



CEC Financial Policies

Table of Contents

Objective	3
Accounting System.....	3
Accounting System – Books and Records	3
Financial Statements/Budget to Actual	3
Bank Account Management: Issuing / Signing checks.....	3
Bank Account Management: Opening/Closing Accounts.....	4
Bank Account Management: Reconciliation of Accounts.....	4
Petty Cash	4
Accounts Receivable	4
Accounts Payable	4
Purchase Order Requests.....	4
Payroll	4
Cash, Checks and Credit Card Payment Deposits.....	5
Budgeting.....	5
Capital Assets, Depreciation and Disposition of Assets.....	5
Employee Reimbursements	5
Employee Mileage Reimbursement.....	5
Audits, Tax Filing and Financial Regulatory Forms	6
Insurance.....	6
Personnel Leave	6
Contracts, Leases and Other Significant Agreements	6
Borrowing Funds, Debt, and Lines of Credit	6
Bequests and Contributions, and Restricted Donations/Grants	6

Procurement Cards Policy..... 6
 Non-Allowable Purchases 7
 Limits 8
Purchasing Policy and Competitive Bid Policy 8
Repayment of Tuition for Concurrent Enrollment 8
Student/Parent Reimbursements..... 9
Community College Tuition Rates..... 9
Community College Credit Reconciliation 9
Grants..... 9
Merit & Bonuses 9
College Courses and Textbooks 10
Additional Legal References 10

Objective

The purpose of this policy is to establish and document how Colorado Early Colleges (CEC) conducts its business operations with sound fiscal management in order to meet the educational objectives set forth by the CEC Governing Board, Chief Executive Administrator (CEA), school leadership, and in community with CEC parents.

CEC shall employ a Chief Financial Officer (CFO) to administer the daily fiscal and accounting functions. The CEC Governing Board (referred to as the Board) and the Chief Executive Administrator) will provide fiscal oversight. CEC will contract with an independent certified public accountant (CPA) for an annual financial audit and to consult with on any accounting questions and issues.

The internal financial control policies of CEC are as follows:

Accounting System

Policy: CEC shall use the modified accrual basis for its fund financials in accordance with Generally Accepted Financial Principles (GAAP). Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures are recorded only when payment is due.

Accounting System – Books and Records

Policy: CEC's books shall be maintained in accordance with GAAP and include budget to actual reports, general ledger detail, and detailed journals for all cash receipts and cash disbursements including payroll. There will be a disaster recovery procedure in place for any accounting data/software maintained outside CEC's system. All financial records will be backed up and housed by Specialized Data Systems (SDS), CEC's current financial system.

Financial Statements/Budget to Actual

Policy: The financial statements shall be prepared by the CFO and the Director of Finance and shall be reviewed by the CEA on a monthly basis. Financial statements will be reviewed by the Board once each fiscal quarter, at a minimum.

Bank Account Management: Issuing / Signing checks

Policy: Check signing procedures outlined below shall be adhered to by all staff. Proper segregation of duties will be maintained on all cash accounts and/or mitigating controls will be put in place. Employees preparing the checks and reconciling accounts shall not have check signing authority on the accounts.

Written CEC checks will require the following voucher signing procedures:

- Head of School (HOS)/Principal, Executive Directors, CFO or CEA signature required on all payment request vouchers.
- CEA has signature rights for all amounts (approves in system).
- \$1- \$50,000: CFO has signature rights (must approve in system).
- \$50,001+: CEA has signature rights (must approve in system).
- \$1,000,000+: CEA has signature rights (must approve in system), plus Officer of the Board signature on voucher.

The limits noted above exclude all routine or recurring payments such as rent, utilities, lease agreements, college payments, all payroll liabilities or contracts already approved by the Board and CEA. HOS/Principals requested checks shall be issued only within the approved budget and with the approval of the CEA or CFO. The appropriate Business Manager and Controller shall prepare checks but will not have check signing authority or withdrawal authority. Voided checks must be reported to the Finance department and shall be retained and filed to ensure proper maintenance of checking account records.

