

# **THE MASTERS PROGRAM CHARTER SCHOOL BUSINESS OFFICE PROCEDURES**

*The function of the business office is to ensure that assets available to the school are properly safeguarded and are expended on activities that support the mission of the school as outlined in the school's charter.*

## **1) INTRODUCTION**

**NMAC 6.20.2.11 A** ... The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

This manual has been prepared in conformity with the *Manual of Procedure for Public School Districts* published by the Public Education Department and in compliance with NMAC 6.20.2 "Governing Budgeting and Accounting for New Mexico Public Schools and School Districts." From time to time the document will be updated to include revisions mandated by state law, administrative code or to more accurately reflect practices in place at The MASTERS Program.

This manual serves as a basic guide for maintaining a proper accounting of receipts and expenditures of all funds by the school. This manual is intended to be a "working" manual for all staff. It is not an employment contract, nor does the delivery of it to an employee imply any contractual agreement.

It is the responsibility of the school's Head Administrator, Business Manager, program managers and other administrators to ensure that proper procedures are followed by those who handle or expend school funds. Delegation of accounting functions to other staff does not relieve the Head Administrator or Business Manager of responsibility for these funds.

All administrators are expected to thoroughly examine monthly reports and supporting records to vouch for their accuracy and to ensure that all required documentation is submitted to the business office, and that it is accurate, complete, and timely.

The business affairs of The MASTERS Program Charter School shall be conducted in accordance with generally accepted accounting principles (GAAP).

## **2) INTERNAL CONTROLS**

**NMAC 6.20.2.11 A:** Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations....

**Definition of Internal Controls (SAS70):**

A process, affected by an entity's board of Head Administrators, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in various categories.

**Description of Internal Control Elements (COSO):**

1. Control Environment - sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.
2. Risk Assessment - the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed
3. Information and Communication -systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities
4. Control Activities - the policies and procedures that help ensure management directives are carried out.
5. Monitoring - processes used to assess the quality of internal control performance over time.

This manual will describe the internal control practices of The MASTERS Program for each financial function (for example, cash receipt and deposit), detailing the process from the origination of the transaction through review, approval and monitoring. Where relevant, a segregation of duties will be described.

**3) BASIS OF ACCOUNTING**

In accordance with GASB 34, the school will use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting.

**4) ORGANIZATIONAL STRUCTURE/SEGREGATION OF DUTIES**

**Charter Authorizer**

The school’s authorizer receives and reviews these reports:

- Quarterly Public Education Department Expenditure and Revenue Reports
- Quarterly Public Education Cash Reports

The school’s authorizer also approves the annual operating budget, the annual financial audit and must approve the use of funds budgeted to emergency reserve.

**School Governance**

The MASTERS Program Governance Council is actively involved in budget planning and financial oversight of the school. The Council’s Finance Committee and its Audit Committee include members of the Council, school staff and parents.

The Finance Committee meets once a month to review cash disbursements, statements of budgeted expenditures to actual expenditures, cash balances by fund, accounts receivables reports, and other pertinent financial matters. The committee reviews annual budgets drafted by school staff and proposed salary scales. Prior to each monthly Council meeting, a report from the Finance Committee containing its recommendations for action on budget and financial matters is circulated to the Governance Council, along with the financial statements most recently reviewed.

The Audit Committee participates in the annual audit by meeting with the independent auditor, attending entrance and exit conferences and reviewing action plans to address audit findings.

The Council receives these reports monthly after they are reviewed by its Finance committee:

- Budget to actual status by function
- Revenue, expenditure and cash balance by fund
- Aged receivables
- Annual Financial Audit (reviewed annually)

The Council approves all of the following financial actions:

- Annual budget
- Salary scales
- Budget adjustments
- Prior month's disbursements
- Cash transfers from fund to fund
- Head administrator's employment contract

### **Administration**

Business office staff report to the Head Administrator of the school. The Head Administrator attends Budget Committee meetings and Governance Council meetings and is in day-to-day touch with the business office. The Head Administrator is instrumental in the development of budgets for every fund. The Head Administrator performs these financial functions:

- Hire, evaluate and dismiss the Business Manager
- Sign checks
- Develop budgets for all programs
- Attend meetings of the Finance and Audit Committees
- Approve purchase orders
- Approve reimbursement requests
- Approve travel requests
- Retroactively approve adjusting journal entries
- Approve, or designate supervisors to approve, timesheets and leave documents
- Approve payroll and other direct deposits
- Review bank reconciliations

### **Business Office**

The business office is staffed by a Business Manager and a part-time Data Entry Clerk.

A summary of business office functions:

- Purchasing and accounts payable
- Payroll and payroll liabilities
- Employee insurance and benefits
- Manage activity/agency/fiduciary accounts
- Filing and records retrieval
- Budget development and management
- Attend meetings of the Finance and Audit Committees

- Financial reporting to other agencies
- Capital assets management
- Financial audit – preparation and response
- Annual financial statements – preparation
- Cash, banking and general ledger account reconciliation
- Financial records security
- Accounts receivable

## **5) BUSINESS MANAGER – QUALIFICATIONS , DUTIES AND LICENSURE**

The MASTERS Program Charter School shall employ or contract for the services of a Business Manager who qualifies for business official licensure under the provisions of NMAC 6.63.12. That section of the Administrative Code is attached in the Appendix to this manual. In outline form, the competencies are:

- Understanding of legal issues of public education and public financial resource management.
- Understanding of financial resource management including:
  - Principles of school finance
  - Budgeting and financial planning
  - Fund Accounting, auditing, and financial reporting
  - Cash management, investments, and debt management

The Business Manager shall attend trainings and accumulate credit hours as necessary to maintain licensure under NMAC 6.63.12. The Business Manager shall meet the highest standard of ethics and ensure, to the greatest extent possible, the wise use of public funds to achieve the educational objectives of the charter school.

The duties of the school Business Manager are:

### **Purchasing and Accounts Payable**

1. Manage a centralized purchasing system that meets all relevant regulations promulgated by governing authorities and regulatory agencies.
2. Ensure that orders are placed promptly and goods are delivered in a timely manner.
3. Ensure that invoices are paid accurately and within agreed terms.

### **Payroll and Payroll Liabilities**

1. Manage the school’s payroll system so that employees are paid accurately, timely and in accordance with relevant statutes and regulations.
2. Maintain a system of payroll deductions and payroll liability payments so that tax, insurance, retirement and other required payments are made accurately, timely and in accordance with relevant statutes and regulations.
3. Prepare tax, insurance, retirement and other payroll reports so that they are filed accurately, timely and in accordance with relevant statutes and regulations.

