



STANDARD POLICIES AND PROCEDURES

INTERNAL CONTROLS

Section: B
Policy Number: 1
Effective Date: 4/20/2005
Reviewed Date: 3/25/11
Revision Date: 1/21/2021

Table of Contents

GENERAL.....	2
CONTROL FRAMEWORK.....	3
ETHICS STATEMENT.....	3
COMMUNICATION AND TRAINING.....	3
PERSONNEL RESPONSIBLE FOR FINANCE.....	3
Transaction Authorization.....	4
Transaction Recording.....	4
Safekeeping Assets.....	4
Record Reconciliation.....	4
RISK ASSESSMENT.....	4
CONTROL ACTIVITIES.....	4
Budget.....	4
Planning Expenditures.....	5
Anticipating Revenue.....	6
FINAL CASH BALANCES.....	6
BUDGET MAINTENANCE.....	7
Intra-budget transfers.....	7
Inter-budget transfers.....	7
PAYROLL.....	7

SICK LEAVE.....	7
Absences for Sick Leave.....	8
Other Types of Leave.....	8
PURCHASING.....	8
RESPONSIBILITY OF SCHOOL EMPLOYEES.....	9
Types of Purchases.....	9
ENCUMBRANCES.....	11
RECEIVING.....	11
ACCOUNTS PAYABLE.....	11
BANK RECONCILIATIONS.....	12
PER DIEM & MILEAGE ACT.....	12
In City Travel.....	12
In-State Travel.....	12
Out-of-State Travel.....	13
Per Diem Rates.....	13
CASH RECEIPTS.....	15
ACCOUNTS RECEIVABLE.....	16
PETTY CASH.....	16
REQUEST FOR RIMBURSEMENT (RFR).....	16
INVESTMENTS.....	17
WIRE TRANSFERS.....	17
INVENTORY.....	17
SPECIAL REVENUE FUNDS.....	19
DEBT SERVICE – PROPERTY TAXES.....	20
INSURANCE.....	20

GENERAL

La Academia de Esperanza has established procedures to maintain internal control over all assets. The purpose of establishing internal controls is to provide a reasonable assurance that **La Academia de Esperanza** will accomplish its objectives of safeguarding assets, providing reliable financial information, promoting operational efficiency, and ensuring compliance with laws, regulations and established school policies and procedures.

CONTROL FRAMEWORK

La Academia de Esperanza has implemented an internal control system and framework based on its internal and external needs. It is the policy of the school to ensure that its control framework provides for strong administrative governance. The school's internal control system is a relevant evaluation tool for internal control over financial reporting. The school will comply with all laws and regulations applicable to state and federal programs. (Section 22-1-1, NMSA 1978; 6.20.2.11, NMAC)

It is the policy of **La Academia de Esperanza** that its own internal control framework and review evaluations:

Be free from bias;

Permit reasonably consistent qualitative and quantitative measurements of the school's internal control system;

Are sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of the school's internal controls are not omitted.

ETHICS STATEMENT

La Academia de Esperanza sets an honest and ethical tone for the school that is demonstrated at every level. The school operations reflect the overall attitude, awareness, and actions of the Governing Council, management and others concerning the importance of how the school views internal control and the management of these controls.

COMMUNICATION AND TRAINING

La Academia de Esperanza maintains communication with all employees regarding the policies and procedures of **La Academia de Esperanza** including but not limited to periodic training for personnel and for the Governing Council. **La Academia de Esperanza** Council Policies and meeting agendas are maintained on **La Academia de Esperanza's** web site to comply with the Open Meetings Act. Supervisory hierarchies are maintained to ensure proper approvals and processes are in place.

PERSONNEL RESPONSIBLE FOR FINANCE

The recruitment of competent, honest individuals is administered through the Head Administrator and the Business Office. The training of staff regarding the established policies and procedures governing all financial transactions is administered through the Business Office. **Segregation of Duties** The assignment of duties to staff members who have access to the Financial Management System (FMS) is done with the intent of limiting their ability to cause and conceal errors or irregularities, working within certain limitations, including staff size. Incompatible functions are not assigned to any staff member. Details of incompatible staff assignments are specifically addressed for focal points, such as accounts payable and receiving, or posting cash receipts and reconciling the bank accounts. Continued daily monitoring as well as oversight by the Governing Council must take place to ensure secure business operations.

Transaction Authorization The budget is allocated to the school site and program area and the authorization or expending of funds is assigned to the Head Administrator and/or Business Manager for monitoring. The Head Administrator and the Business Manager are responsible for the school's budget and for assuring that each request is appropriate and necessary.