Bank Account Management: Opening/Closing Accounts

Policy: The signature of the CEA or CFO shall be required to open or close accounts subject to restriction of the Board or by state law or regulation. This includes any bank accounts, credit cards, lines of credit, or store membership/credit accounts. No accounts may be opened without approval by the CEA and CFO.

Bank Account Management: Reconciliation of Accounts

Policy: The reconciliation of each bank account shall be done within 30 days of receipt of the bank statements.

Petty Cash

Policy: Each CEC school shall maintain a petty cash fund not to exceed \$200.00. Petty cash will be used to make change of payments received for goods or cash tuition payments. Petty cash must be kept in a safe or lock box.

Accounts Receivable

Policy: CEC shall maintain accounts receivable in accordance with GAAP for schedule receipts from the Charter School Institute (CSI), grants, lease revenue, tuition reimbursements, student tuition overages, fees and any other amounts due but not yet received. No accounts receivable may be written off the books without approval and review by the Finance department and approval by the CEA and CFO, which includes general journals or credit memos.

Accounts Payable

Policy: If vendor payment cannot be paid via credit card, then a check will be issued. CEC, whenever practical, shall pay invoices within 45 days of their issue, unless alternative arrangements are made with vendors or unless a dispute arises. Invoices of an amount which precludes payment within 45 days may be put on a payment plan allowing a monthly payment agreeable to both CEC and the vendor, unless another arrangement is reached that is agreeable to both CEC and the vendor. All services performed by independent contractors will be processed as accounts payable. At the close of the fiscal year, 1099 forms will be issued to independent contractors in accordance with IRS regulations by the Controller or Director of Finance. Accounts payable will be entered by each school's Business Manager. The CEC Controller will process the payment.

Purchase Order Requests

Policy: CEC's Finance department will confirm that a Purchase Order request is required and that the vendor won't take payment via credit card nor will send an invoice without a Purchase Order. The Finance department will issue a Purchase Order once they have confirmed that one is needed.

Payroll

Policy: CEC shall maintain an effective and efficient payroll system appropriate for the CEC Network of Schools. Documentation of authorized pay rates shall be maintained in each employee's Frontline personnel file. Frontline personnel files shall be secured with access limited to authorized individuals. Personnel will be paid monthly, on the last business day of each month. CEC requires that all employees be paid via direct deposit. For hourly employees, the payroll cycle starts on the 16th of the month and ends on the 15th of the following month. New hires starting after the 16th of the month will be included in the following month's payroll. Timesheets for hourly employees must be submitted by the employee in SDS and approved by a supervisor. Business Managers will review SDS timesheets for supervisor approval, review time worked and verify for mathematical accuracy and summarize the payroll information. The HOS/Principal, and their respective Business Manager, will review the payroll reports and document approval. All payroll changes will be authorized by a HOS/Principal or CEA. Timesheets not approved by end of day on the 15th of the month will not be included in that month's payroll. Any updated payroll/benefits/HR forms must be submitted by the end of day on the 15th of the month for changes to occur on that month's payroll. If an employee voluntarily resigns,

final pay will be the last business day of the month. If an employee is terminated, their final pay will be direct deposited in the next payroll run, if all CEC property has been returned.

Cash, Checks and Credit Card Payment Deposits

Policy 1 – Receiving Funds: All funds received should be given to the appropriate Business Manager or CEC Network employee as soon as it is received. All credit card payments received must be tracked through the point of sales system.

Policy 2 – Deposit Timeliness: Pending deposits will be kept in a safe with limited access. Received checks and cash should be processed and deposited within 5 business days to limit the risk of loss or tampering. Bank deposit receipts should agree to cash receipts and Talech reports signed by each HOS/Principal.

