



GOLDEN VALLEY
CHARTER SCHOOLS

Fiscal Policies & Procedures

Approved by the Board of Trustees on:
3-11-2026

INTERNAL CONTROL POLICIES

INTRODUCTION

Internal control policies provide **Golden Valley Charter Schools** with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with state and federal laws and regulations, and produce timely and accurate financial information. Additionally, as a publicly supported entity, **Golden Valley Charter Schools** has additional responsibilities to ensure the public's confidence and the integrity of the school's activities

COMPLIANCE WITH LAWS

Golden Valley Charter Schools will follow all the relevant laws and regulations that govern the Charter School. Additionally, any Federal Government laws and regulations that relate to grant funding will be adopted as the grant funding is received. The following are specific policies of Golden Valley Charter Schools:

I. Political Contributions

No funds or assets of Golden Valley Charter Schools will be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of Golden Valley Charter Schools for political contributions in any form, whether in cash or other property, services, or the use of facilities, is strictly prohibited.

Golden Valley Charter Schools also, will not be involved with any committee or other organization that raises funds for political purposes.

The following are examples of prohibited activities:

- A. Contributions by an employee that are reimbursed through expense accounts or in other ways.
- B. Purchase by the organization of tickets for political fundraising events.
- C. Contributions in kind, such as lending employees to political parties or using the school assets in political campaigns.

II. Record Keeping

To provide an accurate and auditable record of all financial transactions, the school's books, records, and accounts are maintained in conformity with generally accepted accounting principles as applicable to Charter Schools.

Further, the School specifically requires that:

- A. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of Golden Valley Charter Schools.
- B. Receipts and disbursements must be fully and accurately described in the books and records.
- C. No false entries may be made on the books or records, nor any false or misleading reports issued.
- D. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

ORGANIZATIONAL CONFLICTS OF INTEREST OR SELF-DEALING (RELATED PARTIES)

Golden Valley Charter Schools will not be operated for the benefit of an affiliated or unaffiliated organization or an individual in his or her own private capacity or individuals related to Golden Valley Charter Schools or members of its management unless the private benefit is considered merely incidental. This private benefit preclusion will extend to:

1. Sale or exchange, or leasing, of property between the agency and an affiliated or unaffiliated organization or a private or related individual.
2. Lending of money or other extension of credit between an agency and an affiliated or unaffiliated organization or a private or related individual.
3. Furnishing of goods, services, or facilities between the agency and an affiliated or unaffiliated organization or a private or related individual.
4. Payment of compensation, unless authorized by the Board of Trustees or its governing body, by the school to an affiliated or unaffiliated organization or a private or related individual.
5. Transfer to use by, or for the benefit of a private or related individual of the income or assets of the school.

Organizational Conflict of Interest or Self-Dealing (Related Parties)

Thus, Golden Valley Charter Schools will be guided by the principle of arms-length standards with all affiliated or unaffiliated organizations or with a private or related individual(s).

Related party transactions shall include transactions between a school and members of the board, management, contracted management organization, employees, related individuals, and affiliated companies. Related individuals within the scope of this definition include spouses, parents, children, spouses of children, grandchildren, siblings, father-in-law, mother-in-law, sister-in-law and brother-in-law of a board member or school employee.

Board of Trustees Authorities

The Board of Trustees shall have the sole authority to approve and will incorporate into its own minutes such matters as (i) change of the School's name, with the charter authorizer's pre-approval (ii) adoption of the annual operating and capital budgets, (iii) selection or termination of Executive Director (iv) Executive Director salary and salary changes, (v) incurrence of debt, mortgages or other encumbrances and their covenants and restrictions, within the terms of the charter (vi) investment policies, (vii) depository and investment banks, (viii) purchase or sale of property (ix) opening up or closing checking or savings accounts, and (x) selection of the Charter School's certified public accountants and (xi) other activities associated with the operations of the Charter School.

The Board of Trustees will meet monthly (with no meetings in July) to ensure that its fiduciary duty is maintained. The Board will review the following: prior meeting minutes, business items, educational items, and subcommittee reports.

Signature Authorities

To properly segregate duties within the Charter School, the Executive Director AND the Human Resource Manager OR the designated (approved by the Board of Trustees) Principal are the only individuals with signatory authority and are responsible for authorizing all cash transactions. Individual checks greater than \$25,000.00 will require two signatures prior to check issuance, checks less than \$25,000 require one signature from the approved signatories.

Government Access to Records

The Business Systems Coordinator or contracted business back-office services provider will provide access to the organization's records to the San Juan Unified School District's Charter School Fiscal Unit and provide supporting records, as requested, in a timely manner.

