

Financial Policies and Procedures are key to a sound internal controls and a strong fiduciary position. Policies should act as overarching guidelines and boundaries set by the school's board, and procedures document and detail the day to day protocol for how to accomplish the policies set forth by the board. Financial Policies and Procedures should be written in a way to ensure compliance with federal, state, and local regulations and board policy, but not be so restrictive or burdensome that they are difficult to implement or follow with fidelity. The use of dollar thresholds can be an extremely powerful tool to mitigate risk of waste fraud and abuse, but maintain efficiency in day to day operations.

Financial procedures are typically determined and maintained by the head of school and the respective finance and operations personnel. The Board's finance committee should provide guidance and review of financial procedures as needed.

Additionally, financial policies and procedures should be reviewed annually and revised/adopted if necessary.

Federal Regulations and State Statutes require that schools have board adopted policies for the following areas:

- Budget
- Accounting
- Audit
- Interim Financial Reporting
- Banking Services
- Procurement
- Contracts
- Equipment control and disposition
- Travel
- Conflict of interest
- Ethical principles/Disclosure
- Borrowing
- Records Retention

Below you will find additional details about the purpose and requirements for each policy. Sample Financial Policies can be found on the CSI Resource site [here](#).

Policy	Purpose	A strong policy will have...
Budget	Identify the timeline and process for budget development and adoption	<ul style="list-style-type: none"> ✓ Budget Year Definition ✓ Budget timeline definition ✓ Budget notification requirements ✓ Directive of delegation to school leader for budget development ✓ Inclusion of a multi-year forecast ✓ Inclusion of SAC input ✓ Inclusion of UIP ✓ Accordance with state statutes and CDE's FPP handbook ✓ Expenditure itemization ✓ Compliance with TABOR

		<ul style="list-style-type: none"> ✓ Identification of Board Policy Designated reserves
Accounting	Direct the delegation of board’s responsibility to ensure that the school is following all accounting requirements	<ul style="list-style-type: none"> ✓ Directive of delegation of accounting for all funds of school ✓ Conformance to GAAP, accuracy ✓ Use of FPP handbook ✓ Periodic presentation to school board
Audit	Formalize the annual financial statement audit requirements, and add any other board required audits	<ul style="list-style-type: none"> ✓ Defined timeline for when an auditor will be engaged ✓ Define whether the board or the school leader will select the independent auditor and what the conditions are ✓ Identify other board required audits (periodic internal control audits for example) ✓ A requirement to undergo an auditor selection process periodically (every 3-5 years for example) to ensure continued independence and objectivity of auditor
Interim Financial Reporting	Identify what the financial reports must contain, how often they are reviewed by the board, and by whom	<ul style="list-style-type: none"> ✓ Define financial reports (and contents therein) that will go to the board for review ✓ Include a monthly report submittal and review process ✓ Define the board review process – (will the finance committee review first, and then attach to the board agenda for all board members to review?)
Banking Services	Define the requirements for banking services	Include requirement of a PDPA institution .
Fund disbursement (procurement card and check writing)	Formalize who has the authority to utilize each of the fund disbursement	<ul style="list-style-type: none"> ✓ Define which board or staff positions have the authority to: <ul style="list-style-type: none"> ○ Sign checks ○ Possess a debit or procurement card ○ Obtain access to the bank account ✓ Require at least 3 authorized signers on the account ✓ Require that at least 1 of the authorized signers is an active board member