Policy 3 – Staff Handling of Funds/Checks: The only employees authorized to accept or handle funds are front office staff, Bookstore Manager, Registrar, Business Manager, or the Finance department. Identified employees can accept or handle funds for amounts related to fees, before/after school care, tuition or other more significant payments. All monies for payment or deposit received by employees shall be immediately routed or directed to the Finance department and/or appropriate Business Manager.

Policy 4 – School Event Coverage: For all school related events, an employee or committee member must be present to collect all money received at the end of the event. Those who collect monies should submit all monies collected to their school's Business Manager or HOS/Principal by the next school day.

Budgeting

Policy: The Board shall approve an annual operating budget for CEC based on CSI's requirements. Adjustments to budget categories during the year shall be approved by the Board. The Board will record their approval of expenditures in the Board minutes via a resolution noting the expenditures approved by fund. At a minimum the CFO or Director of Finance will reforecast the budget on a quarterly basis.

Capital Assets, Depreciation and Disposition of Assets

Policy: CEC shall, either independently or with the assistance of an accountant, maintain appropriate fixed asset and related depreciation accounts. All property and equipment acquisitions and dispositions shall be approved by the CEA. Assets in excess of \$10,000 and a useful life of over 1 year shall be capitalized and depreciated over their useful life in accordance with GAAP for nonprofit organizations. Asset purchases of under \$10,000 and software purchases shall be expensed.

Employee Reimbursements

Policy: Purchases made on behalf of CEC shall be reimbursed for business related expenses only if preapproved by a HOS/Principal, the CFO, or CEA. CEC will not reimburse for sales tax. Employees must submit all reimbursements within 90 days of purchase. No reimbursements will be paid after the June 15 fiscal year cutoff. Employee reimbursements will be included on their next monthly payroll. Reimbursement checks will only be distributed to non-CEC employees. Lunch or food reimbursements must be preapproved by the CEA and must be for a group/department. Personal meals will not be reimbursed, and if a personal meal is purchased using a school credit card, that amount will be deducted from the employee's paycheck. All hotel reservations must be preapproved by the CEA prior to booking. Hotel reservations must be paid using a school credit card. Rooms must have same sex double occupancy.

Employee Mileage Reimbursement

Policy: Employees using their personal vehicle to travel on behalf of CEC will be reimbursed at the approved mileage rate. Mileage starts at the employee's school, or place of work, and must include a deduction of 25 miles

one-way or 50 miles round trip. Employees will submit their mileage monthly on the Employee Reimbursement Form. There will be no mileage reimbursement when a company vehicle is provided. Employees must submit all reimbursements within 90 days of travel. No reimbursements will be paid after the June 15 fiscal year cutoff.

Audits, Tax Filing and Financial Regulatory Forms

Policy: Independent audits of CEC's financial statements shall be conducted annually by a Colorado State Certified Public Accountant selected by the Board. Annual financial audits will be conducted in accordance with generally accepted auditing standards. Financial regulatory forms shall be completed as necessary by the charter school or an accounting firm selected by CEA, CFO, and the Board.

Insurance

Policy: CEC shall maintain appropriate insurance coverage as required by the Board and CSI's standards, and the coverage levels shall be reviewed annually.

Personnel Leave

Policy: CEC shall carry accrued personal leave on financial statements as a liability, in accordance with personnel policy and the CEC Employee Handbook.

Contracts, Leases and Other Significant Agreements

Policy: The execution of contracts and grants shall be within the scope of CEC's mission, goals, and annual plans and shall comply with CEC's contract with CSI pursuant to section 9 "Governance and Operations" subsection H "Operational Powers." All contracts must be vetted by legal counsel and approved by CEA or designee.

Borrowing Funds, Debt, and Lines of Credit

Policy: All borrowing of funds, and the establishment or increase of all credit lines must be approved by the Board and CEA.

