



OVERVIEW - Financial Procedures of the Seacoast Charter School

Seacoast Charter School (SCS) is committed to developing and maintaining financial policies and procedures that ensure sound internal controls, fiscal responsibility, and accountability in accordance with Generally Accepted Accounting Principles (GAAP). SCS will follow all relevant laws and regulations that govern charter schools in New Hampshire. As a nonprofit organization, SCS is entrusted with funds granted by government agencies, private foundations, and individual contributors, and it will adhere to the highest of accounting standards.

The Financial Policies and Procedures Manual contains the policies necessary to be strong stewards of public dollars and to carry out the fiduciary responsibilities pursuant to New Hampshire charter schools and nonprofit entities for the purpose of creating a high quality, public charter school for the students and families of New Hampshire. Clear policies and procedures will enable the school to meet its financial needs and obligations, ensure long-term financial stability and viability, and protect its tangible assets and reputation.

The Board of Trustees for SCS has reviewed and adopted the following procedures to ensure transparent and effective use of SCS funds aligned with the school's mission and vision. Furthermore, the policies outlined within safeguard that funds are budgeted. Accounted for, expended, and maintained appropriately.

Governance Responsibilities - Board of Trustees

- The SCS Board of Trustees will meet on a regular basis to ensure its fiduciary duty is maintained. The Board of Trustees formulates financial policies and procedures and delegates administration of the policies and procedures to the Head of School.
- The Board of Trustees will commission an annual financial audit by an independent third party auditor who will report directly to the Finance Committee. The Board will approve the final audit report and a copy will be provided to the New Hampshire Department of Education (NHDOE). Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Board.
- The Board of Trustees can appoint someone else to perform HOS responsibilities in the case of absence.

Governance Responsibilities - Finance Committee

- SCS will establish a Finance Committee. This committee is responsible for selecting an audit firm, reviewing the financial policies and procedure manual on an annual basis, approving the annual budget, and working with the school's finance team to review the monthly financial statements.
- The Finance Committee of the Board of Trustees shall be responsible for the primary Board-level oversight of school financial matters, as defined by the Board. The HOS will have the primary responsibility of executing all financial matters. All members of the financial management team will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of SCS.

Section I - Budget

Budget Development

SCS's budget is created annually and updated regularly based on actual expenditures and programmatic changes that occur during the year. Creation of the annual budget and capital budget is an iterative process led by the Head of School with input from other staff members as appropriate.

Once complete, the HOS Presents the overall budget to the Finance Committee for review. If/when the committee is satisfied, the budget is then presented to the entire Board for a vote of approval. The budget must be approved and passed by May 30, before the start of a new fiscal year. The implementation of, and accountability for, the budget is the sole responsibility of the Head of School.

From a day-to-day operational standpoint, the HOS may work with the Treasurer of the Board of Trustees or the Chairperson of the Board of Trustees to resolve questions or issues related to the budget.

Section II - Purchases

By the adoption of the operating budget by the Board of Trustees, the Head of School becomes both responsible for, and generally authorized to expend, the amounts budgeted. This authorization may, however, be qualified by the Board action based upon availability of funds.

SCS procures only those items and services that are required to fulfill the mission and/or fill a legitimate need. Procurements are made using best value contracting which entails assessing the best value considering quality, performance, and price. This is achieved partly by the Business Coordinator, who also has the annual responsibility of reviewing the newly approved budget to uncover patterns of orders and opportunities for clustering orders to achieve volume discounts.

SCS adheres to the following objectives:

- Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations, such as delivery, quantity, quality, etc.
- The school will make all purchases in the best interests of the school and its funding sources.
- The school will obtain quality supplies/services needed for delivery at the time and place required.
- The school will buy from reliable sources of supply.
- The school will obtain maximum value for all expenditures.
- The school will deal fairly and impartially with all vendors.
- 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 SCS supplier relationships.