Security of Financial Data

The system's accounting data must be backed up daily by the business back-office services provider to ensure the recoverability of financial information in case of hardware failure. The backup will be stored in a fire safe area and properly secured.

All other financial data, unused checks and unclaimed checks will be secured by Golden Valley Charter Schools 's School Business Systems Coordinator from unauthorized access.

Security of School Documents

Originals of the following corporate documents are maintained, and their presence is verified on a periodic basis:

1. Charter and all related amendments
2. Minutes of the Board of Trustees and subcommittees
3. Banking agreements
4. Leases
5. Insurance policies
6. Vendor invoices
7. Grant and contract agreements
8. Fixed asset inventory list

Use of School Assets

No employee may use any of the school property, equipment, material or supplies for personal use without the prior approval of Golden Valley Charter Schools 's School Executive Director.

Use of School Credit Cards

1. Charter School credit cards should only be issued with the formal approval of the Board of Trustees and with proper justification. The cost/benefit to the Charter School should be fully reviewed to ensure that no other method is appropriate. If credit cards are issued, they should be assigned to certain Charter School employees and should be used only for school-related expenditures. All charges must be supported by invoices or travel reports to be eligible for payment by the Charter School.
2. Credit cards have been issued to the following Golden Valley Charter Schools administrators as approved by the Executive Board and with the corresponding purchasing threshold/ limit: The limits of some key personnel may be increased/decreased by the Executive Director or Board of Directors during certain times of the year based on potential upcoming projects.

<i>Title</i>	<i>Individual</i>	<i>Spending Threshold</i>
<i>HIGHEST LEVEL - WELLS FARGO</i>	Executive Director	\$15,000.00
<i>CALCARD</i>	Executive Director and Business Systems Coordinator	\$5,000.00
<i>CALCARD</i>	Principals, SPED Director, HR Manager	\$1,000.00
<i>CALCARD</i>	Teacher, Specialists, Office Staff	\$500.00

3. Monthly credit card statements are reconciled to invoices and travel reports and are approved by the Business Systems Coordinator, unless not deemed independent than the approval would be by the Board of Trustees.

FINANCIAL MANAGEMENT POLICIES

Basis of Accounting

The Charter School will maintain their accounting records and related financial reports on the “modified cash” basis of accounting for monthly reporting and “Full Accrual” basis at year end.

Accounting Policies

The accounting policies and financial reporting adopted are consistent with FASB – Financial Accounting Board.

Basis of Presentation

The accounts of Golden Valley Charter Schools are organized on a basis of the School Account Code Structure or SACS. The operations of the fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, net assets, revenues, and expenditures. Golden Valley Charter Schools uses a Checking Account at Wells Fargo as its Main Fund. This main fund is used to account for all financial resources associated with the operation of the school. In addition, all activities relating to Student Activities should be separately identified and recorded within this fund.

Revenues

Under the accrual basis of accounting, revenues are recognized when earned.

Expenditures

Under the accrual basis of accounting, expenses are recognized when services are incurred, or goods are received.

Incurred Costs

For the purpose of invoicing funding sources for allowable costs under cost reimbursement contracts, the term "costs incurred" is defined as follows: Costs related to items or services incurred directly for the contract and received at the time of the request for reimbursement and is not specifically disallowed by the funding source.

Cash Management

The school maintains cash accounts at the following banks:

1. Golden Valley Charter Schools has two Operating Account(s) at – Wells Fargo, Wells Fargo

2. A schedule of aged accounts and grants receivable is prepared monthly and reviewed by the Executive Director for collection. Appropriate collection procedures are initiated, if necessary.

Grants Receivable Aging Criteria

Accounts receivable outstanding is aged on a thirty, sixty, ninety, and over ninety-day basis.

Grant/Contract Invoicing

- A. All invoices are submitted to the funding sources by dates specified in the grant or contract agreement.
- B. The invoicing format is that specified by the funding source.

Budgets

- A. The Charter School prepares an annual operating budget of revenues and expenses, a cash flow projection, and a capital budget. These budgets and projection are reviewed and approved by the Board of Trustees, at the annual meeting and modified, as necessary.
- B. Financial statements displaying budget vs. actual results are prepared by the Business Manager or back-office services provider and reviewed by the Executive Director and presented to the Board of Trustees at each monthly board meeting.

Insurance and Bonding

- A. The school maintains minimum levels of coverage, as deemed appropriate by the Board of Trustees, for the follow policies:
 1. General liability
 2. Business & personal property (including auto/bus)
 3. Computer equipment
 4. Workers' compensation
 5. Personal injury liability
- B. The school requires proof of adequate insurance coverage from all prospective contractors, as deemed applicable by the Board of Trustees.