Bequests and Contributions, and Restricted Donations/Grants

Policy: Non-restricted bequests and contributions shall be used for operations or special projects as designated and approved by the CEA, CFO or the Board and are consistent with conditions set forth by the Board. Bequests and contributions that are donor-restricted shall be used for the purpose articulated by the donor, except that in no case shall CEC accept any such bequest or contribution for which the donor restriction is not aligned with school priorities or violates any federal or Colorado state law. Upon request, the Finance department can provide a tax donation letter with proof of purchase or proof of fair current market value of donated item.

Procurement Cards Policy

1. Cardholders are responsible for all charges made on their P-Card and are required to reimburse CEC by check or cash for any unauthorized and/or undocumented purchases made. Direct deductions may be taken from Cardholders pay if unauthorized purchases are made. Cardholders will be provided a copy of this policy and must read, follow, and sign this policy acknowledging adherence hereto. All cardholders should be thoroughly trained in CEC Network P-Card Policies and Procedures. Cardholders should:

- Be knowledgeable of those transactions allowed on the P-Card
 - Know your spend limits.
 - Understand the reconciliation dates and deadlines.
 - Obtain acceptable receipts and supporting documentation for review.
 - Acknowledge that the P-Card policy inhibits personal gain.
2. Cardholders are primarily responsible for purchasing only eligible products; for obtaining the required supporting documentation; and for ensuring charges. Cardholders with questions about whether certain expenditures are allowed must direct questions to the CEC Network Administrator or CFO.
 3. Each CEC Network Head of School must also identify individuals who, based on job requirements, have an appropriate business need for a P-Card. At their own discretion, Head of Schools may impose greater but not less control than required by this policy to staff that have access to P-Cards.
 4. The school business office is primarily responsible for reviewing P-Card transactions on P-Cards for ensuring the accuracy of the general ledger coding and the detailed business purposes required for each transaction. Cardholders must obtain and provide receipts that have been photocopied for all purchases as required.
 - The receipt must include the following information:
 - Date of transaction
 - Name of merchant
 - Transaction details (what was purchased, ex: Receiving copy, packing slip, etc.)
 - The amount of purchase
 - The form of payment used
 - Indication that the amount was paid
 - Budget Line Item(s)

At the end of each month, Cardholders must review and reconcile all P-Card transactions. All documentation of these monthly transactions must be submitted to the business office by the 8th day of the following month. If the 8th day of the month falls on a weekend or holiday, documents must be submitted by the next business day. Cardholders are responsible for reviewing their charges weekly and providing a detailed business purpose for each transaction using JP Morgan Chase PaymentNet. While Cardholders may delegate detailed review to a designee, Cardholders remain responsible for all charges on their P-Card. Even if detailed review is delegated, Cardholders should still ensure all charges are familiar and reasonable.

5. The school business office must review and retain original documentation in accordance with this policy while monitoring the use of P-Cards. When coding to a specific fund, the business office person must contact the Head of School, CEC Network CFO or designee if they are in doubt about whether an expense meets the terms and/or conditions of the fund.
6. The Cardholder is responsible for contacting the merchant when merchandise purchased with the P-Card is not acceptable (incorrect, damaged, defective, etc.) and arranging a return for credit or an exchange. If merchandise is returned for credit or exchanged (obtaining a replacement as soon as possible), the Cardholder is responsible for obtaining a credit receipt from the merchant and retaining that receipt with the support documentation for that purchase along with submitting copies to the financial department. Receiving cash or checks to resolve a credit is prohibited.
7. If a P-Card is lost, stolen, or damaged, the Cardholder must notify the bank immediately. Cardholders must notify the Head of School, Senior Controller, and/or the CFO if their P-Cards are lost, stolen, or damaged within 24 hours after reporting the incident to the bank.
8. Prior to separation from the any CEC Network School or the CEC Network Office, Cardholders must give their P-Cards and corresponding support documentation to the Head of School or designee and CFO. If the Cardholder is the Head of School or Network Office staff member, the P-Card and support documentation must be given to the CFO.