### **Activity/Agency/Fiduciary Accounts**

1. Ensure that activity account transactions are posted accurately and timely.
2. Prepare regular reports on activity sub-account balances.

### **Filing and Records Retrieval**

1. Establish and maintain a filing system for all business office documents that ensures safe, secure storage and easy retrieval of supporting documentation for all transactions, personnel records, banking records and reports as required by governing authorities and regulatory agencies.

### **Budget**

1. Draft an annual operating budget for review by the administrative team and the school's governing body within the guidelines developed by the Public Education Department. Prepare the final budget for timely submission to governing authorities.
2. Establish and maintain budget review and control procedures that ensure compliance with regulatory requirements and are consistent with sound budgetary practice.
3. Draft budget adjustments for review by the administrative team and the school's governing body within the guidelines developed by the Public Education Department. Prepare the final budget adjustments for timely submission to governing authorities.

### **Reporting**

1. Prepare required, periodic, financial reports for review by the administrative team and the school's governing body within the guidelines developed by the school's governing body and other regulatory authorities. Submit required reports within specified timelines.
2. Prepare and present any financial reports needed for the prudent management of the school's resources.
3. Prepare schedules and tables as needed to create modified accrual and full accrual annual financial statements.

### **Capital Assets**

1. Maintain asset lists and schedules as needed for an annual asset inventory and for the accurate valuation and depreciation of assets.
2. Oversee an annual physical inventory of school assets.

### **Financial Audit**

1. Oversee the timely presentation of transaction documentation as required for audits conducted by internal or external auditors acting under the auspices of governing authorities.
2. Prepare reports and schedules as required for audits conducted by internal or external auditors acting under the auspices of governing authorities.
3. Draft corrective action plans responsive to audit exceptions for review by the administrative team, the school's governing body and other governing authorities. Implement corrective action plans as needed.
4. Review draft annual financial statements and report discrepancies in a timely fashion to the preparer of the statements.

### **Cash, Banking and Account Reconciliation**

1. Oversee the process for timely receipting cash as required by regulatory guidelines

and with proper internal controls.

2. Oversee the process for timely depositing of cash as required by regulatory guidelines and with proper internal controls.
3. Ensure the preparation of monthly reconciliations of bank statements to the bank register and general ledger. Resolve any discrepancies and submit reconciliation worksheets for internal review.

### **Security**

1. Ensure the security and privacy of all business and personnel records.
2. Keep cash secure while it is in custody of the school.

### **Physical Plant**

1. Assist the administrative team and the governing body with planning, design and maintenance of the buildings and other infrastructure as directed.

### **Accounts Receivable**

1. Establish and maintain an accounts receivable system that ensures the timely receipt of monies owed to the school by other agencies and private parties.
2. Prepare accounts receivable reports for the administrative team and the governing body.

### **Other Duties**

1. Assist the administrative team and the governing body with other duties as assigned.

## **6) ANNUAL AUDITS, OTHER FINANCIAL AUDITS, AUDIT COMMITTEE**

### **Annual Audit**

NMSA 12-2 1-14 specifies that all public funds be audited once a year by an independent auditor or by auditors from the Office of the State Auditor of New Mexico. NMAC 2.2.2 sets the standards and requirements for such audits. Financial audits are performed in compliance with the State Audit Rule promulgated annually by the New Mexico State Auditor.

Auditing is defined as a critical analysis of the financial statements of a public fund recipient to form an opinion on the accuracy of those statements. During the audit the internal control systems of the entity are assessed. Public school audits also include a review of transactions to determine compliance with the state laws and standards. For the public, an audit provides assurance that school funds are being used properly and within the scope of the law.

The MASTERS Program is included as a component unit in the annual audit contracted for by Santa Fe Public Schools. The auditor is selected and retained by the Santa Fe Board of Education and approved by the State Auditor in conformity with NMSA 12-6-1 through 14.

Independent audits are not part of the internal control structure of the school nor do they supplant the need for sound internal controls.

### **Internal Audits/Special Audits**

The Public Education Department may conduct occasional internal audits of The MASTERS Program Charter School. Such audits will serve as a technical assistance exercise to improve practices at the charter school. The Governance Council or the school administration may conduct internal financial audits as they see fit. From time to time, federal and state entities may conduct additional financial audits.

Business office staff will work cooperatively with the financial auditors and will provide requested documents within reasonable timelines.

Financial statement discrepancies, control deficiencies or compliance findings contained in final audit reports will be reported to the Governance Council within five working days and to any committees designated by the Council to review the audit report.

### **Audit Committee**

In compliance with state law NMSA 22-8-12.3.D the Governance Council will appoint an Audit Committee to meet with the independent auditor periodically during the annual audit field work, at the audit entrance conference and at the audit exit conference. At the completion of the annual audit, the Audit Committee will report to the Council on actions needed and on the progress of actions taken to resolve audit findings. NMSA 22-8-12.3 is appended and shall govern the composition and duties of the Audit Committee.

## **7) ANNUAL FINANCIAL STATEMENTS**

Government-wide (full accrual); modified accrual; and budget (cash) basis financial statements are integral parts of the annual financial audit. The primary role of the auditor is to assess the accuracy of these statements. The MASTERS Program will prepare these statements annually, in time for their inclusion in the Public Education Department's audit and in accordance with Government Accounting Standards Board requirements, particularly GASB 34.

The MASTERS Program may contract for the preparation of GASB-compliant financial statements from a qualified outside contractor or with the Public Education Department. Use of a contractor or school district personnel does not relieve the school of its responsibility to provide the necessary schedules needed for the preparation of accrual-basis statements. It is the responsibility of the school to develop and maintain in-house competence for the preparation and review of these financial statements. The school will review drafts of statements prepared by outside sources for completeness, accuracy and conformance with GASB requirements. Discrepancies will be reported to the preparer for correction.

## **8) BANKING AND INVESTMENTS**

The school will account for public money placed in interest-bearing deposits in accordance with federal and state laws applicable to the investment of public school money.

The school shall require pledged collateral for all cash and investments in accordance with NMSA 22-8-40.

## **9) RECORDS RETENTION/ CONFIDENTIALITY AND PRIVACY**

The management of the school's records will be in accordance with the Public Records Act, NMSA 14-3-XX.