Record Retention and Disposal

- A. Records are maintained for the following indicated minimum periods:
 1. Books, records, documents and other supporting evidence including paid, cancelled or voided checks, accounts payable records, vendors' invoices, payroll sheets and registers of salaries and wages, tax withholding statements, employees'

timesheets and other public documents are retained for seven years after the original entry date.

2. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.
- B. All financial records are maintained in chronological order, organized by fiscal year.
- C. Electronic, scanned, or microfilm copies may substitute for paper if:
1. The system prevents alteration or loss (Gov. Code §12168.7 “Trusted System”)
 2. Files remain readable and accessible for the full retention period.
 3. Quality-control checks verify accuracy of scanned images.
 4. Originals are not destroyed until after required audit and retention window.
- D. In connection with the disposal of any records, a memorandum of record disposal listing the record or the class of records to be disposed of. The Board of Trustees must certify this memorandum of records disposal before secure destruction of items.

Financial Reporting

The back-office services provider maintains supporting records in sufficient detail to prepare the school’s financial reports, including:

- I. Annually:
 - a. Financial statements for audit
 - b. Annual budget
- II. Monthly:
 - a. Trial balance
 - b. Internally generated budget vs. actual financial statements
 - c. Updating the cash flow projection
- III. Periodically:
 - a. IRS Forms 941 and payroll tax returns and comparable state taxing authority returns
 - b. Other reports upon request

Audit

The Board of Trustees arranges annually for a qualified certified public accounting firm to conduct an audit of the Charter School's financial statements in accordance with FASB.

While the same audit firm may be used each year, every 3 years the Board of Trustees may select a new firm to complete the annual audit. To quality control the services and ensure that our annual audit is thorough and based on most recent guidelines, the results can then be compared, and the decision made to select the "best" firm to continue working with.

The audit reports will be submitted to the granting agency, (starting 2002) CA Department of Education, (starting 2003) County Superintendent of Schools, and State Controller's Office by December 15 of each year. (Education Code 47605(m)).

Finance Committee

The Board of Trustees appoints an finance subcommittee. This subcommittee will nominate the independent auditor and review the scope and results of the audit. The audit/finance subcommittee also receives notice of any consequential irregularities and management letter comments that the auditor noted during the engagement. Additionally, the subcommittee will develop a corrective action plan to address all relevant weaknesses noted by the auditor. The audit/finance subcommittee will also review all financial information of the Charter School and provide recommendations to the Board of Trustees.

POLICIES RELATED TO ASSETS, LIABILITIES AND FUND EQUITY

ASSETS

Bank Accounts

The Board shall authorize the establishment of commercial bank accounts for the purposes of school operations. Funds will be deposited in non-speculative accounts including federally insured savings or checking accounts or invested in non-speculative federally backed instruments.

The General Checking Account shall be the primary account for school needs. Authorized signatories to this account shall be the Executive Director, Human Resource Manager, and a designated (BOT approved) Principal. Checks above \$25,000 must be signed by two authorized, checks under \$25,000 require one signature from the approved signatories.

Bank Accounts for the indicated purpose and limitation(s) have been authorized by the Board of Trustees of the School at the indicated Federal Deposit Insurance Corporation (FDIC)-insured banks: **Wells Fargo**.

LIABILITIES AND FUND EQUITY

Accounts Payable

Only valid accounts payable transactions based on documented vendor invoices, receiving report or other approved documentation are recorded as accounts payable.

Accounts Payable Payment Policy

Vendors and suppliers are paid as their payment terms require, taking advantage of any discounts offered. If cash flow problems exist, payments are made on a greatest dependency/greatest need basis.

Accrued Liabilities

Salaries, wages earned, and payroll taxes, together with professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when entitlement to payment occurs.

Liability for Compensated Absences

- A. Compensated absences arise from employees' absences from employment due to vacation leave. When the Charter School expects to pay an employee for such compensated absences, a liability for the estimated probable future payments is accrued if all of the following conditions are met:
 - 1. The employee's right to receive compensation for the future absences is attributable to services already performed by the employee.
 - 2. The employee's right to receive the compensation for the future absences is vested or accumulates.
 - 3. It is probable that the compensation will be paid.
 - 4. The amount of compensation is reasonably estimable.
- B. Compensated absences not required to be paid upon employee termination is only recorded when paid.

Debt

- A. When applicable, short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that is not expected to be repaid within one year and is recorded in the Enterprise Fund.
- B. Loan agreements approved by the Board of Trustees should be in writing and should specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

REVENUES

Revenue Recognition

The school records revenue on the accrual basis of accounting, consistent with generally accepted accounting principles.

