occurs more than 50 miles from the school. Every effort will be made to secure lodging that is no more than 110% of the GSA per diem lodging rates for the destination. For lodging per diem rates see <https://www.gsa.gov/travel/plan-book/per-diem-rates>.

### Meals

The school will use the standard allowance method for meals, rather than the actual cost method. Under the standard meal allowance method, a traveler shall claim the authorized meal per diem rate for each meal the traveler would normally have eaten while traveling away from home.

For meal per diem rates, see <https://www.gsa.gov/travel/plan-book/per-diem-rates>. If a meal is included in a conference fee or is provided with the cost of lodging, a traveler shall not request reimbursement for the standard meal allowance. Receipts for meals are not required. The meal per diem amount includes tips associated with the meal.

### Mileage for Personal Vehicles

Reimbursement is allowed for actual business mileage traveled. Mileage will be reimbursed using the IRS standard mileage rate at: <https://www.irs.gov/tax-professionals/standard-mileage-rates>.

Commuting expenses incurred while traveling between a traveler's residence and traveler's regular work location are non-reimbursable personal expenses.

### Other Allowable Travel Expenses

In addition to meals and lodging, the actual expenses identified below, incurred as a part of approved travel, are allowable if necessary to complete school business. A traveler requesting reimbursement shall submit original receipts for all reimbursable expenses.

1. Commercial transportation such as airfare, taxi and shuttle expenses, including tips.
2. Parking fees.

3. Telephone, fax, internet, and other similar miscellaneous business expenses paid for school business.
4. Toll road charges.

### Non-Allowable Travel Expenses

A traveler shall not be reimbursed for the following expenses:

1. Alcoholic beverages.
2. Entertainment expenses.
3. Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to school business (examples include the purchase of personal items such as soap or toothpaste, magazines, snacks, movie rentals, and other miscellaneous items).
4. Political expenses.
5. The cost of traffic fines and traffic tickets.
6. Personal telephone calls.
7. Valet parking.

### Federal Funds

The school shall retain documentation verifying the details and necessity of the costs of travel to and participation in conferences/trainings using Federal funds. Costs of entertainment may not be reimbursed using federal award funds.

## Records Retention

The school shall use the [Colorado School District Records Management Manual](#) (records management manual) developed by the Colorado State Archives Department to assist the school in determining the appropriate retention period for various types of records. School records regarding the school's organization, functions, policies, decisions, procedures, operations, or other activities may be considered public records subject to retention.

The School shall retain physical records at the School's address. The School shall retain electronic records in secured cloud applications and on School-owned and contracted service provider-owned servers.

The school shall retain records for the time periods specified by the records management manual, as may be amended from time to time, unless a longer retention period is required by state or federal law.

Documents and other materials that are not records required to be retained by the records management manual, or state or federal law, and are not necessary to the functioning of the school, may be destroyed when no longer needed.

### Legal References

C.R.S. 24-72-113 (limit on retention of passive surveillance records)

C.R.S. 24-80-101 et seq. (State Archives and Public Records Act)



## Conflict of Interest and Ethical Principles

### Conflict of Interest

In carrying out their fiduciary duties, a Board member or staff member shall avoid actual and perceived conflicts of interest. A Board member or staff member shall not:

1. Use their positions for a private advantage or personal financial or material gain.
2. Accept a gift of substantial value (or a substantial economic benefit which is the same as a gift of substantial value) which would tend to improperly influence a reasonable person in their position or which he or she knows or should know is primarily for the purpose of rewarding them for official action taken.
3. Engage in a substantial financial transaction for their private business purposes with a person whom they supervise in the course of their official duties.
4. Perform an official act which directly and substantially confers an economic benefit on a business or other undertaking in which he or she has a substantial financial interest or in which he or she is engaged as a counsel, consultant, representative or agent.
5. Participate directly or indirectly in the purchasing process if the employee has a direct relationship with a vendor doing business with the school.
  - a. A direct relationship may include the business being owned by a spouse or immediate family member or the employee being employed by the business. Immediate family members include spouse, child, step-child, parents, siblings, in-laws, grandparents, grandchildren, or relative living in the household of the employee.
  - b. Direct or indirect participation means involvement through decisions, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specifications or procurement standard, rendering of advice, investigation, auditing or acting in any other advisory capacity.

The school shall not purchase goods or services from a business owned by an immediate family member of a board member or employee, unless the goods or services are procured through a competitive process by and determined to be in the school's best interest. Should a Board Member or relative of Board or Staff be given a contract for providing outside goods or services to the school funded by state or local funds, proper records shall be kept showing competing bids (or sole source reasoning) and verification of non-Federal funding source(s). Potential conflict-of-interest(s) and/or violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting Federal awards shall be disclosed to the Charter School Institute in a timely manner. The school recognizes that failure to make these disclosures may make the school ineligible to receive Federal funds.

### Board Ethical Principles

The following ethical principles for board members are intended as guides to conduct and do not constitute violations as such of the public trust of office. These principles provide that a board member should not:

1. Accept gifts over the [Colorado Independent Ethic's Commission](#) threshold.
2. Acquire or hold an interest in any business or undertaking which he or she has reason to believe may be directly and substantially benefited by official action to be taken by the school.

3. Within six months following the termination of their position, obtain employment in which they will take direct advantage, unavailable to others, of matters with which they were directly involved during their term of office.
4. Perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when they have a substantial financial interest in a competing firm or undertaking.

### Disclosure Requirements

A Board or staff member, who has personal or private interest in any matter (defined by the Conflict of Interest and Ethical Principles sections above), proposed or pending before the board shall disclose such interest to the board, shall not vote on the matter and shall refrain from attempting to influence the decisions of other members of the Board.

A Board member may vote if their participation is necessary to obtain a quorum or otherwise enable the board to act and if disclosure has been made to the Secretary of State giving the information required by statute. The written disclosure to the secretary of state must include:

1. The amount of their financial interest.
2. The purposes and duration of services rendered.
3. The compensation received.
4. Any other information to describe the interest.

If the Board member votes on the matter, the member shall make a public disclosure on the record at the time of voting.

Violation of the above Conflict of Interest and Ethical Principles policies may lead to disciplinary action, including dismissal.

#### Legal References

C.R.S. 24 18 104  
C.R.S. 24-18-105  
C.R.S. 24-18-109(3)  
C.R.S. 24-18-110  
C.R.S. 24-18-201  
2 CFR 200.318-200.326

### Confidentiality

While all payroll information is private information, general budget and actual expense information is not. This is public information and must be made available to those who ask for it. Budgets and reports shall be generated (collapsed) which give the public information while protecting confidential information. Under no circumstances will the Director of Operations or Board Designee or the Executive Leadership Team violate anyone's privacy. Records will be kept securely.

### Revision Procedure

The procedure for revising this document shall be to follow the Board's by-laws regarding any policy change.