The business office maintains confidential information about the school's employees and its financial operations. All such records are to be kept in a secure locked location. Before releasing any private information, the Office requires specific proof of authority from the requesting party and specific authorization from the affected employee. Waste documents containing sensitive information are to be shredded prior to disposal.

The Governance Council is entitled to review the school's financial documents as needed to fulfill its stewardship role. All requests by Governance Council members for potentially sensitive information must be forwarded to the business office through the Head Administrator or the Council President.

Requests for records will be fulfilled within terms of the law.

## **10) BACKUP AUTHORIZATION/ DELEGATED APPROVAL**

Throughout this manual, the head administrator of the school may variously be called the Principal, the Director or the Head Administrator.

Many steps in the financial workflow (example: purchasing, payroll) require signed authorization by the School Head Administrator. The Head Administrator may designate back-up signers to perform authorizing functions when he or she will be absent or unavailable during work hours. Staff from the business office may not be back-up signers. In the absence of specific directions from the Head Administrator, these individuals may be used as back-up signers: payroll and purchasing – Assistant Principal or authorized check signers; checks – authorized check signers.

In the event of an extended absence by the Head Administrator, or when office of Head Administrator is vacant, the Governing Council may appoint a qualified individual to serve as an authorized signer in lieu of the Head Administrator. Throughout this manual, references to the Head Administrator's approval or signature may be taken to mean the approval or signature of any individual duly designated as a backup authorizer in the event of the Head Administrator's absence.

The Head Administrator may also delegate the signing of certain documents to other staff members where such other employees are in a position to more accurately assess the accuracy of the document. This is a common occurrence with timesheets and leave documents where a front-line supervisor can better assess the attendance of those employees that they oversee. Throughout this manual, references to the Head Administrator's approval or signature may be taken to mean the approval or signature of any individual duly designated by the Head Administrator to sign on her behalf.



## **11) FUND ACCOUNTING/CHART OF ACCOUNTS**

The school will maintain a general ledger in accordance with GAAP. The ledger will be comprised of individual funds and account groups using the Public education Department's Uniform Chart of Accounts and shall be reconciled every fiscal year with the Department's records.

Accounting systems for school districts and charter schools are organized on the basis of funds and account groups. A fund is a fiscal and accounting entity that is established based on the purpose of the fund and the type of authorized activities for those monies. Funds are discreet, segregated accounts within the accounting system and are self-balancing.

The description and numbering of funds and account codes is a function of the Public Education Department and The MASTERS Program Charter School will follow PED instructions contained in Supplement 3 of the Public School Accounting and Budgeting Manual (PSAB) where fund and account code descriptions are detailed. The school may establish optional element values as allowed by the PED to provide further detail for certain transactions. The updated manual and its supplements will be kept of file at the school.

The school may establish activity/agency/fiduciary accounts within its accounting system as separate funds and, where a detailed chart of accounts for fiduciary/agency funds it not specified by the PED, the school may establish its own chart of accounts for such funds.

In accordance with GASB 34, the school will use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting.

## **12) ACCOUNTING SYSTEM/ GENERAL LEDGER/ SOFTWARE**

The MASTERS Program Charter School shall use an accounting system that complies with the reporting requirements of the PED and that implements the PED chart of accounts (PSAB Supplement 3). Software used to support the accounting system shall meet industry standards for security and allow for the scaling of permissions for various classes of users. The system shall allow for the implementation of approval steps by class of user and shall create an auditable trail of transactions by user. The software data file for The MASTERS Program Charter School shall be backed up at least once per working day. The accounting system of the school will meet Generally Accepted Accounting Practice (GAAP) standards.

At a minimum, the school's accounting system will include these components:

- Bank register of credits and debits to cash
- Budget Module
- General Ledger
- Transaction Journal(s)
- Human Resources module
- Payroll module that encumbers salaries and payroll liabilities

Purchasing module that encumbers purchases  
Accounts Payable  
Cash Receipts  
Capital assets tracking  
A robust reporting system

The system used by The MASTERS Program shall be capable of creating all reports required by the PED, other regulatory bodies, auditors and all such reports required by the business office, school administration and Governance Council for proper management of the school's finances.

Adjusting journal entries will be determined and prepared by the Business Manager and approved by the Head of School (or Head of School's designee) prior to posting.

The MASTERS Program shall establish a hierarchy of system users, each with the minimum access and permissions needed to perform tasks required by that class of user.

*(Note on software: in the Legislative Finance Committee's 2010 study of charter schools the accounting system used by The MASTERS Program (Aptafund) was studied for security, privacy and backup frequency by a team of specialists and found to meet all relevant standards. The review included a site visit to the administrative headquarters and the server location. It was judged to be equal or superior in all respects to the system used by all large school districts in New Mexico.)*

### **13) BUDGET PREPARATION, ADOPTION AND ANALYSIS**

#### **Budget Preparation, Annual and Initial**

The MASTERS Program Charter School operates under annually renewed budget authority from the New Mexico Public Education Department (PED). Early in the spring budget season program managers and the School Head Administrator devise draft budgets by fund based on funding source requirements and school priorities. The Business Manager then prepares a consolidated draft budget for review by the Head Administrator, the Finance Committee and the Governance Council. Annual budgets are approved by the Governance Council and then submitted by the business office to the PED budget analyst and the Charter Schools Division for final approval.

Special program grants awarded during the fiscal year follow the same process in the development of their initial budgets.

#### **Budget Adjustment Requests (BARs):**

##### **Budget Increases and Decreases**

An increase or decrease to the final approved budget requires Governance Council approval as well as PED approval. The Head Administrator and/or the program administrator will compile and submit to the Business Manager all the documentation necessary for the preparation of a budget adjustment request such as award letters and spending instructions from funding sources. The Business Manager will prepare the final BAR for review and approval by the Head Administrator, the Finance Committee, the Governance Council and Public Education Department.

Budget adjustments are submitted through the Public Education Department's Operating Budget Management System (OBMS) or as otherwise directed by the Public Education Department.

**Budget Adjustment Requests:**

**Transfer Budget Adjustments**

The business office will initiate budget transfers when necessary to prevent over/under spending at the function level. (Functions are expenditure sub-categories defined by PED and described in Supplement 3 of the PSAB Manual.) This type of budget adjustment requires the approval of the Governance Council and the Public Education Department (PED).