FACILITIES

Disposal of Property and Equipment

- A. No item of property or equipment shall be removed from the premises without prior approval from the Business Systems Coordinator.
- B. The school has adopted standard disposition procedures for Charter School staff to follow, which include an Asset Disposal Form (available in email format), which identifies the asset, the reason for disposition, and signature of the requester. The form

also allows for an identification of the asset's book value, condition of the asset, and supervisory approval or denial.

- C. When property is retired, the appropriate asset in the fixed asset subsidiary will be adjusted and properly reflected in the Enterprise Fund.

PROCUREMENT POLICIES

The School adheres to the following objectives:

- A. Procurements will be completely impartial based strictly on the merits of supplier and contractor proposals and applicable related considerations such as delivery, quantity, etc.
- B. Make all purchases in the best interests of the school and its funding sources.
- C. Obtain quality supplies/services needed for delivery at the time and place required.
- D. Buy from responsible sources of supply.
- E. Obtain maximum value for all expenditures.
- F. Deal fairly and impartially with all vendors.
- G. Maintain dependable sources of supply.
- H. Be always above suspicion of unethical behavior; avoid any conflict of interest, related parties or even the appearance of a conflict of interest in the Charter School supplier relationships.

Purchases

All purchases of goods and services shall be consistent with the approved budget. These purchases shall not require Board approved/executed contracts, with the exception of goods and services in annual amounts greater than \$25,000. The Administration is authorized to make payment of up to \$25,000 on individual items without prior approval from the Board in the following situations:

- Payment of an unexpected or unknown past due bill; e.g. prior year expenses
- Payment for a non-discretionary service already received such as a legal or utility bill
- Payment for necessary services such as a substitute or temp-worker
- Any other expenditure that is deemed imperative to the safe or legal operation of the school

If in the event of an immediate or emergency action where a purchase other than the exceptions is made over the \$25,000 limit/threshold without prior approval, the corrective action would be:

1. The Executive Director immediately notifies the Board Chair to get executive committee approval for the purchase.
2. The purchase is then agendized on the next board meeting for review, so it has the governance oversight that the executive committee saw it and gave approval.

The Business Manager or back-office service provider is required to make a report of any out-of-budget expenditures at the next Board and Budget Committee meetings.

Contracts

Contracts for goods and services, including professional consulting exceeding \$10,000 on an annual basis shall be presented to the Board for approval prior to signing the contract. Length of contracts shall be at the discretion of the Board. In the event of an approved contract exceeding the approved amount, the additional expenses in excess of the approved amount must be approved by the Board.

Once a contract has been approved for a specified amount, the contract value and related expenditures will be tracked within the school's financial or contract management software maintained by the Business Manager or the contracted back-office business services provider. This tracking system will monitor cumulative spending against the approved contract amount to ensure that payments do not exceed the authorized contract limit. The Business Manager or back-office provider will periodically review contract balances and notify the Executive Director if expenditures approach the approved limit so that any necessary Board approval for additional amounts can be obtained prior to exceeding the authorized contract amount.

Contracts exceeding \$25,000 shall be awarded after a bidding process of sufficient duration to ensure competition. The Board reserves the right to select whichever vendor it deems most prepared to provide the required goods/services without regard to the low bidder being the automatic selection. The Executive Director may make a finding to the Board for sole sourcing a contract exceeding \$10,000. Contracts up to \$5000 per year may be sole-sourced at the discretion of the Executive Director and do not require Board approval if funds are available in the budget. Contracts from \$5001 up to \$10,000 per year may be sole-sourced at the discretion of the Board.

Commitments and Purchase Orders

Purchase orders over \$25,000 must be approved by the Board and by the Executive Director. Purchase orders up to \$25,000 must be approved by either the Executive Director or the Principal.

In the event of an approved purchase order exceeding the approved amount, the additional expenses in excess of the approved amount must be approved by the Board.

Expense Reimbursements

In order to be reimbursed for the use of personal funds to pay for school-related purchases, all purchase requests must receive prior approval from the Business Systems Coordinator and be submitted with a purchase request form. Original receipts must be attached in order to be reimbursed. Reimbursements will be made in the form of a check. Some expenditures that are approved by the Business Systems Coordinator may be determined to be immaterial to necessitate the purchase request process. It is up to the Business Systems Coordinator to decide if the form is needed.

Lease Agreements

All lease agreements will be evidenced by a lease or sublease agreement approved by the Board of Trustees and signed by the Executive Director. The agreement will identify all the terms and conditions of the lease.

TRAVEL POLICIES

Employee Mileage Reimbursement

- A. All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service. Reimbursement is allowed for the use of their own vehicle for business-related travel over 5 miles.
- B. All employees requesting mileage reimbursement are required to furnish a Travel Report containing the destination of each trip, its purpose and the miles driven, parking fees and tolls paid. In addition, all reimbursements requests must be supported by invoices and receipts, where applicable.
- C. All paperwork is to be turned in within 1 week of the end of trip to receive reimbursement. For reoccurring or routine travel, mileage paperwork can be submitted monthly.

