

KAPOLEI CHARTER SCHOOL
BY GOODWILL HAWAII
ACCOUNTING PROCEDURE MANUAL

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ACCOUNTING POLICY AND PROCEDURES DIRECTIVE

This document has been prepared to establish policies and internal procedures to be followed in the fiscal management of the Kapolei Charter School. It has been reviewed and approved by the School Director and Chairman of the Governing Board. It is designed to insure adequate internal controls, foster the flow of financial information for decision making and enhance fiscal reporting. The School shall maintain accurate and comprehensive financial records, operate in accordance with Generally Accepted Accounting Principles, and use public funds in a fiscally responsible manner.

These procedures will be reviewed as needed.

The Goodwill Industries of Hawaii, Inc. (GIH) Finance Department will provide support for the fiscal management of the Kapolei Charter School. The GIH Vice-President of Finance will oversee the Finance Department's support to the Kapolei Charter School (KCS).

APPROVAL OF EXPENDITURES

1. General

Employees of the Kapolei Charter School (KCS) will not financially obligate the school without proper authority. Individuals who obligate KCS without proper authority may be held personally liable for such obligations. All individuals initiating any procurement action will insure proper procedures, which include a properly executed and approved requisition form.

Bills that are received that cannot be related to specific procurement authorization will require an explanation from the employee why established acquisition procedures were not followed.

2. Approval Levels/Thresholds

The following is general guidance on levels of approval for expenditures within KCS. It is not an all-inclusive list and unless authority is granted to a specific individual, it should be assumed to rest with the School Director.

- a. Personnel Expenses - Hiring and termination decisions rest with the School Director. Other personnel issues will be in accordance with the Kapolei Charter School Employee Handbook. The only exception to this will be for conditions contained in employment contracts or when

specifically approved by the School Director.

- b. Supplies, Equipment and Inventory - In all instances, the requisition and/or purchase order system will be followed when acquiring supplies, materials and equipment. The KCS Governing Board must approve capital purchases \$10,000 or more. The School Director may approve expenditures within budget.
- c. Contracts - All requisitions for contractual services will be initiated using the purchase order system and approved by the School Director. These types of services include, but are not limited to, rental and maintenance agreements or professional and technical services.
- d. Long Distance Telephone Service – All long distance calls must be business related. If warranted, the Finance Department may bill personal long-distance phone calls to the person initiating the calls and KCS will be reimbursed for the cost of the call.
- e. Travel - Local vicinity travel necessary in the conduct of official business is reimbursed at \$.50 per mile, following the School Director's approval on the Travel Expense Report. The reimbursement rate may be changed with the authorization of the School Director. Interstate travel should be approved in advance by the School Director. Estimated cost of off-island travel will outline the anticipated expense for airfare, meals, hotel accommodations and anticipated other expense such as car rental, if required, that are necessary during the trip. Travelers are expected to be prudent in travel planning to insure the economical use of school funds. Upon return from a trip, travelers will submit an expense reimbursement form with receipts for reimbursement. A corporate credit card may be issued to the School Director and other staff members as authorized by the School Director, for the purpose of approved organizational business and travel expenses. At no time is this card to be used to purchase personal items. If personal purchases are inadvertently charged, the employee will reimburse KCS as soon as possible. Violation of this privilege will result in confiscation and cancellation of the Employee's credit card.
- f. Official Entertainment - Periodically it may be necessary for the KCS staff to entertain visitors or prospective partners of KCS. When these occasions are appropriate, the School Director must approve the

hosting of such functions in advance. Record of this approval may take any appropriate written form, email, memo, requisition, etc.

CASH MANAGEMENT

1. General

Cash funds are composed of cash in banks and petty cash funds. The Finance Department handles administration of these accounts and check writing.

All funds received shall be deposited into the KCS's bank account at the earliest possible time and at least once a week.

2. Cash Accounts

- a. A petty cash fund will exist on an as-needed basis at KCS. The fund will be established on the books with an individual general ledger code to be identifiable.
- b. All bank accounts are reconciled monthly by the Finance Department. Results of the reconciliation will be reviewed by the GIH Vice President of Finance or his/her designate.

