FINANCIAL POLICIES & PROCEDURES

Approved April 30th, 2015

UPDATED & CIRCULATED TO THE BOARD SEPTEMBER 2020

**Financial Policies &Procedures**

# TABLE OF CONTENTS

I. INTRODUCTION 1

II. ACCOUNTING 1

III. BUDGETING 2

IV. BANKING 3

V. CASH MANAGEMENT 4

VI. EXPENSE REIMBURSEMENT 6

VII. DEBT 8

VIII. GRANTS & DONATIONS 8

IX. ASSESTS 9

X. PAYROLL & PERSONNEL 11

XI. CONTRACTS 11

XII. FEDERAL GRANT REQUIREMENTS 16

XIII. INSURANCE 18

XIV. RECORD RETENTION 18

XV. LEGAL & INTERNAL REVENUE SERVICE MATTERS 19

XVI. AMENDMENTS OR CHANGES TO FINANCIAL POLICIES 19

XVII. ANNUAL TIMELINE OF FINANCIAL DEADLINES 19

# INTRODUCTION

This manual describes the financial policies and procedures (internal controls) for Washington Global Public Charter School (Washington Global) that shall be followed by all employees at all times.

The goal of this document is to identify the policies, protocols, and procedures that form the framework for ensuring the accuracy and integrity of Washington Global’s financial matters, including but not necessarily limited to the following:

* Responsibility and accountability for the governance, administration and management of financial operations, performance, and results; and
* Adherence to regulations

# ACCOUNTING

## Accounting Period

The accounting period of Washington Global is a fiscal year beginning on July 1 and ending on June 30.

## Accounting Method

It is the policy of Washington Global to utilize the accrual basis of accounting that recognizes revenues when they have been earned and expenses when they have been incurred.

## Chart of Accounts

All account coding information used for check requests/deposits, cash receipts, or other accounting documents can be found on Washington Global's chart of accounts. The Accountant shall perform an annual review of the chart of accounts and delete any unused or obsolete accounts. The CEO must approve changes to the chart of accounts.

## Reconciliations and Accuracy

It is the policy of Washington Global to keep detailed records of all financial statement accounts. A monthly reconciliation of the cash account(s) is performed by the Accountant. All discrepancies should be investigated and resolved within one month.

## Journal Entries

It is the policy of Washington Global that the Accountant is authorized to prepare journal entries. Journal entries shall contain a detailed description that will allow for complete understanding of the transaction. The Accountant is responsible for entering the journal entry into the accounting system and writing the computer assigned number on the journal entry. The CEO will review all journal entries on a monthly basis.

## Accounts Payable

It is the policy of Washington Global to pay invoices within 60 days of their issue. Invoices of an amount which precludes payment within 60 days are put on a payment plan, allowing a monthly payment agreeable to both Washington Global and the vendor. Unpaid expenses will be recorded in its financial records. As part of the fiscal year-end procedures, all subsequent bills paid by Washington Global shall be reviewed by the Accountant and considered for recording to the accounting period just ended.

## Accounts Receivable

It is the policy of Washington Global to bill for all activities within two weeks of services/goods being rendered/delivered and maintain an aging of Accounts Receivable (A/R), which is reconciled monthly. The Accountant maintains A/R. An electronic copy of each invoice is also maintained chronologically, as well as a listing of each invoice by date, vendor, invoice number, service rendered, and amount billed.

## Accrued Liabilities

It is the policy of Washington Global to record and monitor accrued liabilities. The Accountant will review the general ledger to identify expenses that need to be accrued at the end of the fiscal year. The proper reversing entries will be made by the Accountant at the beginning of the next fiscal year.

## Prepaid Expenses

It is the policy of Washington Global to treat payments of expenses that have a time-sensitive future benefit as prepaid expenses in the financial records and to expense them in the proper period. Payment of any expense of $1,200 or less will not qualify as a prepaid expense and will be expensed entirely. Example #1: A $12K insurance bill that covers 11 months ($11K) in the current fiscal year and 1 month ($1K) in the next fiscal year will be expensed entirely within the current fiscal year. Example #2: A $500 flight ticket paid in the current fiscal year with the travel date in the next fiscal year will be expensed within the current fiscal year. Reconciliations of prepaid expenses will be performed by the Accountant at year end.

## Financial Statement Preparations and Distributions

It is the policy of Washington Global that at the end of each month, the Accountant prepares financial statements. Reports will be provided to the CEO and Finance Committee in a mutually agreed upon format but shall at a minimum include the Statement of Activities and Statement of Financial Position. Financial statements will be submitted to the DC Public Charter School Board in accordance with required deadlines. The full Board shall receive a financial report at least once per quarter, which will be provided to them in advance of the meeting.

## Audits

Independent audits are completed annually by the accounting firm selected and hired by the Board, once the school begins official operations. The annual IRS Form 990 is completed by the accounting firm engaged to manage the audit and reviewed in draft form by the Board prior to filing. Upon completion, audits are reviewed by the Finance Committee and submitted to the Board for approval. All audits should include a management letter.