CONSULTANTS AND CONTRACTORS

Consultant Utilization

The utilization of all consultants and contract personnel are sufficiently evidenced by:

- A. Details of all agreements (e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any) with the individuals or organizations providing the services and details of actual services performed.
- B. Invoices or billings submitted by consultants, including sufficient detail as to the time expended and nature of the actual services performed.
- C. The use of a management contract for educational and administrative services will clearly identify the contractor's performance requirements, including students' academic achievement, contractor's compensation and the Charter School's rights to educational curricula and intellectual property developed.

Independent Contractors

The use of consultants is closely monitored so as not to vary from the rules of the Internal Revenue Code. Consultants will:

- A. Not be controlled as to what services will be performed and how these services will be performed. Consultants will not have set hours of work.
- B. Adhere to a precise contract scope of services, recomputed, or at least adjusted annually. This consultant agreement will specify the obligation of the consultant to pay his or her own self-employment taxes, if applicable.
- C. Not receive any fringe benefits as such, although their fee may include provision for fringe benefits.

- D. Not be assigned a permanent workstation.
- E. Make their services available or work for several firms or persons at the same time.
- F. Will use his or her own stationery or time sheet in billing for services.

GENERAL ACCOUNTING PROCEDURES

In this section, procedures are described for the overall accounting system design, General Ledger activity and General Ledger closeout for Golden Valley Charter Schools is established.

GENERAL LEDGER ACTIVITY

Control Objective

To ensure that all General Ledger entries are current, accurate and complete.

Major Controls

- A. **Timeliness of Entries**
All entries are made soon after the underlying accounting event to ensure the financial records and reporting is current.
- B. **Support Documentation**
All entries are supported by adequate documentation that clearly shows the justification and authorization for the transaction.
- C. **Audit Trail**
A complete audit trail is maintained using reference codes from source documentation through the books of original entry and General Ledger, to periodic reporting statements.

Procedures

- A. Financial data on source documentation is verified against original documents (e.g., invoice, purchase order, etc.) by the Business Systems Coordinator or back-office business services provider before entering in the accounting system.
- B. Provision is made for using recurring General Journal entries for certain transactions, such as recording the monthly portion of prepaid insurance.
- C. Non-recurring entries, such as for correcting entries, recording accruals, and recording non-cash transactions, are prepared as circumstances warrant and monthly.
- D. All entries in the books of original entry (e.g., cash receipts journal and checkbook) are made soon after the accounting event from authorized forms and are prepared and reviewed by qualified accounting personnel.
- E. In the case of a stale check, defined as a check that has not been deposited by the payee within 90 days of issuance, the school will contact the payee that a stop payment has been placed on the previous check and a new check issued. This will prevent outstanding balances for longer than 90 days.

GENERAL LEDGER CLOSE-OUT

Control Objective

To ensure the accuracy of financial records and reports.

Major Controls

- A. Trial Balance
Monthly, a trial balance is prepared to ensure the accuracy of the General Ledger account balances.
- B. Reconciliation of General Ledger Control Accounts with Subsidiary Ledgers
Reconciliations are prepared monthly.

Procedures

- A. At the end of each month, a trial balance of all General Ledger accounts is prepared by the back-office business services provider to the Executive Director.
- B. Reconciliation between the General Ledger control accounts and the subsidiary ledgers are completed by the back-office business services provider.
- C. At fiscal year end and after the annual audit, all income and expense accounts are closed out, and the general ledger balances are agreed to the audited financial statements.

CASH MANAGEMENT PROCEDURES

In this section, procedures are described for cash receipts, cash disbursements, and petty cash funds and prepaid items.

CASH RECEIPTS

Control Objective

To record cash receipts completely and accurately and to prevent the diversion of cash assets.

Major Controls

- A. Cash Flow Projection
Golden Valley Charter Schools annually prepares and updates monthly a cash flow projection for operations and capital cash needs to monitor and ensure adequate cash flow.
- B. Cash Receipts Policies
Golden Valley Charter Schools has internal control systems in place to monitor cash receipts and ensure that deposits are made in a timely manner. Golden Valley Charter Schools also uses electronic fund transfers to accelerate deposits.
- C. Internal Accounting Controls

1. Opening of mail assigned to an employee with responsibilities independent of access to files or documents pertaining to accounts receivable or cash accounts.
2. Listed receipts and credits compared to accounts receivable and bank deposits.
3. General Ledger control accounts reconciled with Accounts Receivable Subsidiary Ledger