**Budget Adjustment Requests:**

**Maintenance Budget Adjustments**

The business office will initiate budget transfers when necessary to prevent over/under spending at the object level. Maintenance or intra-function transfers are those made between account codes within the same function. This type of transfer requires only the approval of the Governance Council which may be made retroactive to any date that the Finance Committee recommends not exceeding thirty days' delay.

**Budget Analysis and Related Reports**

**Finance Committee**

In compliance with state law NMSA 22-8-12.3.C the Governance Council will appoint a Finance Committee to monitor the financial health of the school. The Finance Committee will meet monthly during the school year to review financial and budget reports, review drafts of the annual budget and drafts of budget adjustment requests. The committee will also review disbursements made by the school and report to the Governance Council at its monthly meetings. A list of routine reports appears below in this section. NMSA 22-8-12.3.C is appended and shall govern the composition and duties of the Finance Committee.

**Reports to the Governance Council and Finance Committee**

The Business Manager prepares a monthly analysis of spending compared to budget for all funds. This information is reviewed by the Head Administrator, the Finance Committee and the Governance Council. Such reviews provide the basis for budget adjustments, expenditure increase or reduction plans and future budget planning. At a minimum, these reports will be prepared monthly:

- Budget to actual spending, including a year-end projection by fund
- Expenditure, Revenue and Fund Balance by Fund
- Cash Disbursement detail by month
- Summary of draft budget adjustments
- Aged receivables

**Reports to Funding Sources/Government Agencies**

Expenditure reports required by funding sources will be prepared and submitted by the business office. Such reports will reconcile to the school's general ledger and to financial reports reviewed by the Finance Committee. Final approval of such reports is the responsibility of the appropriate funding source or agency. The school will respond to requests for additional information or for correction of financial reports in a timely manner.

### **Fund-to-Fund Loans and Cash Transfers**

No fund may carry a negative cash balance as viewed on an accrual basis. Inter-fund transfers are not required if verified accounts receivables exist to balance all funds. Only the Operational Fund may loan to other funds. No loans may be initiated if a reasonable cash reserve in the Operational Fund will not be maintained. Inter-fund transfers of cash among separate and distinct funds are not receipts or expenditures. Such transfers are to be posted as “due from” and “due to” the appropriate funds.

The Business Manager will periodically assess the cash requirements of each fund and will prepare cash transfer requests as necessary to maintain positive balances in each fund. Proposed inter-fund loans will be reviewed by the school’s Finance Committee and submitted to the Governance Council for approval. Permanent cash transfers require the approval of The MASTERS Program Governance Council and the Public Education Department. Temporary cash transfers require only the approval of The MASTERS Program Governance Council.

### **14) BANK RECONCILIATION**

Statements from The MASTERS Program’s bank accounts are to be reconciled monthly to the bank register and to the general ledger. Reconciliation will include all funds and all bank accounts. The Head Administrator will designate a school employee or an outside contractor to conduct or to periodically review bank reconciliations. The purpose of these reconciliation reviews is to uncover GL posting errors, bank errors and to draw attention to possible fraud or incompetence in the business office.

The following steps will be followed:

1. Statements provided by the bank will be reconciled to a bank register generated by the accounting software.
2. A report comparing bank statement balances to bank register balances will be completed and kept on file.
3. A report comparing General ledger fund account balances to the bank statement balances will be completed and kept on file.
5. A reviewer designated by the School Head Administrator will either prepare or review the bank reconciliations.
6. Discrepancies will be reported to the Business Manager for correction.
7. Discrepancies that jeopardize the good standing of the school or call into question practices in the business office will be reported to the Head Administrator and to the Finance Committee.

### **15) HUMAN RESOURCES/EMPLOYEE BENEFITS**

#### **Hiring**

The Head Administrator fills teacher and staff positions that are authorized in the approved school budget. All candidates for certified positions must provide background checks as a condition of employment, except candidates licensed by the PED within 6 months prior to employment date. Documentation required by NMSA 22-10A (for example, background checks, qualifications,

certifications, licenses, etc.) is maintained in the Business Office's employee files. The Governance Council hires the Head Administrator and approves the employment contract of the Head Administrator.

The Head Administrator determines the need for new or replacement employees and oversees the hiring process. Once a hiring is approved, all of the information needed to create an employment contract or letter of employment will be submitted to the business office.

### **Salaries, Compensation, Employee Policies**

The Governance Council specifies salary and compensation for each class of employee. A salary scale is approved annually by the Council and may be modified by that body as needed during the year. Other human resource policies such as leave definitions leave eligibility and disciplinary actions are detailed in the Council-approved policy manual.

### **Employment Contracts**

Contracts specifying salaries and terms of employment are drawn up by the business office following policies and salary schedules approved by the Governance Council. Final employment contracts are to be signed by the employee and the Head Administrator.

### **Other Employment Documents**

The business office handles processing of the following human resources forms:

1. W-4 Form, Drug-free form, employee contact information, I-9 form and the Supplemental Retirement Notice.
2. Retirement enrollment form, refund application, roll-over form
3. Direct deposit form
4. New Employee insurance benefits packet:
  - Insurance enrollment application
  - Designation of beneficiary
  - Insurance change card
  - Basic group life
  - NMPSIA rules and regulations
  - Insurance rate schedules

### **Benefits**

The Governance Council defines benefits for each class of employee following the requirements of the relevant state agencies. There are two types of deductions made from salaried employee's paychecks: non-voluntary and voluntary. A different schedule of benefits and deductions may apply to non-salaried employees may have.

The business office will ensure that proper deductions are taken from employee pay for all required deductions. Deducted amounts will be periodically reconciled to vendor invoices.

Common deductions are summarized as follows:

#### **Non-Voluntary for qualifying employees**

- Educational Retirement (ERA)
- Retiree Health (NMRHCA)
- FICA

- Medicare
- Federal withholding
- State withholding
- State Unemployment Insurance
- State Worker's Compensation Fee
- Court ordered payments
- Basic Life Insurance through NMPSIA

**Voluntary for qualifying employees**

- Health/Medical through NMPSIA
- Dental through NMPSIA
- Vision through NMPSIA
- Voluntary Life through NMPSIA
- Long Term Disability through NMPSIA
- NEA Membership dues
- Supplemental Retirement Plans
- Other school-authorized, supplemental insurance plans
- Council-approved charitable institutions

**Section 125 Cafeteria Plan Benefits**

The MASTERS Program Charter School may offer its employees “cafeteria plan” (pre-tax) benefits as authorized in Section 125 of the IRS code. Certain qualifying benefits can be deducted before taxes are calculated, thus reducing taxable wages and the employee’s tax liability. Section 125 enrollment must be done annually. Some insurance and retirement benefits that may be eligible for Section 125 pre-tax consideration are:

- NMPSIA medical, dental and vision insurance
- Supplemental medical insurance plans
- Tax Sheltered Annuities, 403(b) plans, 457(b) plans
- Out of Pocket Medical/Dental expense reimbursement plan

**New Mexico Public Schools Insurance Authority (NMPSIA)**

NMPSIA and its third party administrators manage the several insurance plans offered to The MASTERS Program employees. NMPSIA sets eligibility rules, premiums and employer/employee cost-sharing plans. The business office administers employee payroll deductions and premium payments according to policies defined by NMPSIA.