# BUDGETING

Budgets for Washington Global are set annually. The Board will define Washington Global’s broad goals and mission. Working with the CEO, they will also approve annual objectives. The Board will review actual versus budget performance at least quarterly. The CEO will explain any budget variances greater than five percent, as well as provide any recommendations for corrective action, as required.

The budget process for Washington Global will include the following steps:

1. Plan the scope and level of Washington Global's activities with sufficient funds earmarked for all goals, policies, or projects approved by the Board
2. Estimate sources of revenues for all entities for the appropriate time period
3. Estimate the use of funds for all entities for the appropriate time periods and specify how services are to be provided and where they are applied or used
4. Develop a Statement of Activities and cash flow for the budget period
5. Obtain approval by the Board

The CEO and relevant staff will establish guidelines, priorities, and assumptions for preparation of the budget. These assumptions will be communicated to all Program Managers (e.g., CEO, Principal). In addition, procedures and budgeting formats are established and a timetable is developed.

# BANKING

## Bank Accounts

The approval of the Board is required to open and close bank accounts.

## Check Signers

It is the policy of Washington Global to give check-signing authority to the CEO, Principal, and Board Chair.

Any checks exceeding **$10,000** must be authorized by at least two persons. Otherwise, only one signature is required on any check. Checks shall be issued only when clearly within the approved budget or with the Chair or Treasurer's approval as designated by the Board.

## Safeguarding of Checks

It is the policy of Washington Global that unused check supplies be safeguarded by the CEO or staff person designated by the CEO in a locked file cabinet. Signed checks which have not been mailed shall be placed by the CEO or designated staff person in a locked file until the following day.

## Old Checks

It is the policy of Washington Global to investigate all outstanding checks over three months old in conjunction with year-end procedures. Washington Global shall contact the payee to resolve the issue.

## Voided Checks

It is the policy of Washington Global that the Accountant shall maintain a Voided Check Log and document every check that has been voided, regardless of the reason. If voided checks are physically available, they will be marked "VOID" and filed in Washington Global's Voided Check File. If voided checks are not physically available, Washington Global's copy of the banks' stop-payment order will be filed with the journal entry recording the fee.

## Check Endorsement/Stamp

It is the policy of Washington Global for the CEO or staff person designated by the CEO to endorse checks with a stamp prior to deposit as follows:

*For Deposit Only*

An appropriate bank stamp may be substituted for the Washington Global “For Deposit Only” stamp if such stamp is unavailable for use.

## Bank Reconciliations

The Accountant will do an initial review of checks that cleared during the prior month and perform the bank reconciliations within 14 days after receiving the bank statement. Washington Global’s Accountant shall investigate all significant issues, including the following:

* unmatched data in cash receipts and cash disbursement journals that did not clear the banks within one month
* unmatched items on bank statements judged erroneous
* mismatched items in cash receipts and disbursement journal and bank statement items

On a monthly basis, the CEO and Board Treasurer will review bank reconciliations.

## Prohibitions

The following procedures regarding check writing are prohibited:

* Checks payable to "bearer" or "cash"
* Checks signed in blank
* Utilizing checks out of sequence

## Credit Cards

Washington Global will maintain corporate credit cards which are issued to appropriate staff designated by the CEO. Credit cards may be issued with credit limits up to $10,000 without Board approval. Limits above $10,000 must be approved by the Board. The Board must be notified whenever a credit card is opened or closed for an employee.

The purpose of these credit cards is to facilitate travel and procurement, and they are to be used solely for Organization business. Any expenses found not to be authorized by Washington Global become the responsibility of the staff member, and Washington Global will deduct these expenses from future payments due. All frequent flyer miles earned with the use of any Organization credit card will be accrued for the use of Washington Global.

# CASH MANAGEMENT

## Receipts

Cash/original checks shall be forwarded directly to the CEO or staff person designated by the CEO. The Assistant to the CEO or staff person designated by the CEO will complete the following steps:

1. Make a copy of the check
2. Write up Deposit Slip
3. Endorse check using ink pad
4. Deliver endorsed check(s) and original Deposit Slip to appropriate bank
5. Attached to receipt from bank transaction, a copy of check(s) deposited and a copy of the deposit summary form. Place all documents in the “Deposits” folder

Staff will discourage the submission of cash for any payments, instead encouraging payment via check, money order, credit card, or other electronic forms of payment.

## Disbursements

It is the policy of Washington Global to maximize check disbursements through Anybill, an online bill-pay service. Any payment processed through Anybill will include the following:

* Invoice image
* General Ledger code
* Date of payment approval
* Record of electronic approval by CEO
* Check image

For any requests for check disbursements that are not handled through Anybill, a Payment Request Form is completed with the following information:

* Date of request
* Name of the payee and address
* Payment amount and reason for payment
* Signature of the CEO as approval
* Signature of CEO or necessary manager as designated by the CEO on a case-by-case basis

The documentation shall prove the legitimacy of the request and substantiate the payment before a check is cut. The Assistant to the CEO or staff person designated by the CEO is responsible for mailing all signed checks to the vendors, and for maintaining payment and invoice documentation and completed payment request forms for future reference. No signature stamps will be used by anyone within the organization for purposes of disbursements. Disbursements shall be released at the latest acceptable time, without affecting relationships with vendors. Early payment discounts shall be taken advantage of if they result in benefit.

