

HEALTH LEADERSHIP HIGH SCHOOL FISCAL POLICIES

Approved by GC on 09/01/2020

200: HUMAN RESOURCES
500.0X – FISCAL OVERVIEW
500.1X – BUDGET
500.2X – PAYROLL
500.3X – PURCHASING
500.4X – CASH
500.5X – INVENTORY
500.6X – GENERAL LEDGER

200.12 - PERSONAL BUSINESS

Staff members should not engage in selling anything to students or staff for personal gain, conduct personal business at school using the school phone or the internet. Staff members shall not engage in use of HLHS telephones, cell phones, or electronic devices for non-business related activities including but not limited to personal calls, text messaging, social networking, etc. during duty hours. These practices are unethical and may result in disciplinary action that could include dismissal.

200.18 - WHISTLE BLOWERS

As part of its duties, the HLHS Governing Council is responsible for the property of Health Leadership High School. The Council does not allow unlawful or dishonest use or misuse of Health Leadership High School property by employees. All Health Leadership High School employees are encouraged to report possible unlawful or dishonest use or misuse of Health Leadership High School property. Employees must be able to confidentially express their reasonable concerns about unlawful or dishonest use or misuse of school property by school employees without fear of retaliation. Employees must be given a means to report such conduct to the Principal and/or the Governing Council. The Principal shall develop a procedure to implement this policy.

200.20 - HIRING

New employees are hired by the Director, who prepares, with the assistance of the Business Manager, a contract. Contract is signed by the Director and employee and a copy is kept by the school in the personnel file of the employee. It is the sole responsibility of the employee to submit the required documentation to the Business Office.

500.01 – FISCAL MANAGEMENT

It is the policy of HLHS to demonstrate the highest degree of accountability to PED, parents, employees and the public in general. It is the policy of HLHS that its business affairs be conducted in compliance with all applicable laws, regulations, PED policies and internal policies promulgated by the school's Governing Council. Furthermore, it is the responsibility of the Governing Council and the Administration to oversee the school's business affairs, any specific policies promulgated by the school's Governing Council shall control, so long as they are not inconsistent with applicable law, regulations, and PED policies.

500.02 – FISCAL RESPONSIBILITY

The Council will appoint a Finance and Audit Committee ("Committee") to oversee the financial aspects of the HLHS Operations. In compliance with law this Committee shall be made up of at least two Council members, one volunteer member who is a parent of a student attending that school district and one volunteer member who has experience in accounting or financial matters. In addition, the Executive Director and Financial Director shall serve as ex-officio members of the Committee.

Annually the Council will approve the budget, which should include both expected revenues and approved broad spending categories.

Review and approve the financial statements that are presented by the Committee and Executive Director at least quarterly.

Review the recommendation of the Committee and Executive Director for the Accountant/Controller position.

Review and approve of the recommendation of the Committee and Executive Director for the investment policies of any held funds.

Approve the initial and any future revisions of the Fiscal Policies and Procedures of HLHS.

500.03 – THE FUNCTIONING OF THE GOVERNING COUNCIL AND ITS COMMITTEES

As used in this section, "governing council" includes the governing authority of a charter school. The Finance Subcommittee shall serve as an external monitoring committee on budget and other financial matters.

The governing council is charged with appointing at least two governing council members to serve as a Finance Subcommittee to assist the council in carrying out its budget and finance duties. The names of the two governing council members of the Finance Committee shall be identified in the minutes of the governing council. This Finance subcommittee shall make recommendations to the school governing council in the following areas:

- Financial planning, including reviews of the school school's revenue and expenditure projections;
- Review of financial statements and periodic monitoring of revenues and expenditures;
- Annual budget preparation and oversight; and

- Procurement.

500.04 - AUDIT SUBCOMMITTEE

The governing council shall appoint an audit subcommittee that consists of two or more governing council members, one volunteer member who is a parent of a student attending that school and one volunteer member who has experience in accounting or financial matters. If possible, these shall all be separate individuals. However, in recognition of the fact that the school has a limited pool of individuals from which to draw, it is permissible for one or more of the abovementioned positions to be held by the same individual. For example, a parent of a student who also has experience in accounting or financial matters may fill both positions. The Director and the school business manager shall serve as ex-officio members of the committee. At such times as the governing council has more than five members, it may appoint more than two governing council members to its audit committee. The audit committee shall:

- Review the request for proposal for annual financial audit services;
- Attend the entrance and exit conferences for annual and special audits;
- Depending on the timing of the audit, and when time permits, meet with external financial auditors at least monthly after audit field work begins until the conclusion of the audit;
- Be accessible to the external financial auditors as requested to facilitate communication with the governing council and the Director;
- Track and report progress on the status of the most recent audit findings and advise the local governing council on policy changes needed to address audit findings;
- Provide other advice and assistance as requested by the local governing council; and
- Be subject to the same requirements regarding the confidentiality of audit information as those imposed upon the local governing council by The Audit Act (Section 12-6-1, NMSA 1978) and rules of the state auditor (2.2.2, NMAC).