INVESTMENT OF FUNDS

1. General

It is company policy to insure all available cash reserves are maintained in interest bearing accounts or invested in financial institutions that provide the highest possible return while fully insured by regulatory agencies. Cash in operating accounts will be reviewed continually and when adequate reserves are available will be deposited in cash management accounts as short-term investments.

The GIH Vice President of Finance will review all short and long-term investments to insure effective return on these funds.

BUDGET DEVELOPMENT

Kapolei Charter School operates with an annual budget and cash flow projections. The budget and cash flow projection is developed by the School Director and is presented to the KCS Governing Board for approval prior to the initiation of the new fiscal year.

The budget and cash flow projections will be provided to the State Public Charter School Commission (Commission) by June 15 or two weeks after the Commission notifies the School of the anticipated amount of State non-facility general fund per-pupil funding to be allocated, whichever is later.

This budget is used during the fiscal year to assess the accomplishment of budgetary goals. At any time budgetary modifications are made, these modifications are reviewed and approved by the Governing Board. The budget will include input concerning the need for and the selection of equipment, modification of facilities, and staffing requirements.

The School Director is expected to be familiar with the financial operations of the school and comply with budgetary controls and restrictions. When expenses exceed budget levels, the School Director will develop plans to bring expenses in line with the approved budget or submit an explanation to the Governing Board for budget variances.

PAYROLL PROCESSING

1. General

Accurate and timely payroll processing is the responsibility of the School Director. Established due dates for payroll processing will be a top priority to insure preparation and delivery of paychecks on payday. If payroll data are not received by the required due date, a delay in paycheck may be the result.

KCS will contract with the Department of Education and/or a reputable, bonded, and insured payroll contractor to prepare payroll checks, tax and retirement withholdings, tax statements and to perform other payroll support functions. The School Director will establish and oversee a system for preparing time and attendance reports and for submitting payroll check requests. The School Director and the GIH Vice President of Finance will review the payroll statements monthly to ensure that (1) the salaries are consistent with staff contracts and personnel policies and (2) the proper tax, retirement, disability and other withholdings have been deducted and forwarded to the appropriate authority.

Upon hiring of staff, a personnel file will be established with all appropriate payroll-related documentation.

2. Time and Attendance Reporting

The School Director (with administrative support) will establish and maintain an appropriate attendance accounting system to record the days that teachers and administrative staff are in attendance or absent at the school.

REQUISITION AND PURCHASE ORDER PROCEDURES

All purchases require a pre-approved requisition prior to ordering or procurement.

The requisition is sent to the School Director for approval, and then to the GIH Finance Department. The School Director may question any request to determine necessity or reasonableness.

For contract, equipment, or high cost items, refer to the Procurement Policy.

FINANCIAL REPORTS

The fiscal year for the School shall begin on July 1 and end on June 30 of the subsequent calendar year.

In order to utilize financial information effectively, it is imperative that cut off dates and processing standards be implemented and adhered to. The GIH Vice President of Finance is responsible for the timely reporting of KCS' financial reports. The GIH Vice President will review the financial statements to ensure that financial transactions and closing adjustments are properly recorded in accordance with accounting standards prescribed by the Governmental Accounting Standards Board (GASB).

Any grant funds received or unusual transactions will be reviewed by the GIH Vice President of Finance and GIH CEO, to confirm that the funds are accounted for and recorded properly on KCS's financial records. The auditor may be contacted if additional guidance is needed.

Financial reports will be prepared on a monthly basis and reviewed by the School Director and the Governing Board.

Quarterly financial reports will be prepared and submitted to the Commission within 45 days at the end of each fiscal quarter.

ANNUAL FINANCIAL AUDIT

Each year, KCS will provide for an independent annual financial audit conducted in accordance with Generally Accepted Auditing Standards and Governmental Auditing Standards and performed by a certified public accountant (CPA). The governing board will approve the selection of the CPA firm to perform the annual audit. KCS will provide the completed audit report to the Commission by November 15 after the conclusion of the fiscal year, unless the Commission, with reasonable notice to KCS, has changed the deadline depending on circumstances.