NMPSIA insurance enrollment is allowed within the first 31 days of employment. Other open enrollment periods may be scheduled by NMPSIA and are not within the control of school.

**Supplemental Insurance and Retirement Plans**

The business office will administer supplemental insurance and retirement plans that are authorized by the Governance Council. See current Governance Council policies for descriptions of these plans.

**16) PAYROLL**

All payments to employees for services rendered to the school must be paid through the payroll system. All payments to employees for services, whether for their regular contract services or for extra services or stipends, are subject to certain mandatory deductions. No employee shall be paid for salary directly from activity/agency/fiduciary funds.

### **New Employees**

New employees must report to the business office and complete a packet of personnel forms.

### **Payroll Information Requirements**

The MASTERS Program makes payroll distributions bi-weekly (26 times per year) or as otherwise instructed by the Governance Council policy. All paperwork affecting a scheduled payroll run must be submitted to the Head Administrator five business days prior to the payroll run. Such documents include hourly time records for hourly employees, absence slips and substitute teacher time records. The Head Administrator or designee must approve all time records that affect paycheck amounts and leave balances. The Head Administrator will forward these documents to the business office at least three business days prior to the payroll run.

### **Overtime**

Overtime, defined as hours worked over 40 in a seven day payroll week, will be paid at a rate of time and one-half. Payroll weeks are Monday through Sunday.

### **Garnishments and Tax Levies**

The school will deduct payments from employee wages for legally imposed garnishments, usually for repayment of debts, student loans, and child support payments, and for tax levies imposed by the IRS or New Mexico Taxation and Revenue Department. A court order or judgment requiring such deductions will be kept on file at the school.

### **Record Retention**

A hard copy of all payroll reports and records will be kept in the business office or secure storage area for a minimum of two years or as required by statute or administrative rule.

An employee file will be kept for each employee containing copies of their employment contract and authorization forms for all deductions.

### **Tax Consequences of Certain Employee Benefits**

Federal law requires employers to add an "imputed income" calculation to an employee's wage statement for certain taxable benefits, for example, domestic partner benefits coverage. The school will deduct federal tax, FICA and Medicare from wages based on the market value of the benefits, less the amount paid by the employee for such benefits. Employee deductions used to pay such benefits are not "pre-tax" eligible.

### **Types of Leave: also see The MASTERS Program Employee Manual**

The Governance Council will establish types and amounts of leave available to each class of employee. All leave requests must be approved by the employee's immediate supervisor and submitted to the business office. The business office will maintain records of leave used by employee by pay period.

Extended, unpaid leave must be approved in advance by the Head Administrator. The business office will dock pay based on the number of missed days of work compared to the total contracted days of work.

Accrued annual leave balances at year-end will be reported on the school's annual financial statement.

### **STAFF TRAVEL PROCEDURES**

The MASTERS Program Charter School will follow the New Mexico Mileage and per Diem ACT, NMSA 10-8-1 through 10-8-8 and Department of Finance and Administration regulations. The Act is appended to this manual.

#### **In-area travel required by assigned job responsibilities:**

The Head Administrator may designate certain staff to perform routine chores requiring in-area travel (example: bank deposits). The Head Administrator may designate supervisory staff to approve reimbursements for such travel. The employee will record mileage on the appropriate form and submit the form for approval by their supervisor. Reimbursements approved by the Head Administrator will be issued by the business office.

**Definition of in-area travel:** same day travel to and from meetings within 100 miles of the school campus may be considered in-area travel. Prior notice is required of instructional employees and this notice shall take the form of a professional leave request. Prior notice is not required of administrative or business staff. Mileage to and from the event will be paid upon submission of a mileage reimbursement request form. The mileage request form must include a description of the event attended. Mileage request forms are to be approved by the Head Administrator or designee prior to payment.

#### **Other in-area travel and out-of-area travel:**

Out of area travel is travel of 100 miles or more or travel that requires an overnight stay. Any travel that is not required for the performance of routine, assigned tasks and any out-of-area travel must be approved by the Head Administrator in advance. Employees must complete and submit a travel request form prior to traveling at school expense. Employees must complete and submit a record of travel expenses at the completion of the trip. The Head Administrator must approve travel reimbursement requests. Approved reimbursements will be issued by the business office.

Mileage will be reimbursed, subject to the above conditions, at the Governance Council's approved reimbursement rate in effect at the time of the travel. The MASTERS Program is not responsible for private vehicle insurance.

With prior written approval, school employees shall receive:

- (1) reimbursement for actual expenses for lodging; and
- (2) reimbursement for actual expenses for meals not to exceed thirty dollars (\$30) per day for in-state travel and forty-five dollars (\$45) per day for out-of-state travel.
- (3) reimbursement for actual expenses for meals on the return travel day not to exceed \$0 for less two hours travel time; \$12 for 2 hours or more but less than 6 hours; \$20 for 6 hours or more but less than 12 hours; and \$30 for more than 12 hours.



**Travel Request Form:** This form is used for prior authorization of travel and shows estimated travel costs.

**Claim for Travel Reimbursement:** At the completion of the trip, the employee will submit a request for reimbursement to the Head Administrator. If approved, the form will be submitted to the business office for payment. All required receipts must be attached to the claim form.

## **PURCHASING**

### **General Information**

Purchasing, or procurement, means the purchasing, renting, leasing or otherwise acquiring items of tangible personal property, services, or construction, and all procurement functions.

The MASTERS Program shall be in compliance with the State Procurement Code, NMSA 13-1 28-199. No effort will be made in this manual to reproduce or paraphrase the entire Procurement Code. The school will maintain a copy of the Code on file with this manual. In the event of a conflict between the manual and the Code, the school will follow the Code.