## Petty Cash Fund

While the use of such funds shall be discouraged, the CEO, at his or her discretion, may authorize the creation of a petty cash fund of $200 on an imprested basis. It is the responsibility of the CEO or staff person designated by the CEO to ensure that the petty cash fund is under lock and key at all times. Disbursements from the petty cash fund are available for expenditures totaling under $50 unless approved by the CEO and may only be made for expenditures approved by the CEO. An original receipt must accompany every disbursement. The person receiving the cash and the person disbursing the cash must sign a petty cash voucher in ink. The petty cash fund will be replenished as needed. The petty cash replenishment check will be made out to the individual with the word "custodian" following the individual's name. Cashing checks for employees from the petty cash fund is prohibited. The CEO or staff person designated by the CEO in the presence of the CEO shall make periodic counts of the petty cash fund.

## Investment Policy

It is the policy of Washington Global to invest excess cash in the following list of approved investments:

* Savings and Checking Accounts
* Certificates of Deposit
* Money Market Funds
* Treasury Securities not to exceed a maturity of 12 months

The decision to invest cash in approved investments must be approved by the Board Finance Committee and the full Board must be informed at the next Board meeting. Washington Global will strive to maintain at all times enough cash to cover expenses for at least three months.

## Cash and Cash Equivalents

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with maturities of three months or less. Certificates of Deposit with original maturities in excess of three months are considered to be cash, provided that the stated terms do not restrict the withdrawal of funds and such withdraws do not have substantial penalties associated with them.

## Loans

It is the policy of Washington Global to prohibit loans to employees and board members under all circumstances.

# EXPENSE REIMBURSEMENT

While staff shall be encouraged to make relevant business-related purchases using the organization’s credit card, it is the policy of Washington Global to reimburse staff for business expenses incurred on the behalf of Washington Global. All expenses must be from an approved budget category. The following expense limitations and guidelines have been established.

## Air Travel

Staff may make their own air travel arrangements or use a travel agent authorized by Washington Global. Air travel shall be reimbursed at the lowest feasible coach fare available. As much as possible, air travel arrangements should be made at least two weeks before the flight date. First-class air travel may be used in an emergency if prior approval is received from the CEO. The original airline ticket must be attached to the Reimbursement Request Form (see Forms section for a template). For electronic tickets, attach confirmation.

## Hotel/Motels

Staff may make their own hotel or motel arrangements or use a travel agent authorized by Washington Global. Washington Global will reimburse for reasonable room charges for one person based on the federal per diem occupancy of double rooms or suites may be approved by CEO if deemed in the interest of Washington Global. Other expenses billed to the hotel room will be reimbursed only if they are specifically related to school business. Deductions for any personal expenses that appear on a hotel bill should be made on the employee expense report form. Hotel and motel rooms, as well as incidental expenses, are authorized one night before and/or one night after a meeting as travel conditions require. An extra hotel night will be reimbursed if it allows for significant airfare savings due to a Saturday night stay.

## Meals

Expenses for meal costs will be reimbursed based on the federal per diem. Receipts must be attached to Reimbursement Request Form. Alcohol expenses will not be reimbursed. Receipts for group meals should include a notation of participants.

## Bus, Rail, Taxis, Local Transportation, and Parking

Charges for these are reimbursable with an original receipt, where possible. If no receipt is available, the employee must provide a dated, written statement of the expense for which reimbursement is requested.

## Car travel

When personal automobiles are used for school-related travel, mileage reimbursement shall be at the level approved by the U.S.S Internal Revenue Service. Mileage must be documented with date of travel, place of origin, destination, total number of miles, mileage reimbursement rate, and total amount of reimbursement. Reimbursement for car rentals and associated gas expenses are authorized when necessary for school-related purposes. Commuting mileage will not be reimbursed. The cost of gas will only be reimbursed when using a rental car. The individual must also have sufficient auto insurance when renting a vehicle for school-related travel.

## Phone Calls While on Travel

It is the policy of Washington Global to reimburse staff for school-related long-distance phone calls made from outside Washington Global. An itemized phone bill should be submitted, including which cost center each item should be charged to.

## Miscellaneous Travel Expenses

Reasonable gratuities for services related to school-related business will be reimbursed. The date, amount, and purpose must be noted on the travel expense report. Reasonable laundry and valet services will be reimbursed for stays of over five days or in emergency situations. Telephone costs for school-related calls during travel are reimbursed.

## School Supplies and Materials

Staff may be reimbursed for purchases of school supplies and materials when receiving prior approval to make purchase by his or her supervisor or by the CEO.

## Unallowable Expenses

Reimbursement will not be made for items of a personal nature or for entertainment, unless approved by the CEO. These expenses include but are not limited to movies and alcohol expense.