Purchasing

- The Head of School may authorize expenditures and may sign related contracts within the approved budget.
- All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods and services.
- The Head of School must approve all purchases. Purchase requisitions, authorizing purchase of items greater than \$500, must be signed by the HOS. When approving purchases, the Head of School must determine:
 - Is the expenditure budgeted?
 - Are funds currently available for expenditures?
 - Is the expenditure appropriate and consistent with the mission and vision of SCS?
 - Is the expenditure aligned with the approved charter application, school policies, and procedures, and any related laws or applicable regulations?
 - Is the price competitive and prudent?
- Any individual making an authorized purchase on behalf of the school must provide the SCS Business Coordinator with appropriate documentation of the purchase.
- Individuals who use personal funds to make unauthorized purchases will not be reimbursed. Authorized purchases will be promptly reimbursed upon receipt of appropriate documentation of the purchase.
- The HOS may authorize an individual to use a school credit card to make an authorized purchase on behalf of the school, consistent with these guidelines provided by the HOS and/or Board of Trustees.
 - The school card will be kept under locked supervision by the HOS and authorized individuals must sign the credit card out and must return the credit card and the related documentation of purchases within 24 hours of the purchase, unless otherwise authorized by the HOS.

- If receipts are not available or are “missing”, the individual making the charge will be held responsible for payment.
- The school will seek the auto payment plan option on the school credit card if it is available.

Receipt of Goods

All goods purchased by SCS are delivered directly to the school. It is the responsibility of the Business Coordinator to sign for delivery. The Business Coordinator is also responsible for opening the package(s) and obtaining the packing slip(s). The packing slip will be reviewed for accuracy, checked against the original PO, stamped as received, and signed by the Business Coordinator. If everything is not correct with the order, the Business Coordinator will contact the vendor for a return/credit to the account. When discrepancies occur, they are to be resolved by the Business Coordinator and/or HOS.

Section III - Contracts

Contracts

Consideration will be made of in-house capabilities to accomplish services before contracting for them.

- The HOS will approve all proposed contracts and modifications in writing and is responsible for ensuring the terms of the contract are fulfilled.
- The Business Coordinator will keep and maintain a contract file evidencing the competitive bids obtained (if any) and the justification of need for any contracts over \$5,000.
- All purchases over \$5,000 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods and services.
 - Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).
 - Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker’s compensation insurance currently in effect. The HOS may also require that contract service providers list the School as an additional insured.
- The Board of Trustees must also review all contracts over \$5,000 outside of budgeted dollars.
- Contract service providers will be paid in accordance with approved contracts as work is performed.
- If the contract service provider is a sole proprietor or a partnership, the school must have a W-9 from the contract service provider prior to submitting any requests for payment to SCS.

- Potential conflicts of interest will be disclosed upfront, and the HOS and/or members of the Board of Trustees with the conflict will excuse themselves from discussion and from voting on the contract.
- When necessary, legal counsel deemed will review all contracts over \$5,000.

Competitive Bidding Procedure

Competitive bids will be obtained where required by law or otherwise deemed appropriate and in the best interest of the school.

- Contracts less than \$75,000:
 - The school uses sound business practices when procuring goods and services for amounts less than \$75,000.
- Contracts greater than \$75,000.
 - The school seeks price quotes from at least three vendors and awards the contract to the responsible vendor offering the supply or service needed for the lowest price. The Business Coordinator is responsible for soliciting these quotes, and the HOS provides final approval. 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 Business Coordinator shall prepare a justification statement for such awards, furnishing a brief explanation of the factors leading to such a decision and the HOS approves the final bid.
- Sole proprietor:
 - If the vendor is providing a unique service that is not offered by other vendors then they are called a “sole proprietor” and no bidding is required. However, it does require a letter describing the unique service.

Section IV - Accounts Payable

SCS has established an accounting system comprised of the methods and records used to identify, assemble, classify, record, and report accounting transaction. The methods are set up to: (1) identify and record all of the organization’s transactions. (2) verify that recorded transactions actually took place. (3) describe the transactions in enough detail to allow classification for financial reporting, (4) ensure transactions are recorded at the appropriate amounts, (5) indicate the time period in which

transactions occurred in order to record them in the proper accounting period, and (6) ensure that transactions were properly authorized.

