

# UNIVERSAL ACADEMY CHARTER SCHOOL

## *Financial Policies and Procedures*

*Updated 06/30/2022*

Parties included in the below information are identified as follows:

Executive Director, UNIVERSAL Academy Charter School  
Building Operational Staff, UNIVERSAL Academy Charter School  
Senior Payroll Specialist, Designs for Learning  
Accounting Assistant, Designs for Learning  
Finance Manager, Designs for Learning  
Director of Special Education, Designs for Learning  
Smart Finance System, Accounting Software

### ***Chart of Accounts***

A standard chart of accounts is used under the UFARS system that is mandated by the Minnesota Department of Education.

### ***Cash and Investments, Revenue, Receivable and Receipts***

The School Board has delegated the duties of investing cash on hand not required for immediate expenditure to the Executive Director. Annually, a resolution is passed that allows this individual to invest idle School cash in accordance with Minnesota Statute 475.66 as noted in the *Minnesota Legal Compliance Audit Guide for Local Government*. This resolution also allows this individual to designate such depositories where investing takes place. This annual resolution is considered to be the "investment policy" of the School.

The School contracts with Designs for Learning for accounting/financial management services. The Executive Director directly communicates with Designs for Learning who acts as the Finance Manager.

Bank statements are emailed to Designs for Learning where they are opened by the Accounting Assistant, examined, reconciled, and entries recorded into Smart Finance. The Executive Director, School Board Treasurer, and all other School Board members are given a list of all cash disbursements and electronic fund transfers for review. The Finance Manager at Designs for Learning also reviews the reconciliations of all bank accounts and ensures that reconciled bank accounts agree with the general ledger.

The School's primary revenue sources consist of state/federal grants and aids. State/federal grants and aids are received via wire transfers and by check. Payments are received either as regularly scheduled by the State or Federal government or as triggered via the filing of progress or completion reports or SEDRA/SERVS reports. For amounts received by check, the check is routed to the Executive Director daily deposits. The appropriate account coding is assigned by Designs for Learning and entered into the accounting system (Smart Finance Accounting). Other receipts (such as field trip moneys) are accepted only in the main office of the School, where they are tracked by the delegated School personnel, specifically for the activity, routed to Executive Director for daily deposit. All deposits are additionally reviewed by another Accounting Assistant at Designs for Learning as they are entered into the Smart Finance System.

Detailed documentation regarding all Cash and Investments, Revenue, Receivable and Receipts is kept on file at Designs for Learning and loaded into Smart Finance.

### ***Cash Disbursements, Expenditures for Goods and Services and Accounts Payable***

School purchases of goods and services are conducted with the following guidelines and thresholds:

Up to \$25,000 aggregate dollar value (“micro-purchases”). Based on research, experience, purchase history or other information and documents it accordingly.  
Reference §200.320(a)(1)(ii).

Between \$10,000 and \$175,000 aggregate dollar value (“small purchases”). An adequate number (never less than two) of price or rate quotations are obtained from qualified sources and the most advantageous source is selected.  
Reference §200.320(a)(2)(i).

#### \$10,000 but not \$175,000 (Minnesota)

A "contract" means an agreement entered into by UNIVERSAL for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property. If the amount of the contract is estimated to exceed \$10,000 but not to exceed \$175,000, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding.

Greater than \$175,000 aggregate dollar value (“sealed bids”). The School performs cost or price analysis and develops independent estimates before going out for bid. An invitation for bids is publicly advertised and bids are solicited from an adequate number of known suppliers. A list of known suppliers is maintained and updated regularly. The invitation for bids, which includes any specifications and pertinent attachments, defines the goods or services for merchants to properly respond. It also includes and incorporates a clear and accurate description of the technical requirements for the goods or services to be procured. A date is set for public opening of all bids that allows sufficient response time from suppliers. The sound reason for rejecting any bid is documented. A firm fixed price contract award is made in writing to the lowest responsive and responsible bidder.