The intent of the Procurement Code is to ensure that the best obtainable price is received, thus saving tax dollars

*There are three allowable purchasing methods:*

1. **Requisitions and Purchase Orders**
2. **Approved Reimbursements**
3. **Emergency Procurement**

### **Requisitions and Purchase Orders**

Under this method of procurement, a purchase order must be issued and secured with the Head Administrator's or Head Administrator's signature of approval prior to ordering goods, services or construction. The purchase order is issued by the school and directs a contractor to deliver items of tangible personal property, services or construction necessary to meet the school's mission.

Purchase orders are required for all purchases except those made under the reimbursement policy or emergency procurement as described in this section.

A business office signature on the purchase order indicates that sufficient budget exists for the proposed purchase. The Head Administrator's signature on the purchase order indicates final approval of a purchase in the best interest of the school.

### **Purchasing Work Flow**

1. Completed requisitions will be submitted to the business office and should include as much of this information as the requestor can provide:
  - a. the quantity, unit of measure, description of item including product number, unit price with extended total for each item, shipping/handling costs, and a grand total.
  - b. any necessary attachments such as order forms/contracts, coupons, registration forms, etc. that are to be forwarded with the order.

2. Online requisitions through the Aptafund web purchase requisition module will be accepted and should include the same information.
3. The business office will issue purchase orders within 10 working days of the receipt of properly completed requisitions.
4. Once a purchase order has been processed, there will be no adjustments made, save through a change order, other than for a change in price up to ten (10%) percent due to a price increase or to adjust shipping costs. Item additions are not allowed.
5. Change orders must be requested for adding items to the original order or when the total of cost adjustments will exceed 10% exclusive of shipping.

### **Approved Reimbursements, no prior purchase order**

Except in circumstances meeting the conditions described here, all purchases for goods and services are to be pre-approved by the Head Administrator or Head Administrator or their designee. Documentation of pre-approval consists of a properly signed and dated purchase order or service contract.

Circumstances under which a reimbursement with no prior purchase order may be issued are: 1) when the appropriate vendor cannot be determined in advance or, 2) when the exact cost of the items or services cannot be determined in advance or, 3) when an item not previously requisitioned must be obtained at a time when school offices are closed.

Employees are liable for the cost of purchases obtained in this manner. Reimbursement is at the discretion of the Head Administrator. All reimbursement requests require the approval of the Head Administrator prior to payment. Only purchases in the best interest of the school will be approved.

The school will not reimburse sales tax.

Reimbursements will be made only for purchases less than \$500 per reimbursement request.

**Emergency Procurement** is allowed under these circumstances: when there is a threat to public health, welfare, safety or property requiring procurement under emergency conditions.

Emergency procurements are made with competition as much as is practicable under the circumstances. Written determination of the basis for the emergency procurement and for the selection of the particular contractor shall be submitted to the business office and included in its procurement files.

## **17) ACCOUNTS PAYABLE**

The business office is responsible for payment of all invoices for goods and services purchased by the school.

Copies of all contracts and purchase agreements must be delivered to the business office as soon as they are executed. Contracts and purchase agreements must be authorized by the Head Administrator before services are rendered (see purchasing section of this manual).

No payments will be made to vendors without verification of the receipt of goods or services except when reasonable, negotiated terms specify otherwise (example: progress payments).

### **Receiving**

A representative of the school must verify that all shipments to the school are complete and have been delivered in good condition. Packing slips, invoice copies, copies of the purchase order or facsimile packing slips may be used for this purpose and will become the receiving document. The receiving document must be signed by the receiving agent. Discrepancies, shortages and damages are to be clearly noted. Vendors should be contacted immediately to reconcile discrepancies.

### **Invoices**

The business office can make payments to a vendor only from itemized invoices. An invoice is a document from the vendor requesting payment for the goods or services. It normally lists the items purchased, quantity, unit price, shipping or other charges, and the total amount due. The invoice is either sent with the goods or mailed separately to the school. An invoice sent with a shipment must be submitted to the business office immediately along with verification of receipt. A packing slip is not an invoice. A statement is not an invoice.

All vendor invoices are to be reviewed by the business office for accuracy prior to payment. This review must determine the accuracy of quantities received against quantities billed and the mathematical accuracy of extended amounts, total amounts and tax computations. Checks will be issued only for verified, accurate amounts and any discrepancies reported to the vendor along with the payment advice.

Business office personnel will match the invoice to the purchase order that authorized the purchase and to the verified receiving document before paying the vendor. The business office will run a vendor payment cycle weekly or as required to meet vendor terms.

### **Purchase Order Log**

The business office will keep all open purchase orders on file for matching with documents proving receipt of goods and with invoices.

### **Memorandums Regarding Outstanding Invoices or Purchase Orders**

If the business office is missing any pertinent documents and cannot pay a bill, it will send a memo requesting the missing information from the individual who placed the order. Staff will respond to such memos immediately upon receipt.

### **W-9 Forms**

All companies and individual contractors that are not incorporated must complete a federal W-9 form prior to receipt of their first payment. This form indicates the person's name, address, social security number or employer identification number, and signature. Other pertinent information may be requested from prospective vendors such as contact information, a New Mexico CRS number and licensure documentation.

### **Time Sheets for Independent Contractors**

The Head Administrator or designee will review and approve timesheets and service invoices submitted by contractors. Approved invoices will be submitted to the business office for payment.

### **Payments to School Employees**

All payments to employees for services rendered to the school must be paid through the payroll system. All payments to employees for their services, whether for their regular contract services or for extra services or stipends, are subject to certain mandatory deductions.

Travel reimbursements and reimbursements for school purchases are not considered employment contract services and are not subject to deductions. These payments are made through accounts payable.

Independent contractors may be paid from activity/agency' fiduciary funds and are paid through the school's accounts payable system.

### **Contracted Services**

Contracts specifying the scope of service and payment schedules will be prepared by school staff following policies approved by the Head Administrator and Governance Council.

### **Other Contracts**

The school may use purchase orders to enter into limited service contracts. Purchase orders must be approved in advance by the Business Manager and the Head Administrator.

## **18) ACCOUNTS RECEIVABLE AND CASH RECEIPTS**

### **Cash Receipts**

The school will maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget Circular A-102 and applicable state and federal laws and regulations.

From time to time, The MASTERS Program Charter School receives payments by cash or check such as grant awards, state and federal funds, fees for services provided or funds collected at fundraising events. All such funds are to be properly receipted and handled in the following manner:

The Head Administrator will designate an administrative employee outside the business office to receive all funds. The Business Manager or designee is authorized to make bank deposits.