Procedures

- A. Mail is opened by Business Systems Coordinator who sorts the checks and forwards them to the Executive Director or the appropriate recipient.
- B. All checks are restrictively endorsed immediately by the Executive Director.
- C. The Office Manager makes copies, prepares deposit slips, and faxes a copy to the back-office business services provider for journal entries.
- D. A copy of each check to be deposited is made and attached to copy of the deposit slip and filed to provide support for all deposits.
- E. The back-office business services provider reviews and signs off on journal entries.
- F. The back-office business services provider inputs journal entries.
- G. The Executive Director, or his/her designee at each school makes deposits on a daily or bi-weekly basis. If deposits are made other than daily, the deposit is maintained in a secure area with limited access.
- H. Reconciliation of cash receipts to deposit slips and bank statements are performed by the Executive Director and the back-office business services provider monthly.

CASH DISBURSEMENTS

Control Objective

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

Major Controls

- A. Cash Disbursement Policies
Check preparation and signatures are delayed until the due date, consistent with available discounts if available.
- B. Internal Accounting Controls
 1. Special check protective paper and accounting software that automatically assigns the next available check number
 2. Match disbursement records against accounts payable/open invoice files
 3. Bank statements reconciled to cash accounts and any outstanding checks verified by the back-office business services provider, if applicable
 4. Supporting documentation canceled to prevent resubmission for payment
 5. Detailed comparison of actual vs. budget disbursements on a periodic basis

6. Separation of duties to the extent possible for an organization the size of the school

Procedures

- A. When the transaction is complete and payment is due, Business Systems Coordinator who attaches all supporting documentation: (e.g. vendor invoice, purchase order, purchase requisition, etc.) and submits the package to the Executive Director for approval. A check is prepared by the back-office business services provider and
- A. All invoices submitted for signature will include approvals for payment, expense account charged, check number and date of payment.
- B. The Executive Director approves checks, after examining the supporting documentation.
- C. After having been approved and/or signed, the checks are mailed directly to the payee by the back-office service provider.
- D. All supporting documents are canceled (i.e., stamped PAID) by the signatory and filed by back-office business services provider.
- E. On a periodic basis, cash disbursement records are matched against accounts payable/open invoice files for any discrepancies.
- F. Bank statements are reconciled soon after receipt by either the back-offices business services provider or reviewed by the Business Systems Coordinator.

PAYROLL PROCEDURES

Payroll procedures are organized under six categories: personnel requirements, personnel data, timekeeping, preparation of payroll, payroll payment, and payroll withholdings.

PERSONNEL REQUIREMENTS

Control Objective

To ensure that all personnel positions and hires are authorized, financially justified, and consistent with the Board-approved annual personnel budget. Major Controls - Payroll Policies

Procedures

New Employees

- A. Requests for new employees are initiated by the Executive Director and compared with the approved annual personnel budget.
- B. New employees complete an Application for Employment.
- C. New employees complete all necessary paperwork for payroll.
Employee is fingerprinted. Fingerprint clearance must be received by the school before any employee may start work.

Vacation and Sick Pay

- A. Employees accrue vacation time based on personnel policy of Golden Valley Charter Schools
- B. Regular part-time employees will earn vacation time on a pro-rated basis based on personnel policy of Golden Valley Charter Schools.
- C. Unused vacation time is based on personnel policy of Golden Valley Charter Schools.
- D. Employee is required to provide at least two weeks advanced notice to supervisors for a vacation request.
- E. Before vacation time is paid, a Vacation Authorization Request is to be prepared by the employee, which is reviewed and approved by the Executive Director.
- F. Employees' earned vacation balances are adjusted monthly to reflect vacation time earned and taken and reviewed by the Human Resources Manager.
- G. Sick leave taken is monitored against each employee's available sick time on an electronic spreadsheet and reviewed by the Human Resources Manager and Executive Director.
- H. Vacation and sick leave are tracked in Paycom.
- I. A General Journal entry is prepared at year-end to record the accrued vacation liability.

PERSONNEL DATA

TIMEKEEPING

Control Objective

To ensure that payment for salaries and wages is made in accordance with documented time records.

Major Controls

A. Timekeeping Policies

Employees are instructed on the proper charging of time to assure the accuracy of recorded time to cost objectives.

B. Time Keeping

Labor hours are accurately recorded and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented.

C. Internal Accounting Controls

Time keeping is approved by the staff and their supervisor.

Procedures

Time Keeping

- A. Hourly and salary employees use Paycom to record their time.

Approval and Collection of Time Sheets

- A. Each employee's time, including hours worked for hourly employees and attendance and leave reporting for salaried employees, is reviewed and approved at the end of each pay period for accuracy.
- B. The supervisor approves each employee at the end of the period for accuracy. Golden Valley Charter Schools will finalize the time keeping and notify the back-office service provider that payroll is ready to start processing.