Competitive proposals. Under conditions in which sealed bids would not be appropriate, the School seeks competitive proposals from an adequate number of qualified sources. Requests for proposals are publicized and identify all evaluations factors and their relative importance. The School conducts technical evaluations of the proposals received and awards the contract to the responsible firm whose proposal is most advantageous to the program. Qualification-based methods are only used in the case of procurement of architectural or engineering professional services.

Noncompetitive proposals. Noncompetitive proposals are utilized only if the item is only available from a single source, or, the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitations, or, the federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the School, or, competition is deemed inadequate after solicitation of multiple sources.

The School conducts all procurement transactions in a manner providing full and open competition. The School does not place unreasonable requests on firms in order for them to qualify to do business, and does not require unnecessary experience or excessive bonding. The School does not specify that only “brand name” products be offered. The School does not impose geographical preferences except in accordance with applicable law. The School does not offer noncompetitive contracts to consultants that are on retainer contracts. Please refer to detailed conflict of interest policy described later in these processes.

The School strives to purchase goods and services from minority businesses, women’s business enterprises, and labor surplus area firms whenever possible. The services of organizations such as the Small Business Administration and the Minority Business Development Agency are found to be helpful with this and are utilized where appropriate. Minority and women’s businesses are placed on solicitation lists and solicited whenever they are potential sources. The School does not eliminate such a business as a potential source without first considering whether the business may be able to fulfill part of the request if it were split, or whether the business may be able to fulfill the request under an altered delivery schedule. If the School employee purchasing goods or services has not followed these procedures, the Executive Director will not sign the purchase order or contract to approve the purchase. No contracts are signed allowing a contractor to subcontract without also adhering to these procedures.

Reference §200.322 for Domestic preference for procurements.

The School considers entering into state and local inter-governmental agreements where appropriate for procurement or use of common or shared goods and services.

The School awards contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration is given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. Final determination of whether a contractor is unsuitable lies with the School Board.

The School uses written agreements for all purchases of services. A written agreement is signed and dated by the Executive Director and by the contractor before services begin.

The School uses purchase orders to account for purchases of goods. When an item is needed by the School, the individual requesting the item completes a requisition request. Requests are processed by committee, school staff, Executive Director, or School Board and require a minimum of two participants to complete. The Building Operational Staff reviews, completes missing information necessary to the purchase, before the purchase order is submitted for approval to the Executive Director. When appropriate, the Executive Director will forward the request to the School Board for approval.

The Executive Director or School Board may deny a requisition request for several reasons, including when they do not feel that the expense is necessary and reasonable, when they believe that the School already owns or is in the process of purchasing sufficient quantities of the item, and when they believe that a lease agreement may be more beneficial than a purchase agreement. Requisition requests will also be denied when the requesting party is not able to provide sufficient evidence that all School procedures relating to procurement have been followed.

Once a request is approved, a pre-numbered purchase order is created and the order for the item is placed. Once the item is received, the person that ordered the item verifies that it was received and remits the invoice and packing slip (or verification of receipt) to the Building Operational Staff/Executive Director. The Building Operational Staff/Executive Director matches the invoice with the purchase order, checks to see that the amount has been authorized, and sends a batch of prepared invoices to the Designs for Learning Accounting Assistant to be entered for payment on the Smart Finance computer accounting system. The Executive Director initials invoice stating the invoice was reviewed, is correct and approved for payment. The Designs for Learning Accounting Assistant assigns appropriate UFARS codes to each invoice utilizing information provided by the Building Operational Staff/Executive Director. Coding is reviewed by the Finance Manager. A prepayment report is sent to the Executive Director before checks are printed.