The school shall issue a factory pre-numbered, three-copy receipt for all money received. All checks received will be copied. Pre-numbered receipts must be controlled and secured. Receipts must contain the following information:

1. Name of person rendering money
2. Date
3. Receipt number
4. Amount
5. Signature of person who received the money

The original copy of the receipt is issued to the person or organization making the payment. One copy will remain in the receipt book. Another copy will be forwarded to the business office for inclusion with the bank deposit slip and the bank deposit receipt.

Deposits will be made no later than two business days following receipt of funds. The school has received an exemption from the 24-hour deposit rule due to its distance from financial institutions. Cash that must be held overnight prior to deposit will be secured.

After funds are deposited, a deposit report including a copy of the receipt, copies of any received checks, a copy of the deposit slip and a bank deposit receipt will be secured in the business office and posted to a cash receipts journal for the fiscal year. The school will maintain a cash control ledger for each fund/subfund.

The business office will post receipts in a timely fashion to the General Ledger. Reconciliation with bank statements will be performed monthly. (See section on Bank Account Reconciliation.)

### **Personal Checks**

Deposited checks will be endorsed with a restrictive endorsement stamp.

### **Returned Checks**

1. The school will account for returned checks as receivable until collected. TMP will make all reasonable efforts to collect on returned checks.
2. After attempting redeposit and when the bank notifies the business office that a check is unredeemable, the business office will continue its efforts to collect by contacting the payer for an alternative form of payment (cash or money order).
3. The school may assess a fee for returned checks.

### **Reimbursement Grants**

State and federal policies require that many special funds (ex.: Federal Title I) be expended prior to reimbursement. The MASTERS Program will file reimbursement requests according to guidelines provided by the Public Education Department or other funding sources. Where allowed, the school will file such requests monthly, except where expended, unreimbursed payables are less than \$1,000 since the last request. In any case, all reasonable attempts will be made to collect all outstanding, unreimbursed expenditures within 30 days of the end of the fiscal year. The school will keep a log of accounts receivables and report this information to the Finance Committee regularly.

## **19) CASH DISBURSMENTS**

The school will verify that there is sufficient cash and budget prior to the disbursement of cash.

Vouchers shall be numbered in such a manner as to provide a cross-reference between the voucher, the check, and the check register. All blank checks shall be properly safeguarded and an inventory of unused checks shall be taken periodically. Completed vouchers and supporting documentation will be filed for future reference and annual audit.

Each check or warrant shall have printed on its face the words, “void after one year from date”, unless the school chooses a lesser period in which case that period shall be printed on the check. Whenever any check is unredeemed after one year the business office will cancel it.

The business office will keep a log of cancelled checks. The face amount of cancelled checks will revert and be credited to the fund against which the check was drawn.

The business office will not establish a petty cash fund.

### **Printed Checks**

The Head Administrator will approve authorized check signers for all The MASTERS Program bank accounts. Business office staff may not be authorized to sign checks; the Head Administrator and Governance Council Chairperson shall be the primary check signers. The school will not use a check signing device. The school may use single signature checks. Checks are to be issued on pre-printed stock and shall be issued sequentially by number. All voided checks are to be accounted for.

### **Direct Deposit Payroll**

Employees may elect to have payroll checks deposited directly into checking or savings accounts. The employee is responsible for providing all of the necessary banking information and must complete an authorization form. After each payroll run the Head Administrator will review and approve the list of direct deposit checks. The Head Administrator will sign an authorization prior to the release of the direct deposit batch. A copy of the batch release showing trace numbers will be kept on file along with the Head Administrator’s authorization.

### **Electronic Funds Transfer**

The business office is authorized to make payments to payroll liability vendors via electronic funds transfer. A copy of the payment release showing the trace number will be kept on file with the invoice and other relevant documentation of liability for the payment.

### **Distribution of Funds to Certain State Agencies**

Certain agencies such as the New Mexico Educational Retirement Board mandate payment of payroll contributions via a Cash Concentration Service through a bank defined by the vendor. These banking systems do not generate printed confirmations of any kind. The business office will keep a log of all such payments showing the amount paid and the trace number issued by this phone-in system.

### **EFT-Payroll Taxes**

The business office is authorized to make payroll tax deposits via EFT. A printed confirmation will be kept on file.

### **Clearing Account Transfers**

The business office is authorized to transfer funds from program fund bank accounts to clearing bank accounts. Printed confirmations of such transfers will be kept on file. Clearing accounts are to be reconciled monthly (see section on Bank Account Reconciliation).

### **Purchasing Card**

TMP may maintain a DFA-approved purchasing card for use as a payment method for those purchases where no other form of payment is practical (for example, purchases from websites). All purchases paid via purchasing card must follow the regulations of this manual and the State Procurement Code. All such purchases require prior approval of the school Head Administrator or Head Administrator in the form of a signed purchase order. Invoices and proof-of-receipt documentation must be maintained for all purchasing card purchases.

All copies of the card are to be kept secure in the business office except when the Head Administrator directs release of a card into the custody a school employee for a specific, approved use.

Purchasing card balances will be paid in full when due and will not be allowed to carry balances forward to succeeding months. Once per month, after receiving the purchasing card statement from the bank, the business office will reconcile the statement against approved and documented purchases on file. Any discrepancies between the statement and school records will be reported immediately to the issuing bank and resolved. Any discrepancies due to unauthorized use of the purchasing card account shall result in the immediate suspension of the account until such time as the discrepancies are resolved and the security of the account is assured.

## **20) FIXED ASSETS**

A fixed asset is any type of property that is not part of the initial construction of a facility, or has not been permanently attached to a building. Examples of fixed assets are computers, AV equipment, furniture, steam tables, lawn mowers, vehicles, musical instruments, or any other item that could be removed or replaced in a building without damaging the structure of the building. Fixed assets are of two types:

### **Fixed Assets (\$5,000 and Over)**

Tangible assets with a life longer than one year, such as land, buildings and improvements, equipment, machinery, construction work in progress, and leased assets costing \$5,000 or more. Such items shall be added to the school's fixed assets inventory. Assets costing \$5,000 or more will be capitalized according to state requirements.

### **Supply Assets (under \$5,000)**

Tangible assets with a life longer than one year, such as land, buildings and improvements, equipment, machinery, construction work in progress, and leased assets costing less than \$5,000. These items may be added to the school's fixed asset inventory at the discretion of the business office.