## Reimbursement process

The Reimbursement Request Form must be submitted within 30 days of the end date of travel in order to be reimbursed. Receipts are required for all expenses except metro fare, tolls, and non-restaurant tips under $10. In the event that a receipt is unavailable, the employee may provide a dated, written statement of the expense for which reimbursement is requested. Reimbursement forms must be signed by the employee being reimbursed, the CEO, and necessary manager, if relevant. The following items shall be included on the Reimbursement Request Form:

* Name of employee
* Itemization of expenses with original invoice documentation regardless of the amount of expense
* Date of expenses
* Category of expenses

# DEBT

## Assumption and Authorization of Debt

Determination of the need to assume and authorize debt will be made by the CEO and the Board. All borrowing of funds, establishment or increases of all credit lines, as well as a repayment plan, must be approved by the Board, unless designated otherwise. This authorization shall be documented in the Board minutes. The original debt agreement shall be maintained by the CEO or designated staff in a safe place and the existence of these instruments shall be verified periodically.

## Long-Term Debt

It is the policy of Washington Global to include the current portion of long-term debt with current liabilities on the financial statements. Only the noncurrent portion of the long-term debt will be included in the long-term debt section of the financial statements. The current portion of debt is considered to be the amount of CEO due to be paid over the ensuing twelve month period, or any debt expected to be refinanced within the same twelve month period.

# PRIVATE GRANTS & DONATIONS

## Grants

The following classes of support will be used by Washington Global:

1. *Unrestricted Support*

Support that is not subject to donor-imposed restrictions. This classification includes dues, support subject to donor-imposed conditions which have been met in the current year, and support previously subject to donor imposed restrictions that have been lifted.

1. *Temporarily Restricted Support*

Support subject to donor-imposed restrictions that may or will be met, either by actions of Washington Global and/or the passage of time. When a restriction expires, temporarily restricted support is to be reclassified to unrestricted support and reported in the statement of activities as net assets released from restrictions.

1. *Permanently Restricted Support*

Support subject to donor-imposed stipulations that they be maintained permanently by Washington Global. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

The CEO is responsible for determining whether contributions made are available for unrestricted use or specifically restricted to use. All contributions determined to be restricted must be reviewed by Board Finance Committee before funds can be accepted. For contributions which are other than unrestricted, the CEO or relevant manager(s) will be responsible for documenting and monitoring the compliance with those restrictions and determining whether the restrictions have been met.

Unconditional promises to give that are expected to be collected within one year are to be recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are to be recorded at the present value of their estimated future cash flows. The discounts on those amounts are to be computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is to be included in contribution revenue. Unconditional promises to give shall be recognized as contribution revenue and receivable in the period in which the promise is received. Conditional promises to give are not to be included as support until the conditions are substantially met.

## Acknowledgement of Contributions

It is the policy of Washington Global to acknowledge all contributions made regardless of the amount of contribution. It will be the responsibility of the CEO and/or staff person(s) designated by CEO to prepare all corporate, foundation, and other contribution acknowledgements. Board members, where relevant, will be engaged as appropriate in these acknowledgments (e.g., where the Board member has a relationship with the donor).

## Refundable Advances

It is the policy of Washington Global that cash receipts in excess of costs incurred on conditional grants are to be reflected as refundable advances until they are expended for the purpose of the grant, at which time they will be considered earned and recognized as unrestricted support.

# ASSESTS

## Fixed Assets Capitalization

All assets with a useful life of greater than one year and costing more than $1,000 will be capitalized and will be recorded in the fixed asset records. Any asset that does not meet these criteria, such as small tools and equipment or repairs and maintenance, will be expensed.

Bulk purchases of capital assets with unit costs of less than $1,000, but total monetary values for one-time acquisitions exceeding $5,000 should be capitalized as a group and depreciated per the relevant classification schedule.

The cost basis of furniture and equipment assets will include all charges relating to the purchase of the assets including the purchase price, freight charges, and installation if applicable.

Leasehold improvements are to be capitalized if they relate to the renovation of an existing building. Expenditures incurred in connection with maintaining the existing building in good working order shall be expensed as a repair.

## Depreciation

Depreciation methods/lives for assets shall be selected for consistent financial reporting purposes. The following depreciation methods and useful lives shall be used for the following asset classifications for financial reporting purposes.

|  |  |  |
| --- | --- | --- |
| Asset Class | Useful Life | Method |
| Computers | Three Years | Straight Line |
| Office Furniture & Equipment | Seven Years | Straight Line |
| Classroom Furniture & Equipment | Seven Years | Straight Line |
| Leasehold Improvements  | Remaining Life of Lease | Straight Line |

## Contributed Equipment

It is the policy of Washington Global to report gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of equipment shall be recorded at fair value of the asset at the date of the donation. Fair value shall be determined by the designated school staff and/or Accountant and may be measured by quoted market prices for similar assets or replacement cost.

## Dispositions

Capital assets may be sold or traded-in for new equipment. An Asset Disposition Form (see Forms section for a template) is to be completed and approved by the CEO. Upon approval, Washington Global may advertise the property for sale. After completion of the sale, the Asset Disposition form will be submitted to the Accountant who will delete the item from the asset records and record any gain or loss on the disposition.

Nonfunctioning or obsolete property with no value will be reported to the CEO or staff person designated by the CEO on the Asset Disposition form with the description, serial number, and condition. This individual will inspect all nonfunctioning or obsolete property before it is removed from Washington Global and discarded. The asset will then be removed from the asset records by the Accountant.