PREPARATION OF PAYROLL

Control Objective

To ensure that payment of salaries and wages is accurately calculated.

Major Controls

Internal Accounting Controls

Time records are periodically reconciled with payroll records by Golden Valley Charter Schools.

Procedures

- A. The total time recorded in time keeping and the number of employees is calculated by the back-office business services provider.
- B. The back-office business services provider verifies gross pay and payroll deductions.
- C. The total hours and number of employees are compared with the totals in the Payroll Register by the back-office business services provider.
- D. The Payroll Register is reviewed and approved by Golden Valley Charter Schools.

PAYROLL PAYMENT

Control Objective

To ensure payment for salaries and wages by check, direct deposit, cash, or other means is made only to employees entitled to receive payment.

Major Controls

- A. Employee Authorization and System Access Control.
 - 1. All new hires are approved by Human Resources as part of the formal onboarding process before being added to Paycom.

2. Upon employee termination, Human Resources ensures the employee is promptly removed from Paycom, including timecard entry and approval access, to prevent unauthorized payroll payments.

B. Segregation of Duties and Multi-Level Review

1. Payroll processing includes multiple levels of review and approval to ensure that payroll payments are accurate, authorized, and supported by approved timecards.
2. Payroll check registers are reviewed to confirm that all payroll disbursements correspond to approved employee time records.

Procedures

A. Timecard Approval and Validation

1. Employees submit timecards through Paycom for each pay period.
2. Timecards are reviewed and approved through three levels of validation:
 - The employee's direct supervisor reviews and approves hours worked.
 - The Payroll Assistant reviews approved timecards for accuracy and completeness.
 - The Human Resources Manager performs a final review and approval prior to payroll processing.

B. Payroll Processing and Reconciliation

1. Both the Human Resources Manager and the Payroll Assistant processes payroll based on fully approved timecards.
2. The payroll check register is reviewed by both the Human Resources Manager and the Payroll Assistant to verify that:
 - All payments are supported by approved timecards
 - Pay rates and hours align with employee authorization records
 - No terminated or unauthorized employees are included in payroll

PAYROLL WITHHOLDINGS

Control Objective

To ensure that payment withholdings are correctly reflected and paid to the appropriate third parties.

Major Controls

A. Reconciliation of Payment and Payroll Withholdings

Payroll withholdings are recorded in the appropriate General Ledger control accounts and reconciled with payments made to third parties.

B. Internal Accounting Controls

The back-office business services provider validates and verifies payroll withholdings.

Procedures

- A. The back-office business services provider determines and verifies payroll withholdings for each employee. These are summarized by pay period and recorded in the General Ledger.
- B. Payments for payroll withholdings are reconciled with the amounts recorded in the General Ledger control accounts by the back-office business services provider.
- C. The back-office business services provider reviews the accuracy and timeliness of payments made to third parties for payroll withholdings.
- D. Original withholding and benefit election forms, maintained in the employee file, are prepared by employee. The back-office business services provider will assist in the setting up of provided withholdings.

DEPRECIATION

Procedures

- A. The school capitalizes fixed assets with an individual cost of \$2,500 or more and an estimated useful life of more than one year, recording such assets at historical cost when acquired. Depreciation expense is recorded using the straight-line method over the asset's estimated useful life and begins when the asset is placed into service, meaning it is installed and ready for its intended use. Estimated useful lives are applied consistently by asset class (e.g., computers, office equipment, vehicles, leasehold improvements, and buildings). Assets with costs below the capitalization threshold are expensed as incurred. Software purchases, including one-time licenses and subscriptions, are expensed and not capitalized. Depreciation is recorded in accordance with generally accepted accounting principles and reviewed as part of the year-end financial close process.

COMPUTERS	3 YEARS
OFFICE EQUIPMENT	5 years
VEHICLES	5 years
LEASEHOLD IMPROVEMENTS	Life of lease or 5 years whichever is greater
BUILDING IMPROVEMENTS	20 years
BUILDING	30 years

EXPENSE REIMBURSEMENT

Control Objective

To ensure the school pays for only authorized business expenses.

Major Controls

- A. Travel Policies
The school has adopted policies on travel reimbursement.
- B. Employee Expense Reimbursement Documentation
Employees are required to obtain and furnish documentation for individual expenses.
- C. Internal Accounting Controls
 1. Justification for travel approved by Executive Director
 2. Documentation for incurred employee expenses
 3. Documentation for company credit card purchase.