		<ul style="list-style-type: none"> ✓ Require that a signer is replaced within 10 business days of removal ✓ Define approval and signatory thresholds (i.e. disbursements under \$500 – business manager, Between \$501 and \$25,000 school leader, between \$25,001 - \$50,000 school leader and board treasurer, Over \$50,000 school leader, school board treasurer and president ✓ Define which transactions are exempt (emergencies, rent, payroll, etc.). These should be limited to disbursements that would have been subject to approval and authorization in a separate policy – i.e. contracts and/or payroll.
Payroll	Define payroll timing and board requirements for payroll	<ul style="list-style-type: none"> ✓ Cause payroll processing procedures to be written by the school leader, and reviewed by the finance committee. ✓ Identify what procedures are required – including frequency of payroll, PERA contributions, other benefits, time and effort reporting, etc. ✓ Define the pay amount authorization process. ✓ all pay amount authorizations will be completed at the time of employment and prior to the issuance of pay ✓ Which board or staff positions must approve pay amounts ✓ All pay amount approvals must occur in writing
Procurement	Delegate procurement requirements to school staff and define the board's procurement requirements	<p>Identification of procurement thresholds.</p> <ul style="list-style-type: none"> ✓ If non-federal procurement thresholds differ from federal procurement thresholds (see page 9 of sample financial policies), ensure that the policy includes separate thresholds for goods/services purchased with federal and non-federal funds

		<ul style="list-style-type: none"> ✓ Define exclusions to the requirements (emergency, sole source requirements) ✓ Define who can grant an exclusion and under what circumstances ✓ Define which positions can obligate the school to a financial commitment
Contracts	Delegate contract authority to specific board and staff positions, and define the board's contract requirements	<ul style="list-style-type: none"> ✓ Define which board or staff positions are delegated the authority to sign contracts on behalf of the school ✓ Identify \$ amount thresholds for various levels of authority if needed ✓ Identify required contract term length maximums (best practice is 5 years max)
Equipment control and disposition	Define and formalize the board's requirements for asset protection and disposition	<ul style="list-style-type: none"> ✓ Define the capitalization threshold for assets ✓ Require that the school leader develop and maintain an inventory tracking system to prevent asset loss ✓ Define that all assets above the capitalization threshold or deemed highly portable and attractive, must be kept in the inventory tracking system ✓ Require that all assets deemed highly portable and attractive be kept in a locked location with limited access. ✓ Require that any property purchased with federal funds is tagged with a distinct asset tag that includes the year and grant the asset was purchased with ✓ Require that any asset purchased with federal funds must comply with the disposition requirements of the grant.
Travel	Define the board's requirements for travel authorization and reimbursement	<ul style="list-style-type: none"> ✓ Require the school leader to develop and ensure school staff adheres to travel procedures including reimbursement for costs related to official travel, mileage rate, and what costs will be

		<p>covered for in state, out of state, and out of country travel.</p> <ul style="list-style-type: none"> ✓ Define the approval thresholds for each type of travel (who approves different types of travel and/or travel meeting certain cost thresholds). ✓ Ensure the board chair acts as the approver for travel authorizations for employees who report to the board.
Conflict of Interest	Formalize the board's and school staff's conflict of interest requirements, and define the process for proceeding when a conflict of interest exists	<ul style="list-style-type: none"> ✓ Define conflict of interest and state the requirement that board members and school staff avoid actual and perceived conflicts of interest. ✓ Identify what the process is for disclosing potential conflicts of interest to the board. ✓ Define the disclosure and recusal requirements when an actual or perceived conflict of interest exists.
Ethical principles/Disclosure	Formalize the board's disclosure and ethics requirements	<ul style="list-style-type: none"> ✓ Define that no board or staff member may accept gifts over the Colorado Independent Ethic's Commission threshold ✓ Define that violating ethics law or board policy may lead to disciplinary action including dismissal
Borrowing	Define the type of debt the school is permitted to enter into, and define the delegation of who may obligate the school to debt	<ul style="list-style-type: none"> ✓ State that the school is prohibited by law from entering into debt that crosses fiscal years ✓ Define who has the authority to obligate the school to short term debt including maximum dollar amounts ✓ Define whether or not the use of credit cards is allowed, define the credit limits of allowed credit cards
Records Retention	Identify how long certain official records must be kept, and disposition requirements	<ul style="list-style-type: none"> ✓ Formalize a record retention schedule compliant with state requirements for school districts ✓ define the medium and location of official school records ✓ Define how the records must be disposed of at time of disposition