Any asset that is missing or has been stolen will be reported in writing to the CEO as soon as possible. The description, serial number, and other information about the lost item shall be included in the report. The CEO or staff person designated by the CEO will determine the proper course of action and will notify Washington Global's insurance carrier and any outside authorities if deemed appropriate. If unrecovered, the asset will then be removed from the assets records by the Accountant.

It is the policy of Washington Global to adhere to all federal guidelines including OMB guidance 34 CFR 80.32 for inventory management standards for any equipment purchased with federal funds with a current market value over $5,000. Washington Global will contact OSSE prior to any such disposition occurs to ensure no federal guidelines are violated.

## Inventory

The Accountant will maintain an inventory log of each capital asset item along with depreciation records, which will include the following:

|  |  |
| --- | --- |
| * Description
* Vendor
* Date acquired
* Net book value
* SAMPLE tag number
 | * Cost basis/Purchase amount
* Depreciation method/life
* Accumulated depreciation
* Funds used to purchase the asset (e.g., Local, Title, IDEA, E-Rate)
* Assigned department
 |

The CEO or staff person designated by the CEO shall complete a physical inventory of property and equipment that will be compared to the detailed fixed asset listing on an annual basis. At this time, an assessment shall be made as to the adequacy of insurance coverage in force.

# PAYROLL & PERSONNEL

## Record Keeping

It is the policy of Washington Global for the Human Resources Manager or other staff person designated by the CEO to maintain all employee files which include employee pay history and withholding authorizations. An employee letter, which will include the employee’s rate of compensation and effective date, will initiate the hiring of a new employee. All changes to standing payroll data, with the exception of the CEO’, shall be authorized in writing by the CEO including new hires, terminations, and pay rate changes. Changes to the payroll data of the CEO must by authorized by the Board. Employees shall authorize in writing any voluntary payroll deductions and court ordered payroll deductions.

## Time Sheets

Each hourly employee will be responsible for completing a time sheet on a bi-weekly basis. Paper time sheets will be dated and signed by the employee and will be submitted to the Human Resources Manager or staff person designated by the CEO at the end of the last working day of each pay period for CEO approval. Alternatively, hourly employees may be required to complete timesheets online, which will be reviewed for accuracy by the Human Resources Manager. No payroll checks will be issued without a completed time sheet. Incomplete time sheets will be returned to the employee for correction.

## Payroll Deductions

It is the policy of Washington Global to properly record payroll deductions and pay the appropriate third parties on a timely basis. Also all payroll reports to third parties shall be submitted on a timely basis.

## Personnel Leave

Sick, vacation, personal and administrative hours or days are requested by all staff members on a Time Off Request form stating the dates and total number of hours or days requested. These advance requests are given to the employee's Supervisor to be approved. When approved, the form is forwarded to the Office Manager. The time to be taken is recorded in the personnel records. Accrued vacation is recorded in the accounting system and updated each year based on vacation earned and taken. Accrued vacation per employee will not exceed the maximum carry over allowed in Washington Global’s personnel manual. It is the policy of Washington Global not to pay staff for accrued leave upon termination of employment.

# CONTRACTS

## CONTRACT AUTHORITY

Washington Global will adhere to the following procedures for the purchase of goods and services:

1. **For new contracts under $15,000:** Washington Global grants authority to sign contracts that do not exceed $15,000 to the CEO with the following provision:

*All contracts to be signed must be consistent with the mission statement, philosophy, goals and objectives of Washington Global. If there is a possibility, or the appearance of a possibility, that a contract would be outside the mission of Washington Global, the CEO will consult with and receive approval of the Board of Trustees.*

A list of all newly approved contracts under $15,000 must be provided to the Board at the next Board meeting as part of the CEO’ Board Report.
2. **For new contracts over $15,000 but less than $25,000:** The CEO shall inform the Treasurer and/or Chair before the contract is signed.

A list of all newly approved contracts over $10,000 but less than $25,000 must be provided to the Board at the next Board meeting as part of the CEO’ Board Report.
3. **For new contracts over $25,000:** The Board of Trustees must approve the contract. Washington Global will follow all steps as required in the PCSB Procurement Policies detailed below. The PCSB-required procurement package (see PCSB Procurement Procedures below) should be first shared with the Finance Committee by the CEO prior to making a final decision. The Finance Committee will then meet to discuss the contract and make an initial recommendation to the full Board. The full Board is then required to approve the contract with a vote, which may take place by e-mail or phone if quick turn-around is necessary. If approved, the outcome of the vote, name of vendor, and contract amount should all be reflected in the next monthly meeting minutes.

A list of all newly approved contracts over $25,000 must be provided to the Board at the next Board meeting as part of the CEO’ Board Report.
4. **For renewal contracts over $25,000:** The CEO shall inform the Finance Committee of the Board of Trustees before the contract is signed.

A list of all newly renewed contracts over $25,000 must be provided to the Board at the next Board meeting as part of the CEO’ Board Report.

## PCSB PROCUREMENT POLICIES

It is the policy of Washington Global to comply with the PCSB’s guidelines and requirements with respect to procurement of goods and services over $25,000 as specified in the most current version of the PCSB’s Fiscal Policy Handbook. For reference, an overview of requirements subject to the PCSB’s bid requirements is given below, as well as the procedures that will be followed by Washington Global.