Non-Allowable Purchases

1. A Cardholder who makes an unauthorized purchase with the P-Card, such as purchasing items for personal use/non-business purposes, and/or a Cardholder who does not submit the supporting documentation for a

charge will be subject to disciplinary action, up to and including termination of employment from CEC, and criminal prosecution.

Resulting sanctions for violations include:

- 1st Offense: Email or verbal warning from the CEA and/or CFO will go to the Cardholder and Supervisor. Retraining is required and Cardholder's P-Card shall be suspended until retraining is complete.
- 2nd Offense: In addition to the provisions for a 1st offense the Cardholder will incur a suspension of P-Card rights for 90 days.
- 3rd Offense: In addition to the provisions for a 2nd offense the Cardholder will incur a suspension of P-Card rights for six months.

Notwithstanding the above sanctions the CEA and/or Head of School at any time may take direct disciplinary action, up to and including termination of employment from CEC, and criminal prosecution for any significant violation or multiple violations of this Policy.

Limits

1. All Transactions greater than \$1,500 require approval of the Head of School and/or CEC Network Office (CFO, Administrator or CEC Network Accounts Manager). Splitting purchases between two or more transactions to stay under the purchase limit is prohibited
2. Only the Head of School or designated purchasing agent may use a P-Card to procure furniture, curriculum, technology, tuition, and books in excess of \$1,500 with the approval of the CEC Network office.

Purchasing Policy and Competitive Bid Policy

Policy: Guiding the purchase of all goods and services of CEC will be: (a) price, (b) quality and (c) dependability. Vendors may be chosen for any one or any combination of these factors; however, the selection of a particular good, service or vendor shall be made with the intention of maintaining a top-quality school. The execution of contracts and grants shall be within the scope of CEC's mission, goals and annual plans.

Repayment of Tuition for Concurrent Enrollment

CEC will pay tuition for a course(s) in which a qualified student concurrently enrolls unless:

- The qualified student and his/her parent/guardian sign a document requiring the student and/or parent/guardian to reimburse CEC for the amount of tuition paid by CEC when the qualified student does not complete the concurrent enrollment course for any reason or when the qualified student receives a grade of D or below.
- Students who qualify for FRL can volunteer to work for a preapproved entity to reimburse CEC up to 50 percent of the total required reimbursement when the qualified student does not complete the concurrent enrollment course for any reason or when the qualified student receives a grade of D or below.
- Students will have their transcripts and/or diplomas held until all outstanding fees are paid. Indigent and FRL students are exempt.
- Outstanding fees could be considered for collections.

Student/Parent Reimbursements

Students need to have funds available in their voucher before being reimbursed.

Policy 1: – A student or parent is eligible for reimbursement where the student does not have a fee balance. If the student has a fee balance on their account, the reimbursement amount will first be applied to the fee balance and the remainder will be paid to the student or parent.

Policy 2: – Textbook Purchase/Rental Reimbursement: Only required textbooks purchased or rented are eligible for reimbursement. Shipping and tax are not reimbursable. A copy of the receipt is required.

Policy 3: – CLEP Reimbursement: A copy of a passing CLEP score, a college transcript showing articulation of credit, and all applicable receipts are required.

Policy 4: – Laptop Reimbursement: CEC will reimburse college-ready students 50%, or up to \$250, towards the purchase of a laptop. Shipping and tax are not reimbursable. CEC will reimburse for a laptop only (no desktop or tablet). The laptop can be new or used, Mac or PC, laptop case, and operating software can be included. All applicable receipts required.

Community College Tuition Rates

Policy: The CEC Network reviews and sets the tuition rates based on the MOU and annual increases communicated by the community colleges for all community college partnerships for each school. This will provide accuracy and consistency for all CEC students.