Finance checks are prepared by Designs for Learning. Typically, checks are printed once or twice per week. Computer checks require one signature after the verification process has been completed. Once a check is prepared it is matched to the invoice and remitted to the vendor for payment. After the approved amount has been compared to the budget, verified by the Finance Director, and approved by the Director, the approval process is considered complete. A budget to actual comparison is provided monthly to the School Board. A check register is provided to the Executive Director, and all other School Board members each month listing all individual transactions in numerical order. Detailed documentation regarding all expenditures for goods and services, including the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract, are stored in the office of the Executive Director.

### ***Conflicts of Interest***

No individual who has a real or apparent conflict of interest may participate in the selection, award, or administration of a contract for goods or services. Such a conflict of interest would arise when the individual, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of these parties, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

All employees and officers of the School are instructed that they may under no circumstances solicit gratuities, favors, or anything of monetary value from contractors or vendors, or from individuals or businesses who are seeking a contract with the School, as this may create a conflict of interest. Employees and officers of the School may accept an unsolicited gift from a contractor or vendor only if the gift is clearly of nominal value, defined by the School as having a monetary value of \$5 or less. Any violations of this policy will be subject to the School's standard disciplinary measures as outlined in the Employee Handbook, and may have consequences up to and including termination of employment.

Determinations of an organizational conflict of interest, where the School itself is in a position to be influenced or may appear to be in a position to be influenced by a related organization, are made by the School Board. The School Board does not authorize any procurement actions to be taken under such circumstances.

All conflicts of interest are required to be reported to the Executive Director for possible reporting to MDE if required.

### ***Special Education Purchases***

Purchases of supplies, equipment, and services for special education students follow all procedures outlined in this document as well as in Uniform Guidance. A completed purchase is not assigned a special education UFARS code until the Director of Special Education has verified that the purchase is allowable, necessary and reasonable as defined by federal and state requirements, that it is an eligible cost of providing special education services, that it is not a cost the School would have incurred in the absence of special education services, and that where applicable it is identified in the student(s) IEP(s).

### ***Capital Assets***

Capital asset additions are tracked by the Designs for Learning staff in cooperation with the Executive Director under the direction of the School Board. The School Board has directed a threshold of \$5,000 to be used as listed in the school's capital asset policy. As equipment is purchased by the school, the items are coded into UFARS 500 level expenditure codes. At the end of each fiscal year a detailed review of the 500 level account expenditure activity is performed to create a fixed asset addition listing. There is also an analysis of the 400 level expenditure codes to ensure that all possible items have been considered.

A detailed inventory listing is maintained by the Building Operational Staff that specifies each asset's description, purchase date, vendor purchased from, source of funding for the purchase, title holder, asset tag number, stored location, staff member assigned to, serial number, purchase price, anticipated useful life, purpose of the purchase, and the current condition of the asset. Additional information is tracked for equipment purchased with special education funding and for equipment purchased with federal funding, as appropriate. All assets are marked with an asset tag, and physical inventories are conducted on an annual basis.

Reference §200.311(c) for disposal of assets purchased with federal dollars.

### ***Payroll and Related Liabilities***

The Executive Director approves the hiring of all positions and communicates updates of terminations, new hires, and hiring changes at regular monthly board meetings. The School Board reviews, approves, and takes necessary action on employment agreements, disciplinary actions, employee grievances, and benefit packages, and terminations.

The Executive Director (under the direction of the School Board) establish salaries/rates of pay. Salaried teaching and non-teaching positions are paid based on individual employment agreements. Timesheets and attendance records are maintained for these positions. Time & Effort reports and assignment schedules for employees who work under state and federal programs are maintained by school personnel.

The School utilizes Designs for Learning for the processing of its semi-monthly payroll. Employee timesheets are reviewed and approved by the employee's supervisor before each payroll. Timesheets are also reviewed and approved by the Executive Director before being forwarded to Designs for Learning for processing. Smart Finance is the system used to process the payroll information.

A Payroll Proof report (or preview report) for each payroll is emailed from Designs for Learning to the Executive Director and Finance Manager. The Finance Manager reviews the report and goes

to payroll with any questions. The Executive Director reviews the report and replies to the email, giving her approval to run the payroll.