### **Inventory Count**

Once annually, the school will conduct a physical count of all items listed on the asset inventory. A memo detailing the procedure for the count will be issued to staff in advance of the count.

## **21) INSURANCE**

The MASTERS Program Charter School will maintain adequate insurance coverage addressed in the Tort Claims Act, NMSA 41-4-XX; the Workers Compensation Act, NMSA 52-1-XX; Insurance of Public Buildings, NMSA 13-5-XX; Officers and Surety Bonds, NMSA22-5-7; Public School Insurance Authority Act, NMSA 22-2-6 through 22-2-6.10.

The school will obtain all required insurance coverage from the New Mexico Public School Insurance Authority.



## **22) TEXTBOOKS**

Purchasing and receiving procedures detailed elsewhere in this manual will be observed.

### **Orders**

All textbook orders are coordinated through the business office.

### **Permission to Return Incorrect Materials**

If the school receives incorrect materials, the individual who originally requisitioned the materials will request a return authorization and credit form from the vendor. Once the vendor has granted the request, the ordering individual will notify the business office of the pending credit request.

### **Lost or Damaged Books**

The school district may hold the parent, guardian, or student responsible for the loss, damage, or destruction of instructional materials while the materials were in possession of the student. Grades and transcripts may be held until fees are paid. (See Governance Council Instructional Materials Policy).

### **Annual Inventory Report**

Annually, the school will submit an inventory listing all items purchased with Instructional materials funds to the Instructional Materials Office at PED.

## **23) ACTIVITY/ AGENCY/ FIDUCIARY ACCOUNTS**

All funds raised on school property for specific school-sponsored activities will be deposited into the school's bank account and will be accounted for as student activity funds, except as follows: the School Head Administrator may authorize the Parent Teacher Organization (PTO) to raise money on school property for the benefit of the school and deposit that money into its own bank account.

Depending on its intended use and control, the school may classify a fund as either an activity fund or an agency-fiduciary fund. Generally, activity funds are under the control of the school administration and are subject to the budgeting, accounting and reporting standards required of other school funds. Agency/fiduciary funds are not controlled by the school administration and need not be budgeted or reported to the Public education Department.

### **Activity Funds are Public Funds**

Financial records of student activity funds must be in accordance with generally accepted accounting principles (GAAP) and an adequate internal control structure established and maintained, as well as audit trails, in the same manner as the school district's regular fund.

The method for spending student activity money will be through a school purchase order or proper reimbursement request following the procedure in this manual.

No activity fund account shall ever be permitted to incur a deficit.

Student activity funds shall never be used for any purpose which represents accommodating, loan or credit to any individual.

### **Fundraising Projects**

A fundraising project on the school campus must be approved in advance by the Head Administrator.

All funds handled by students, parents or volunteers are considered to be school activity funds and must follow all procedures applicable in this manual.

No individual may keep a portion of the money for “petty cash” to purchase goods or services. All money must be accounted for, properly recorded (with a school receipt) and deposited within two business days.

The fundraiser is complete when all moneys have been deposited and the vendor(s) have properly credited unsold returned items.

### **Payments to School Employees**

No employee shall be paid for services directly from activity or agency-fiduciary funds.

All payments to The MASTERS Program staff must be through the payroll system, except for expense reimbursements.

### **Purchases**

All purchases with school activity money fall under the definition of a purchase from public funds and are subject to the New Mexico Procurement Code, Governance Council policies and the procedures contained in this manual

## **24) PARENT TEACHER ORGANIZATION**

The PTO may conduct fundraising events on campus after receiving approval from the Head Administrator. Fundraisers may not involve any type of gambling.

For fundraisers held during the school day, money must not be handled by students if they are to remain outside the school’s activity or agency-fiduciary funds. All funds handled by students are considered to be school activity funds and must follow all applicable procedures.

For fundraisers held after the school day, students authorized by their parents may handle funds. These funds are not activity funds, since the students are under their parent’s jurisdiction when the school day is over.

If school employees handle funds, the funds are activity or agency-fiduciary funds. The employee’s work relationship with the school takes precedence over their relationship with the parent organization.

The PTO:

1. May not use the school's tax numbers for any purpose and it must obtain its own tax-exempt number.
2. May not use the school's mailing permit for their mailings.

### **PTO Funded Positions**

The PTO is encouraged to fund specific teacher positions at the school, but it must not directly employ the teacher or retain the teacher on a contractor basis. The Governance Council must approve grant awards and the positions funded. Once the school accepts the program, the PTO may donate the funds necessary to pay the teacher as a private direct grant for the benefit of the school. The PTO may also contribute funds for school supplies as a grant to the school.

## **25) STUDENT TRANSPORTATION**

### **Student Field Trips**

Teachers requiring a school bus for a field trip must submit a transportation request to the Head Administrator for approval and then to the business office for processing. The business office will forward transportation requests to an appropriate transportation vendor. All requests for vehicles other than buses to transport students must be approved in advance by the Head Administrator.

### **Use of private vehicles**

The use of privately owned vehicles is not allowed unless a parent wishes to transport his own child only, or unless specifically authorized by the Head Administrator to do so. Proof of licensure and insurance will be required.

### **Bus driver licensure**

Bus drivers utilized by the school must have a Commercial Drivers License (CDL) and be trained at the state bus driver's institute.

## **26) OTHER FINANCIAL MATTERS**

### **Food and Transportation Services**

The charter between The MASTERS Program Charter School is a contract and describes the manner in which the funds for these services will be handled and a description of the services to be provided.

### **Legal Fees**

No school funds will be used for the payment of personal legal fees, including attorney's fees and costs, of any school employee or Council member. Any payment of legal fees must serve a clearly identifiable public interest.

### **Federal and State Grants: Flow-through**

For grant money that flows through the Public Education Department, the school will utilize the funding for the purpose for which it was awarded. The school will submit complete, timely and accurate reports as required by the Department and the grant. This funding will be accounted for in accordance with GAAP, state and federal regulations and procedures set forth in the grant award.

**Federal and State Grants: Direct Funds**

For grant money that is sent directly to the school, the school will utilize the funding for the purpose for which it was awarded. The school will submit complete, timely and accurate reports as required by the grant. This funding will be accounted for in accordance with GAAP, state and federal regulations and procedures set forth in the grant award. These direct awards will be incorporated into the school's operating budget without prior approval provided that a budget adjustment request is submitted to the Department.