The fiscal year is from July 1 to June 30th. The school's audited financial statements must be approved by the Board of Trustees and provided to the appropriate oversight entity according to all applicable requirements. Furthermore, the school's budget for the following fiscal year must be drafted for Board review and approved prior to the end of the current fiscal year. The budget may later be revised and approved as necessary.

Accounts Payable Cycle: Segregation of Duties

A hierarchical structure of authority and responsibility has been developed at SCS. Tasks are divided and allocated to guard against one individual having the ability to make an accounting error (either knowingly or unknowingly). This protects the school from any potential fraud or misappropriation of funds.

1. SCS Business Coordinator
 - a. Is responsible for collecting all bills and invoices
 - b. Reviews all invoices for accuracy
 - c. Matches invoices to supporting documentation (when available)
 - d. Contacts vendors if corrections are needed
 - e. Records invoices as outstanding payable, indicating the appropriate account and codes
 - f. File invoices and documentation awaiting payment
 - g. Prepares unpaid bill report for HOS approval
2. SCS Head of School
 - a. Reviews unpaid bill report and approves for payment
 - b. Returns unpaid bill report to Business Coordinator for check processing
3. SCS Business Coordinator
 - a. Processes unpaid bills and cuts check for approved payments
 - b. Checks are attached to appropriate invoices and check manifest is prepared.
 - c. Check Manifest, checks and invoices are submitted for HOS and Board signatures.
4. SCS Head of School
 - a. Reviews check manifest and signs for approval
5. SCS Board Trustee with check signing privileges
 - a. Receives checks and check manifest and reviews
 - b. Signs manifest and checks
 - c. Returns to Business Coordinator
6. SCS Business Coordinator
 - a. Files vendor bill/documentation with attached check stub
 - b. Mails checks to vendors

Bank Checks

- The Board of Trustees will approve, in advance, the list of authorized signers on the school account. The Board Chair and Treasurer may sign bank checks within established limitations.
- The Board of Trustees will be authorized to open and close bank accounts.
- The Business Coordinator will be responsible for all blank checks

Board Approval of Expenditures

- The Board of Trustees approves the budget for SCS annually.
- The Board gives school management permission to make all purchasing decisions based on need, available budget, and cash flow.

Recurring Expenses

Recurring expenses that exceed the thresholds stated above can be approved once annually by the Board and then will not need to be approved monthly moving forward. For example, if the cost of health insurance payments exceeds \$10,000 per month, the Board may approve that payment one time and then provide written approval so that in future months Board approval is not needed to process payment.

Fixed Assets

- Items valued at more than \$1,000 that have a useful life beyond one year are capitalized.
- Invoices for fixed assets are processed the same as other vendor invoices, however, additional steps are taken to document the purchase of fixed assets.
- Business Coordinator
 - Records each asset, along with serial number when available, in Fixed Assets module.
 - Assets are coded to the appropriate asset class and grant.
- Account is setup to calculate depreciation on a straight line basis as follows:
 - Furniture - 5 years
 - Equipment - 5 years
 - Computers - 3 years
 - Software - 5 years
- On an annual basis, inventory will be taken and adjustments for disposal of assets will be recorded in account and Form 369 will be updated as required.

Section V - Accounts Receivable

Documentation will be maintained for accounts receivable by Business Coordinator and recorded in the general ledger, and collected on a timely basis.

Funds from NH Treasury are received by ACH.

Basic Tuition Support

Documentation will be maintained for accounts receivable and provided to the Business Coordinator, recorded in the general ledger, and collected on a timely basis.

The majority of the funds are received by ACH from the State of New Hampshire Treasury.