* Submit all contracts with a value of $25,000 or more to the PCSB.
* Contracts may include agreements signed by the school and the vendor; awards and notices of awards; job orders and task letters issued under basic ordering agreements; and orders, such as purchase orders.
* Bid competitively all contracts, with the exception of those listed below. (Note: While the contracts below do not have to be bid competitively, they still must be submitted to the PCSB for review prior to execution.)
	+ Contracts for lease or purchase of real property (Note: A school should not execute a real estate contract until it has requested and received approval from the PCSB to operate in a new location and/or facility.)
	+ Sole-Source contracts – contracts for which a school has identified only one responsible source for required goods and services.
	+ Management contracts submitted as part of the original charter application (All other management contracts are subject to bidding requirements.)
	+ A contract that provides for automatic renewals or extensions does not have to be rebid. (Note: this contract does not have to submitted to the PCSB.)

## PCSB PROCUREMENT PROCEDURES

* Determine whether purchase of good/service is required to follow procurement regulations. If so, proceed as listed below.
* Publish a notice of request for proposals to both the D.C. Register and at least two newspapers of general circulation (one of which may be online) not less than 7 days prior to the award of any contract with a value of $25,000 or more. Solicit competitive bids, either directly in the ad or by reference to a full Request for Proposals.
* Submit to the PCSB (via Epicenter) a contract package within three days of the school awarding the contract. The package should contain:
	+ proof that the solicitation was advertised in the D.C. Register and at least two newspaper(s) of general circulation (one of which may be online);
	+ a copy of the signed contract;
	+ copies of all proposals submitted from bidders, if applicable;
	+ Procurement Contract spreadsheet, which includes:
	+ an estimate of the reasonable cost for the good or service being procured
	+ the process used to make the award, including dates and places of public notices, number of bids received, criteria used to judge the bids, persons involved in the evaluation, and date of award
	+ a brief explanation of the reasons for deciding on the winning vendor, including price, capabilities, quality, experience, and other germane factors
	+ conflict of interest determinations
	+ date of board meeting approval
* Note the following process for bidding exemption emergencies:
	+ A limited waiver of the bidding requirement may be granted by the PCSB if the proposed contract is considered an emergency. The PCSB defines an emergency as an unexpected situation requiring prompt action, involving circumstances that will severely impact the operation of the school or the health and/or safety of its students, employees, or visitors. Poor planning is not grounds for an emergency waiver.
	+ A school should submit requests for waivers in writing to the PCSB at contracts@dcpcsb.org 10 day prior to the award of the contract. The request must state why the contract is considered an emergency, what efforts were made to avoid the emergency, and the likely impact if the waiver is not granted.
	+ PCSB defines an emergency as an unexpected situation requiring prompt action, involving circumstances that will severely impact the operation of the school or the health and/or safety of it students, employees, or visitors.
	+ Even if a waiver of the bidding requirement is granted, the contract must still be submitted to the PCSB for procurement clearance.

## PCSB Guidelines for Specific Types of Contracts

In order to approve some types of contracts, specific information is routinely required.

Real Estate

Provide information on the monthly or annual rent, as well as cost per square foot. Provide evidence that the price is reasonable in comparison with other rates in the same neighborhood. This should be provide within 15 days of the full execution of the contract.

Sole Source

A contract may be awarded outside of a competitive bid process when there is only one provider of the good or service. However, when awarding such a contract, a school must submit a rationale justifying the sole source and documentation showing that the awardee is the only provider of the good or service.

Conflicting Interest Contract or Interested Party Contract

A school can execute a Conflicting Interest Contract or an Interested Party Contract as long as the relationship or interest is disclosed to the school’s board and the contract is fair to the school.

A Conflicting Interest Contract is a mutually binding legal relationship between a school and its members or any other entity in which one of its board members holds a similar position or has a financial interest.

An Interested Party Contract is a mutually binding legal relationship between a school and

* a party that has a close familial relationship with a member of the school’s board, senior executive, or one of top three highest paid employees;
* a party who is owned by or has a board member who has a close familial relationship with a member of the school’s board, senior executive, or one of the top three highest paid employees;
* any former employee, founder, or former board member of the school; or
* a party who is owned by or had a board member who is a former employee, founder, or board member.

When the contract is over $25K, the standard procurement procedures should be followed. Additionally, it should be noted on the Procurement Contract spreadsheet that it is a Conflicting Interest/Interested Party Contract, and a statement describing the conflict of interest/relationship should be included.

When the contract is not over $25K, the school must submit board minutes showing that the Conflicting Interest/Interested Party Contract was approved.

Multiple purchases from the same vendor

Each individual purchase from a vendor is viewed as a separate transaction/contract. For example, if a school purchased $20K in supplies from Amazon in July and $6K in supplies from Amazon in August, neither transaction would be required to be publicly bid. However, deliberate breakdown of contracts to stay below the $25,000 threshold is not permitted.

Brokerage Services

When a school removes or adds to the list of providers of a particular service, e.g., a health insurance company, and uses a broker to make such a change, it should submit evidence demonstrating that the broker solicited offers from multiple companies.