All payroll checks are prepared by Designs for Learning. The preparation of the payroll checks is completed by the Accounting Assistant from Designs for Learning which is independent of the staff of the school. The school utilizes the electronic submission of electronic funds transfers to school employee bank accounts where applicable. Payroll checks and earnings stubs are printed at the Designs for Learning office. The Building Operational Staff collects the checks from the Designs for Learning payroll office and the Executive Director distributes them directly to the employees at the schools.

Federal and State payroll withholdings are submitted electronically. Other withholdings, garnishments, retirements, etc. are paid by check or via electronic transfer where applicable. The Finance Manager reviews all such payments on a monthly basis.

All detailed payroll and related liability documentation is stored in a secured locked cabinet, at the school site in the Business Office.

### ***Debt and Debt Service Expenditures***

The School no longer carries a bank line of credit.

### ***Fund Equity***

Fund equity of the School is accounted for in accordance with prescribed accounts as determined by the Minnesota Department of Education and UFARS.

### ***Federal Grant Programs***

The School has several federal financial assistance programs. The responsibility for managing each program falls to the Executive Director. All external reporting is the responsibility of the Executive Director with the assistance of the Site Administrators and School Business Office Assistant.

The School enlists the support of Designs for Learning to assist with the completion of program applications and budgets. The Program Support department of Designs for Learning works with the Executive Director to assist with the completion of budgets and narrative portions of Federal Title Grant programs applications.

The Finance Manager, and the Executive Director meet regularly to review the grant spending reports to ensure the school is “on track” in relationship to budgets, federal allocations, and purchasing requirements.

All of the School’s federal purchases are made following the Uniform Grant Guidance 2 CRF Part 200 as detailed elsewhere in this document.

### ***Budgets***

Original budgets are prepared each spring with the cooperative effort of the School staff, the Finance Manager, and the Executive Director. Proposed budgets are presented to the School Board for review, amendments, and approval before the June 30<sup>th</sup> deadline for each upcoming fiscal year.

The School Board reviews budget activity in relationship to actual expense with each interim

monthly Income Statement. ADM reports are closely monitored by the Executive Director and communicated to the Finance Manager. After enrollment is verified, revisions are made accordingly to the budget with the approval of the School Board. Changes to budgets are made by recommendation to the School Board for discussion and approval before changes are enacted.

The School Board traditionally reviews and adopts at least one revised budget during the year before June 30 for the current year.

### ***Journal Entries***

Manual journal entries are initiated and/or requested accounting and/or payroll staff. A journal entry request must include proper backup documentation for the correction transfer. The finance manager reviews the entry and backup documentation to post or reject the entry.

The finance manager and Executive Director reviews and discuss journal entries on a monthly basis. Journal entry report is part of the Board financial packet. The Board reviews and approves journal entry report.

### ***Financial Statements***

The person designated for the responsibility for the accuracy and completeness of the interim financial statements on behalf of the school is the Finance Manager at Designs for Learning. Financial reports are shared with all School Board members. Any questions or concerns related to interim financial reports are fielded by the Finance Manager or the Executive Director. Questions or comments are communicated as appropriate to the school's auditing firm through the Finance Manager or the Executive Director.

A representative of the auditing firm meets with the School Board annually to present the annual fiscal audit report along with a question and answer session to address any questions or concerns that the School Board may have regarding school finance.

### ***Record Retention***

All financial records and supporting documents are retained for at least the minimum amount of time specified by state and federal statutes. Only the Executive Director can authorize the destruction of School records. All records pertaining to federal programs are retained for at least three years from the date of submission of the expenditure report or the minimum amount of time required by state law, whichever is longer. Records not relating to federal programs are retained according to the School District General Records Retention Schedule of the State of Minnesota. No records that pertain to ongoing litigations or audits are destroyed.

### **Additional guidance website**

<https://www.ecfr.gov/>

<https://education.mn.gov/MDE/index.html>