Cash Receipts via ACH

Basic Tuition Support

- Received from DOE based on student counts as of four specific count days
 - Opening day of school
 - Enrollment Coordinator reports, with Board Chair signature, the number of NH resident pupils that were enrolled and present on the 1st day of school.
 - DOE emails a notice of deposit to designated school official
 - 30% of pupil aid is received by the end of September
 - Business Coordinator makes appropriate documentation of monies received
 - November 1
 - Enrollment Coordinator reports, with Board Chair signature, the number of NH residents enrolled. Enrollment includes students who are present as well as absent students who are expected to return to school.
 - DOE emails a notice of deposit to designated school official
 - 30% of pupil aid is received by the end of November
 - Business Coordinator makes appropriate documentation of monies received
 - February 1
 - Enrollment Coordinator reports, with Board Chair signature, the number of NH residents enrolled. Enrollment includes students who are present as well as absent students who are expected to return to school.
 - DOE emails a notice of deposit to designated school official
 - 30% of pupil aid is received by the end of February

- Business Coordinator makes appropriate documentation of monies received
 - June 30
 - Enrollment Coordinator files the EOY (End of Year Report) This report states the number of NH residents enrolled, present or absent.
 - DOE emails a notice of deposit to designated school official
 - 10% of pupil aid is received by the end of June
 - Business Coordinator makes appropriate documentation of monies received

Federal Grants

The majority of federal grant awards are made through NH DOE and funds are distributed by ACH on a reimbursement basis.

- Head of School submits grant claim to NH DOE for reimbursement.
- The Business Coordinator processes grant when approved and enters into general ledger.
- Reimbursement claims are processed by the NH DOE on the 15th and 30th of the month.
- NH DOE submits payment via ACH
- HOS receives notice of deposit into school account.

Cash Receipts via Bank Deposit

Cash and checks are received for various purposes. All employees receiving or accepting cash or checks are instructed to forward the funds to the Business Coordinator.

- Business Coordinator
 - Maintains deposit entry of all funds received, noting who the funds were received from, amount received, and for what purpose.
 - Copies / scans all checks received
 - Prepares a bank deposit slip
 - Delivers deposit to bank in a timely manner
 - Attaches bank receipt to documentation

Section VI - Recording Cash Receipts

Recording Cash Receipts

Once the receipt of funds has been confirmed:

- Business Coordinator
 - Provides receipt to person paying in cash if requested.

- Records cash receipt on deposit sheet
- Maintains daily log of all funds received, noting who the funds were received from, amount received, and for what purpose.

Section VII - Payroll

SCS contracts with Seacoast Solutions for Business to support the preparation of payroll, make specified tax payments, and prepare/submit all payroll tax reporting to the appropriate agencies.

- Payroll is processed bi-weekly
- Employees are required to receive their paycheck via direct deposit

Timesheets

- Time is accumulated through timesheets
- Business Coordinator collects timesheets, checks them for accuracy, and forwards to HOS

Payroll Processing

- HOS approves all timesheets and forwards to Business Coordinator for processing
- Business Coordinator
 - Enters all payroll information using approved timesheets from HOS
 - Creates a summary of payroll totals and forwards to HOS
- HOS reviews summary and approves
- Treasurer reviews summary and approves
- Business Coordinator approves payroll and submits for processing
- Payroll service provider
 - Reviews monthly/quarterly payroll reports for accuracy
 - Reviews, prints, and supplies W2 annually for accuracy

Payroll Taxes and Filings

- Business Coordinator will prepare payroll check details, withholding summaries, and other necessary payroll summaries.
- Payroll service provider will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the HOS and submit the forms to the respective agencies.

Record Keeping

The Business Coordinator will be responsible for all new employees completing and/or providing all of the items required for inclusion in individual personnel files and the maintenance of these records to ensure information is up-to-date.

An employee's hiring is not effective until the employment application, form W-4, for I-9, and health insurance forms have been completed. Employment will be dependent on clear background check. No employee will work alone with students until background check is cleared through the state.

The Business Coordinator will maintain written records of all employees' contracts signed by board chair, use of sick leave, vacation days, and any other unpaid absences. The Business Coordinator will immediately notify the HOS if an employee exceeds the accrued sick leave or vacation pay, or has any other unpaid absences. Each employee must maintain personal contemporaneous records.

Section VIII - Expenses

Expense Reports

- Employees will be reimbursed for authorized expenditures within thirty (30) days of presentation of appropriate documentation.
- Receipts or other appropriate documentation will be required for all expense reimbursements.
- Business Coordinator will show all reimbursements on check manifest which will be approved by HOS and Board before payment.
- HOS expense reports should be approved by a member of the board and always be submitted to Business Coordinator for processing and payment.
- Expenses greater than two months old will not be reimbursed.