## PCSB Effective Contract Date & CONSEQUENCES

Contracts become effective 10 days after submission of a complete package to the PCSB or the effective date specified in the contract, whichever is later.

The following consequences will apply for failure to timely submit contracts (and board minutes):

* A notice of concern will be issued to a charter school in the following cases:
	+ Failure to timely and properly submit to PCSB procurement contract documents for five or more contracts each with a total value in excess of one percent of the school’s annual revenues in is most recently submitted audit.
	+ Failure to timely and properly submit to PCSB procurement contract documents for any contracts where a conflict of interest exists and with a value in excess of $25,000 over the course of a calendar year.
	+ Failure to timely and properly submit to PCSB procurement contract documents for contracts with a total value over $100,000.
	+ Failure to timely and properly submit to PCSB procurement contract documents for three or more contracts, each of which is $25,000 to $100,000 in value, over the course of a calendar year
	+ Failure to timely and properly submit more than one set of board minutes over the course of a school year.
* A charter warning will be issued to a charter school if a notice of concern under this policy is issued to that charter school in two consecutive years; more than one notice of concern is issued in one year; or in the case of untimely and improperly submitted board minutes, that submission is not corrected in the immediately following quarter.
* During PCSB’s reviews of schools and as part of its charter renewal analyses, PCSB will consider any issued notices of concern and/or charter warnings regarding submission of procurement contract documents and meeting minutes in its assessment of the existence of a pattern of fiscal mismanagement. PCSB will also consider in assessing fiscal mismanagement whether “conflicting interest contracts” and contracts with parties who have a close familial relationship or a prior relationship with the school were entered into on terms that were fair to the school.

## Independent Contractors

It is the policy of Washington Global to utilize criteria established by the IRS when assigning individual employee or independent contractor status. Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issued, by Washington Global, IRS Form 1099 if compensation is $600 or more in a calendar year.

The procedure for hiring a consultant is to prepare a contractual agreement detailing the following items:

* Detailed description of services or tasks to be performed and description of deliverables.
* The time frame in which these services/duties are to be completed.
* The rate of pay.
* When payment will be made.
* What expenses will be reimbursed.
* Confirmation that said contractor is not on the Federal Excluded Parties System List.

The contract shall be signed by the consultant and the CEO. Members of the Board of Trustees or working groups of Washington Global may not enter into a contract with a consultant on behalf of Washington Global without Board approval. The contract must have a payee identification number (Social Security Number or Employer Identification Number), phone number and home address of the consultant. If services are extended beyond the contract's time frame or additional money is required, a new contract or an addendum must be written. An IRS Form W-9 must also be completed by the independent contractor, if applicable.

# FEDERAL GRANT REQUIREMENTS

It is the policy of Washington Global to adhere to all federal guidelines covered under Uniform Grant Guidance and EDGAR.

Uniform Grant Guidance mandates that all costs paid with federal funds be necessary (needed for performance or administration of the grant), allocable (cost benefits the program in proportion to the amount of money paid), and reasonable (LEA follows sound business practices, pays a fair market price, and acts with prudence under the circumstances. Funds should be targeted where the needs are greatest. EDGAR covers three broad components: i) financial management, ii) procurement, and iii) inventory management systems.

Federal grant dollars should be used to supplement, not replace (i.e., supplant) spending that would have happened anyway using local money had the federal funds not been available. Additionally, Washington Global will comply with maintenance of effort (MOE) and Excess Cost requirements.

Washington Global will comply with Procurement Standards as defined in 2 CFR 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,” Subpart D, Sections 200.318-200.326, for all federal grant funded procurements.

The CEO and Accountant will be responsible for completing grant budgets, applications and budget amendments, with the final authorization provided by the CEO.

In accordance with Uniform Grant Guidance,

* If purchase is less than $10,000, WGLO will verify that the purchase was reasonable, necessary, and that all practical efforts were made to distribute purchases equitably among qualified suppliers.
* If purchase is between $10,000 and $249,999, WGLO will review pricing/bids/quotes from at least three vendors, compare the costs of each, and store records of the review of the pricing/bids/quotes.
* If purchase is greater than $250,000, WGLO will solicit competitive proposals or sealed bids through a formal process in accordance with federal, state, and local requirements.
* If purchase is considered a Sole Source, WGLO shall store all records and analysis in support of that assessment.

The Federal Grant Compliance Checklist will be completed by anyone making a purchase of supplies, services, or travel that will be reimbursed with federal grant funds. Washington Global will ensure that reimbursement requests cover the appropriate grant period and will verify that all goods/services for which Washington Global is seeking federal reimbursement have not only been purchased and paid for but have been actually received by the school. It will retain invoices and contracts onsite as backup for reimbursement requests.

Washington Global will follow the first in/first out (FIFO) policy when seeking reimbursements of its federal grants. Washington Global will seek to draw down the earlier grant period of a grant when multiple years of a grant are concurrently open.

## TIME & EFFORT REQUIREMENTS

Washington Global will abide by the time and effort requirements for employees paid with federal funds. This includes either Semi-Annual Certifications or Personnel Activity Reports. For each employee whose salary is partially or fully paid with federal funds an appropriate time and effort record must be maintained by Washington Global. For an employee whose salary is fully covered by one cost objective, a Semi-Annual Certification must be completed.