Expense Advance or Reimbursement

- A. Soon after traveling, but not exceeding one week, an employee who seeks reimbursement for authorized expenses completes a Travel Report detailing the expenses incurred and attaches original supporting documentation. Expense reimbursement requests are reviewed for completeness, accuracy, and authorization prior to payment. Reimbursement requests submitted after the required one-week timeframe are identified during the review process and monitored by the Business Systems Coordinator. Repeated or material late submissions are reported to the Executive Director for review.
- B. All credit card purchases are supported by invoices to be reimbursed.
- C. The employee's Travel Report and credit card purchases invoices are reviewed and approved by the Business Systems Coordinator.

CREDIT CARD LIMIT MANAGEMENT & MONITORING

Control Objective

To ensure that credit card spending limits are appropriate for operational needs, that temporary increases are properly controlled, and that limits are restored promptly to minimize financial risk.

Major Controls

- A. Annual Review of Credit Card Limits
The Business Systems Coordinator will conduct an annual review of all credit card accounts and cardholder limits. The review will evaluate whether each cardholder's spending limit remains appropriate based on job responsibilities, purchasing needs, and internal control considerations. Any recommended adjustments to credit limits will be reviewed with the Executive Director and implemented as approved.

B. Temporary Credit Limit Adjustments

In certain circumstances, a temporary increase in a credit card limit may be approved to support specific operational needs, projects, or large purchases that exceed the cardholder's standard authorized limit. All temporary increases must be approved in advance by the Executive Director or designee and documented with the reason for the increase and the duration of the temporary limit.

Procedures

- A. Requests for temporary increases in credit card limits must be submitted to the Business Systems Coordinator with documentation describing:
 - The purpose of the increase
 - The amount of the requested limit increase
 - The time period for which the increased limit is required.
- B. Upon approval, the Business Systems Coordinator will coordinate with the card issuer to implement the temporary credit limit adjustment.
- C. The approved temporary increase must include a clearly defined expiration date or agreed-upon time span.
- D. Within three (3) business days following the expiration of the approved temporary increase period, the Business Systems Coordinator will ensure that the card limit is returned to the previously approved standard limit.
- E. Documentation of the temporary increase approval, the duration of the increase, and confirmation that the limit was restored will be retained as part of the school's financial records.

MANAGEMENT REPORTING PROCEDURES

In this section, procedures are covered for supporting the annual budget, financial reporting and tax compliance.

ANNUAL BUDGET

Control Objective

To effectively support the preparation of the annual budget and its periodic review.

Major Controls

A. Budget Process

The Executive Director works with the back-office business services provider and prepares the annual operating and capital budgets and cash flow projection, with input from the school's community. The budgets and projections are submitted to the Board of Trustees for approval.

B. Internal Accounting Controls

Accuracy and completeness of the budget and projections

Procedures

- A. In preparation of the annual operating and capital budget and cash flow projection, the back-office business services provider prepares a preliminary budgets and projection for review by the Executive Director in consultation with the school staff.
- B. To support budgets and projection estimates, the back-office business services provider prepares current year-to-date financial data with projections of year-end totals.
- C. The back-office business services provider and the Executive Director review the budgets and projection submitted for completeness and reasonableness.
- D. The Finance Committee reviews the proposed annual operating and capital budgets and cash flow projection and provides recommendations to the Board of Trustees prior to final approval.
- E. The Board of Trustees approves and adopts the final budgets and projection.
- F. The adopted budgets totals are entered in the General Ledger by the back-office business services provider for the new fiscal year, in order to prepare budget to actual reports.

FINANCIAL REPORTING

Control Objective

To ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

Major Controls

- A. Schedule
Monthly managerial reports are prepared based on a schedule.
- B. Review and Approval
Financial reports are reviewed for accuracy and completeness.
- C. Audit
The annual financial statements of the Golden Valley Charter Schools are audited by a certified public accounting firm.

Procedures

- A. The back-office business services provider prepares monthly budget vs. actual financial reports and cash flow projection for the Board of Trustees meetings.
- B. Golden Valley Charter Schools submits to an audit of its financial statements by a qualified certified public accounting firm, in accordance with Governmental Auditing Standards
- C. The school shall automatically submit all financial reports required under Education Code Section 47604.33 and 47605(m).

PAYROLL TAX COMPLIANCE

Control Objective

To accurately prepare and file required tax documents on a timely basis.

Procedures

- A. The school maintains a schedule of required filing due dates for:
 1. IRS Form W-2 - Wage and Tax Statement.
 2. IRS Form W-3 - Transmittal of Income and Tax Statements.
 3. IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
 4. IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
 5. Quarterly and annual state(s) unemployment tax return(s).

- B. All payroll tax documents, and the supporting schedules are reviewed and approved by the back-office business services provider for accuracy and completeness.