Community College Credit Reconciliation

Policy: Each school's Business Manager, not the community college, is responsible for reconciling each semester's tuition bill. Each school's Advising department is responsible for ensuring a student has adequate funds remaining on their voucher to remain compliant in the spring semester. This allows students to go over their mid-semester voucher limit without having to pay the community college for the overage. Overages will be determined and billed to the student at the end of the school year or last semester if the student is graduating.

Grants

Policy: Will comply with grant requirements.

Merit & Bonuses

Policy: Merit and bonuses are dependent on CEC meeting specific enrollment targets or an individual employee's impact on the organization's performance in leadership, effective communication, problem-solving, and successful interpersonal collaboration. If approved, merit and bonuses could be paid out twice a year in December and May via direct deposit. Merit and bonuses given in the form of a gift card must be approved by the CEA and must not charge an activation fee. Merit and bonuses are subject to Medicare, while extra duty and stipends are subject to PERA and Medicare. Any gifts or monies given over the market value of \$25 within a fiscal year will be taxed and subject to PERA. Terminated employees will not be eligible for merit.

College Courses and Textbooks

Policy: CEC will use the following guidelines regarding college courses and textbooks.

- Students must enroll in on-campus community college courses.
 - Students can enroll in off-campus community college courses **ONLY** when on-campus community college courses needed for their degree have been exhausted.
- **All** online community college courses must be taken through Aims Community College or Snow Community College.
 - If an online class(es) is not offered by Aims or Snow College, Head of School approval is required for a student to enroll in an online course offered through another community college partner.
- College Textbooks Options (must follow in order to receive textbook reimbursement):
 - Use "Open Source"
 - Borrow from CEC library/bookstore
 - Rent the textbook via least expensive source/vendor
 - Purchased used textbook
 - Purchase new textbook

Additional Legal References:

CRS 22-54-104 (3);
C.R.S. 29-1-103 (3) (budget to reflect lease-purchase payment obligations)
CRS 22-54-103 (10); CRS 22-54-105 (2) (b);
CRS 22-45-103, Revised: 6/2/2017
DA-G Financial Management Page 8 of 10
CRS 24-10-115, Article 13 of title 29;
CRS 22-54-105 (l);
CRS 22-30.5-512;
CRS 22-30.5-111 (3);
Financial Transparency Act: 22-44-301 et seq.;
CRS 22-32-110 (1) (o); and (p);
CRS 22-32-117;
CRS 22-54-105 ;
CRS 22-54-105 (l);
CRS 22-20-109(5);
CRS 22-32-115 (1) and (2);
CRS 22-54-109; Article X, Section 20 Colorado Constitution; 8.6;
CRS 22-30.5-513 (4)(a)(1.5)(B)
C.R.S. 22-32-109 (1) (b)

C.R.S. § 22-32-104(4)(b) and (c)

C.R.S. fl 22-32-109(1)(h)
C.R.S. fl 22-32-121(3) 2
CFR § 200.306 2
CFR § 200.434 2
CFR § 200.414
C.R.S. § 22-32-109 (1) (b)
CFR § 200.320

C.R.S. § 22-45-102 Effective: 6/2/2017
C.R.S. § 22-32-109(1)(k)
C.R.S. § 24-75-601.3
C.R.S. §§ 29-1-601 et seq.
C.R.S. § 22-7-106
C.R.S. § 22-53-209

C.R.S. 22-44-101 through 22-44-117
C.R.S. 22-44-204

CFR 200.320 Policy References: CEC Finance Policies and Procedures Handbook

*DGD-R Procurement Card Expenditure Form CEC Financial
Policies and Procedures Handbook DA-O Financial
Management
DA-R CEC Expense Reimbursement Form DJA-O
Purchasing Authority
DKC-O Travel Expense Authorization and Reimbursement DKC-R
Travel Reimbursement Form
CEC Cardholder Procurement Card Agreement Form CEC Missing
Receipt Form*