The Audit Subcommittee's role is primarily to provide assistance to management in fulfilling its responsibilities with respect to its oversight of the following:

- The quality and integrity of the school's accounting and reporting practices and controls, and the financial statements and reports of the school;
- The school's compliance with legal and regulatory requirements;
- The independent auditor's qualifications and independence; and
- The performance of both the school's internal audit function and independent auditors.

500.05 - FISCAL ACCOUNTING AND REPORTING

The Governance Council is responsible for the control of all funds of the Charter including funds collected at individual schools. The Director shall be responsible for the development and maintenance of all procedures necessary to ensure adequate fiscal control. The Director and business staff shall establish and maintain a complete auditable financial system which meets all statutory and regulatory requirements and guidelines of the State of New Mexico (The Manual of Procedure for Public School Accounting and Budgeting). Such system shall be defined in administrative procedure and reviewed by the Finance Committee.

500.10 – ANNUAL BUDGET

HLHS prepares and adopts an annual budget in accordance with New Mexico Statutory requirements. The Operating Budget is prepared under the supervision of the Director and Business Manager. The Director shall establish a budget development process which ensures the involvement of all stakeholders; employees, students, parents, citizens, community organizations, etc. The Finance committee makes recommendations to the Governing Council.

On or before July 1 of each year a tentative operating budget will be approved for the Charter by the Public Education Department, pending approval of the final budget. The approved and certified budget constitutes the Operating Budget, which is authorization for the Charter to begin operations on July 1 of the fiscal year.

500.11 – BUDGET OVERSIGHT

Final Cash Balances

Upon completion of the final close for each fiscal year, HLHS will determine the actual cash balances for all funds and reports them to the Public Education Department by the designated deadline of July 31st. The Operating Budget is then adjusted by the use of a Budget Adjustment Request to incorporate adjusted cash balances as of June 30 into the Operating Budget. Upon approval by the Public Education Department through OBMS (Operating Budget Management System), the School will adjust the budget and incorporate the changes into the Financial Management System.

Budget Maintenance

The budget ledgers are maintained by the business manager using the financial management system used in concert with the cash balance and encumbrances to ensure that all spending is in accordance with budget authority. While budget object lines may be temporarily overspent, budget functions may not be overspent. It is the responsibility of the Business Manager to ensure that all account coding is in accordance with the account strings set forth in PSAB Supplement 3, Uniform Chart of Accounts as modified.

All Operating Budget increases, decreases, and adjustments to the Operating Budget are presented to the Governing Council for approval and then submitted to the Public Education Department via the department's OBMS (Operating Budget Management System) for approval. Budget adjustments, which do not alter the total amount of the budget, are processed as follows:

Intra-budget transfers

Transfers between expenditure account codes within the same function are prepared as maintenance BARs and presented to Governing Council for approval at the monthly scheduled governing council meetings. Once approved by the Governing Council, the adjustments are recorded into the Financial Management System (FMS) and into the Operating Budget Management system (OBMS) in a timely manner. No further approvals are needed from Public Education Department.

Inter-budget transfers

Transfers between expenditure account codes outside of the same function are presented to the Governing Council for approval. The transfer requests are then submitted to the Public Education Department via OBMS for approval in a timely manner. Once all approvals are in place, the change is recorded to the Financial Management System as an adjustment to the Operating Budget.

All original budget documents are summarized and rolled up to the required elements in the account string maintained in the OBMS system. (See PSAB Supplement 3, Uniform Chart of Accounts.) These documents are made available to the auditor annually. Roll-up reports showing the most recent period activities are also presented to the Governing Council at each regularly scheduled meeting along with status reports on each BAR approved by the Governing Council until such time as that BAR has been fully processed and the adjustment has been adopted into the Financial Management System.

500.20 – PAYROLL

Oversight

The Director is responsible for monitoring the hiring of personnel, authorizing salaries, initiating employment contracts, and maintaining the staffing levels approved in the annual budget. The Business Manager verifies that budget is available for any staffing increases. All payrolls are processed by the Business Manager from the approved employment contracts. All additional payrolls are processed by exception. The Director must review and approve all payroll registers, ACH transactions, and/or Direct Deposit transactions or his/her designee.

Schedule

Payroll checks will be issued on a bi-weekly basis during the term of the contract. Payment will be made in twenty-six (26) installments with the exception of certificated employees requesting to be paid on an hourly basis. These employees will be paid for time worked at the time the work is performed. Employees that begin work after the first day of the fiscal year will receive a prorated salary amount based on the estimated number of days worked left in the school year.

500.22 – SALARY SCHEDULE AND SALARY INCREASES

Minimum salaries for teachers and Executive Director are determined by the Legislature of the State of New Mexico. Yearly a salary schedule is approved by the Governing Council for teaching staff and support staff. Teaching and support staff are paid strictly by licensure level and years of allowed experience. A copy of the salary schedule will be provided in the staff handbook. Salaries for all other staff are determined at the time of hire and are based on qualifications and experience for each position.