A Semi-Annual Certification must:

* Be executed after the work has been completed
* State that the employee worked solely (100% of time and effort) on activities related to a particular cost objective
* Identify the cost objective
* Specify the reporting period
* Be signed by the employee or a supervisor with first-hand knowledge of the work performed
* Be dated

For an employee who works on multiple cost objectives, a Personnel Activity Reports (PARs) report must be completed.

A PAR must:

* Be executed after the work has been completed (projections of how an employee is expected to work or position descriptions are not sufficient)
* Account for the total activity for which each employee is compensated, including part-time schedules or overtime (total activity means all of the time an employee works, not just the amount of time worked on a federal program)
* Identify the cost objectives
* Specify the reporting period
* Be prepared at least monthly and coincide with one or more pay periods
* Be signed by the employee (unlike a semi-annual certification a supervisor’s signature alone is not sufficient, although an subgrantee may choose to require a supervisor to sign the PAR in addition to the employee as an extra internal control)
* Be dated.

It is the role of the accountant to create, distribute, and ensure completion of all Semi-Annual Certification and Personnel Activity Reports for each fiscal year. Staff administering activities of grants provided by federal funds shall be responsible for ensuring compliance with the requirements of each of the above regulations as well as the specific requirements contained in the grant agreements.

## CONFLICT OF INTEREST

No employee, officer, or agent of Washington Global shall participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. A conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements.

Should any officers, employees, or agents of the recipient engage in violation of such conflict of interest policy, disciplinary actions will be applied in accordance with the personnel policies of the school or Board of Trustees bylaws, as applicable.

Staff administering activities of grants provided by federal funds shall be responsible for ensuring compliance with the requirements of each of the above regulations as well as the specific requirements contained in the grant agreements.

# INSURANCE

It is the policy of Washington Global that on an annual basis, the CEO and the appropriate Board Committee shall review all insurance coverage in force prior to renewal to determine if coverage is deemed to be adequate. Limits, types of coverage, and deductibles shall be considered. The CEO shall approve any changes.

General Business owners insurance will be maintained on the following:

* General Liability
* Directors and Officers
* Umbrella Coverage
* Property/Lease Insurance
* Auto Liability Insurance (if applicable)
* Worker's Compensation covering each state in which there is an employee

As part of the annual budget submission, the Board will be notified of coverage amounts for all policies listed above and any recommendations for increases or decreases to policies.

# RECORD RETENTION

It is the policy of Washington Global to maintain records in accordance with laws and regulations. In keeping with the sustainability mission of Washington Global, as much as possible, electronic copies and archives of documents will be maintained. The record retention policy is as follows:

1. Permanent
* Corporate Articles of Incorporation
* By-Laws
* Minutes
* Personnel Files - Including Employee Contracts, etc.
* Legal Matters
* Contracts
* Audit Reports
* Public Inspection of Records
* Correspondence with Internal Revenue Service
* Correspondence with District of Columbia
* Donor Funding Records
* Tax Filings (990s, 990Ts, 5500, 941, DCDOES, DC Withholding, etc.)
* Annual General Ledger and Financial Statements
1. Five Years
* Timesheets, Leave Requests and Personnel Activity Files
* Bank Deposit Slips and Support
* Procurement and Purchasing Data
* Budgets
* Accounting Records
* Accounts Payable Invoices
* Accounts Receivable Records, Vouchers and Payroll Checks
* Bank Statements
* Insurance policy binders
* Payroll Earnings Records
* Travel Expense Reports and Records
* Journal Entries
* Grant and Contract Files
* Any records that pertain to property acquisition with more than a one-year life must be maintained until 5 years after the property has been disposed

# LEGAL & INTERNAL REVENUE SERVICE MATTERS

It is the policy of Washington Global that all legal and Internal Revenue Service matters and correspondence, verbal or written, shall be directed to the CEO immediately. When necessary and appropriate, the CEO is responsible for informing the Board of such correspondence in a timely manner.

# AMENDMENTS OR CHANGES TO FINANCIAL POLICIES

Any changes or modifications to this Financial Policies and Procedures Handbook must be approved by the Board. The CEO is responsible for ensuring that the policies are revised as approved and required. The CEO will ensure that these procedures and policies are posted on the school’s website.

# ANNUAL TIMELINE OF FINANCIAL DEADLINES

The following financial deadlines shall be adhered to annually:

|  |  |  |
| --- | --- | --- |
| Activity | Responsibility | Deadline |
| Audit: Engage auditor | Board Finance Committee | June 30. Notify Board of auditor by July meeting |
| Audit: Completed | Board Finance Committee and CEO | November 1. Provide to Board at November meeting for approval |
| IRS Form 990: Completed | Board Finance Committee | November 15. Board reviews draft prior to submission |
| Budget Draft | CEO in partnership with Board Finance Committee  | March Board Meeting |
| Final Budget for Board Review and Approval | CEO in partnership with Board Finance Committee | May Board Meeting |
| Approved Budget to PCSB | CEO | June or as designated by PCSB |