Section IX - Finance

Financial Reporting

- Prior to each Board of Trustees meeting, the following will be sent to the Treasurer:
 - Check Detail Report
 - Deposit Detail Report
 - Up-to-Date P&L Statement
 - Transfer Detail Report

Financial Institution

- All funds will be maintained at a high-quality financial institution. (Optima Bank)
- Physical evidence will be maintained on-site for all financial institution transactions.

Bank Reconciliation

The following members of the school have online access to the bank accounts:

- Head of School
- Business Coordinator

On a weekly basis Business Coordinator reviews account for unusual or suspicious activity. At the end of each month:

- Business Coordinator
 - Downloads bank statement
 - Reconciles bank account
 - Downloads Paypal statement
 - Reconciles Paypal account

Section X - Month End Process

Month End Process

Once the bank statements have been reconciled, the following steps are taken:

- Seacoast Solutions for Business
 - Prepares month-end journal entries for the following items:
 - To expense prepaids
 - To record any outstanding receivables, including grant receivables
 - To record monthly depreciation
 - To accrue payroll, if necessary
 - To accrue any recurring monthly expenses for invoices that have not yet been received
 - Any additional entries identified during the month
 - Reviews GL for accuracy
 - Journal entries are posted to make any necessary corrections

- Prepares draft of financial statements in accordance with accounting principles for not-for-profit organizations
- Meets with HOS to review financial reports prior to Board meeting and makes corrections if necessary
- Finalize reports and send final copy to HOS and Board Treasurer.

Section XI - Financial Compliance

Form MS-25

Annual Financial Audit Responsibilities

- The Finance Committee will select an Auditor by March 1 prior to year end (June 30)
- Any persons with expenditure authorization or recording responsibilities within the school may not serve on the committee
- The Finance Committee will annually contract for the services of an independent, certified, public accountant to perform an annual fiscal audit.
- The audit shall comply with state regulations and shall include, but not be limited to:
 - An audit of the accuracy of the financial statements
 - An audit of the attendance accounting and revenue accuracy practices
 - An audit of the internal control practices
- HOS/Business Coordinator
 - Notifies SCS Board of Trustees once the audit has been scheduled
 - Provides the necessary financial reports and documentation to auditors
 - Serves as the main point of contact during the audit process
 - Notifies the SCS Board of Trustees at least 2 days in advance of exit interview (including date, time, and place)
 - Seacoast Solutions for Business will provide support to HOS/Business Coordinator as needed during the audit process

Form 990

- The Form 990 will be prepared by the same CPA Firm that contracts to conduct the annual audit
- HOS/Business Coordinator is responsible for providing information to the CPA firm
- Seacoast Solutions for Business will provide support to HOS/Business Coordinator
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Property Tax

- The annual Property Tax return will be prepared by the same CPA firm that contracts to conduct the annual audit
- HOS/Business Coordinator is responsible for providing information to the CPA firm
- Seacoast Solutions for Business will provide support to HOS/Business Coordinator

Section XII - Records Management

SCS is responsible for maintaining all financial records in accordance with all the state regulations defined by public record laws. Seacoast Solutions for Business will provide support and guidance as needed.

Section XIII - Grants

Grant Management

Upon notification of a grant award, the HOS will submit a copy of the grant agreement and notification letter to Business Coordinator (and Seacoast Solutions for Business)

- HOS, Business Coordinator, and Seacoast Solutions for Business will discuss the requirements of the grant.
- Seacoast Solutions for Business
 - Will determine in which period revenue should be recorded and whether any or all of the grant should be recorded as temporarily restricted funds
 - Assigns a grant code and sets up the necessary accounts in the accounting system
 - Reviews all grant activity on a monthly basis to determine accuracy and compliance
 - Provides a summary of all grant activity to HOS / Board of Trustees on a monthly basis
- Seacoast Solutions for Business is responsible for preparing all grant reports on a timely basis. All Reports will be forwarded to HOS / Board of Trustees for review.
- HOS / Board of Trustees reviews all grant reports prior to submission to the appropriate agency.