500.30 – PURCHASING

HLHS is its own Central Purchasing Office and therefore all purchases shall be made in accordance with applicable state statutes and regulations. All purchases require a purchase order.

Goods*, Non-Professional Services, or Construction

Small Purchase is considered \$60,000.00 or less exclusive of all applicable state and

HLHS can purchase without competitive bid. Purchases exceeding \$20,000 will require 3 written quotes.

Goods*, Professional Services, Non-professional Services, or Construction

\$60,001.00 or more exclusive of gross receipts tax - Must be put out for competitive bid barring any applicable exemption or exception. The Finance Committee will review the bids and advise the Governing Council. The Governing Council may reject any or all bids.

500.35 – ACCOUNTS PAYABLE

The Director or designee is the only person authorized to approve payment.

The Director or designee is authorized to approve vouchers for payment prior to the Governing Council meetings. Each month a report of authorized expenditures shall be presented to the Governing Council for review and formal approval.

500.41 - BANK RECONCILIATIONS

All bank accounts are reconciled on a monthly basis and presented to the Finance Committee for review. The Finance Committee reports to the Governing Council on a monthly basis and includes necessary recommendations in the minutes.

500.42 – CHECK SIGNERS

Authorized check signers are the Director and (1) Governing Council Member. The financial software may contain the electronic signature.

500.43 - PETTY CASH

A petty cash fund will be established under the authorization of the Director. The petty cash fund is only intended for small purchases and records are maintained by the Business Manager.

500.44 - CASH RECEIPTS

All monies are receipted using pre numbered receipts and are deposited into the school bank account within 24 hours.

500.50 – INVENTORY/FIXED ASSETS

The School must establish guidelines to protect capital assets, preserve the life of capital assets, to avoid unnecessary duplication of assets, to provide a guide for future replacement of assets, and to establish a basis for the amount of insurance coverage required.

Capital assets, for the purpose of this policy, are defined as tangible or intangible property owned by the School, which meets the definition and minimum dollar amount for capitalization per asset category.

Furniture and Equipment: Tangible personal property in excess of \$5,000 purchased or acquired by gift to be used for operational purposes such as desks, filing cabinets, copiers, musical instruments, laboratory equipment, and janitorial equipment.

Computer Software: Intangible property in excess of \$5,000 either purchased or acquired by gift that is designed to cause a computer to perform a desired function.

Computer Equipment: Tangible computer equipment in excess of \$5,000, including Laptops, Desktops, Routers, Hubs, etc., purchased or acquired by gift to be used for operational or instructional purposes. For capitalization purposes, computers are defined as a CPU, monitor and keyboard, which go together as a package. Printers, which exceed \$5,000, shall be capitalized separately, while printers, which are less than \$5,000, shall be considered Supply Assets and recorded as such in the general ledger.

Library Holdings: All library holdings purchased or acquired by gifts during the fiscal year are capitalized in aggregate at the end of the fiscal year using the cost-based method. The cost-based method approach entails the following:

- Acquisition costs reflect actual expenses for purchased library materials.
- Donations are capitalized at fair market value.
- A value is placed on items withdrawn from the inventory and that value is reflected in capitalization.

Donated Items:

Donated items, valued at the threshold contained in this capitalization policy and which are items that otherwise would have bought and used in operations, shall be recorded in the general ledger account titled Fixed Assets (\$5,000 and over) at fair market value at the date of donation. Donated items, which are valued at less than the threshold contained in this capitalization policy, will be recorded in the general ledger account titled Supply Assets (less than \$5,000) at fair market value at the date of donation. Donated items, which are determined to have no fair market value, will not be recorded.

Depreciation Guidelines:

Depreciation is a system of accounting which aims to distribute the cost or gift value of a capital asset, less salvage value, over the estimated useful life of the asset in a systematic and rational manner. All depreciable assets will be depreciated using the straight-line method of allocation utilizing the half-year convention. The straight-line method allocates an equal amount of the net cost of an asset to each accounting period in its useful life. Most assets retain some recovery at the end of their useful lives, which is known as salvage value. All depreciable property for the purposes of this policy shall be deemed to have a fair market value at the end of their useful lives.

The useful life of depreciable assets is based on their usefulness to HLHS. The following table displays the estimated useful lives that will be used to calculate and allocate depreciation:

Property Category	Life In Years
Furniture and Equipment	5

Computer Software	3
Computer Equipment	5
Transportation Equipment	3-5
Automobiles	7-10
Lease Hold Improvements	20

Disposition of Capital Assets:

Capital assets, which are obsolete, worn-out, or no longer, meet the requirements of the School may be considered for disposition with proper approval by the Director. If the salvageable materials have a current resale value of more than five thousand dollars (\$5,000), the materials shall not be disposed of until approved by the School Budget and Finance Analysis Bureau of the Public Education Department (PED), using such forms as may be required by the PED. Other forms required by the Business Office must be completed as well.

500.60 - JOURNAL ENTRIES

All journal entries must be reviewed by at least one individual. The Business manager shall keep sufficient justification for any such entries for review by the audit committee as well as for presentation to the outside auditor.