Transaction Recording Transactions are recorded at the time of authorization resulting in the encumbrance of the budget. The business office staff (with assistance from the Head Administrator) in the Finance Department is responsible for verifying the amounts, the classification to the appropriate account codes, and the proper authorization of all transactions prior to posting to the FMS. All source documents (check warrants, etc.) used to record transactions are official school forms and are sequentially numbered by the accounting system for accountability. All voided check warrants are marked VOID and kept on file for the auditor's review. All voided Purchase Orders are marked VOID and are reflected in the FMS.

Safekeeping Assets The access to assets is limited by assigning primary custodians for the assets at the school or department location. The primary custodian is responsible for monitoring the access of building, vehicles, cash, and other assets.

Record Reconciliation The Business Office administers the comparison of actual assets on hand with the amounts recorded in the FMS. Monthly reconciliation of bank statements, fixed asset records, and other financial records are prepared and verified during the monthly closing process. All discrepancies found during the reconciliation process are researched and corrected at the time they are detected. These closeout procedures are administered as a joint effort by the business office staff and the Head Administrator. Reconciliation of bank accounts is handled by the Business Manager, who does not participate in the purchasing or expending activities of the school. The fixed asset listing is maintained and reconciled to the general ledger by the Business Manager and verified by the Head Administrator.

RISK ASSESSMENT

La Academia de Esperanza analyzes all processes with emphasis on communication to ensure that each employee is aware of necessary processes to meet certain objectives. **La Academia de Esperanza** will ensure that employees involved with the acquisition and disposal of assets are thoroughly trained and informed of proper procedures. At the same time, **La Academia de Esperanza** must weigh the costs of certain requirements to make sure that the benefits derived do not outweigh the cost of implementing, maintaining, and monitoring the system.

CONTROL ACTIVITIES

Budget

La Academia de Esperanza prepares and adopts an annual budget in accordance with New Mexico Statutory requirements. The Operating Budget is prepared under the supervision of the Head Administrator. A budget committee is selected and makes recommendations regarding budgetary issues, including site based allocations and staffing. The Head Administrator monitors all staffing and compares all positions to student class loads. The budget committee is designed to ensure representation from instructional, program, parent, and administrative perspectives. These decisions are reviewed by the Head Administrator and the Business Manager before being finalized by the Budget Committee. The Operating Budget is reviewed for technical accuracy and approved by the Public Education Department. It is presented to the Governing Council for approval and certification prior to June 20 of each year. The approved and certified budget constitutes the Operating Budget, which is authorization for **La Academia de Esperanza** to begin operations on July 1 of the fiscal year. The Business Manager integrates the Operating Budget formally into the FMS prior to July 1 by uploading the approved budget from the Public Education Department into the FMS.

- Budget Procedures in connection with preparation of the annual budget, the charter school shall follow all procedural requirements pursuant to 6.20.2.8 NMAC.
- The charter school shall adhere to the budget preparation standards set forth in 6.20.2.9 NMAC
- The charter school shall adhere to the budget maintenance standards outlined in 6.20.2.10 NMAC.
- The charter school will cover current expenditure with current revenues. The charter school will avoid budgetary procedures that cover current expenditures at the expense of meeting future years' expenditures, such as postponing expenditures or accruing future years' revenues.
- The charter school Business Office shall review all purchase orders for sufficiency of budget.
- The charter school will prepare monthly financial reports comparing actual revenue and expenditures to budgeted amounts.
- The charter school Business Manager shall provide the status of the budget during a report to the Governing Council on a monthly basis.
- The charter school Business Manager shall present proposed Budget Adjustment Requests (BARs) as necessary to maintain a positive balance by object code for all funds.
- The charter school Business Manager shall keep the Governing Council informed of the availability of revenue for budgeting purposes.
- If required, the charter school shall integrate performance measurement and productivity indicators within the budget.

Planning Expenditures

- The number of students to be educated and the grade level placement of

students will provide the data for the 910B5. Prior year statistical data as well as projections for future enrollment are vital.

- Estimates for future enrollments should be used to extrapolate staffing needs and associated costs such as instructional supplies, equipment and facility needs.
- The budgetary impact on changes in student/teacher ratios should be evaluated as far in advance as possible so that its impact may be evaluated in terms of requirements for new personnel and associated supplies, equipment, and facilities.
- Contributions to New Mexico Educational retirement and ERA Retiree plans can be projected using historical costs.
- The charter school's contributions for NMPSIA health insurance premiums can be estimated through historical data and future projections of staffing patterns.
- The charter school may, out of operational cash balances carried forward from the previous fiscal year, budget an amount not to exceed the percentage allowed by statute/regulation of its proposed operational expenditures as an emergency account. Money in the emergency account shall be used only for unforeseen expenditures incurred after the initial budget has been approved and shall not be expended without the written approval from the Secretary of Education.

Anticipating Revenue

- The principal item of revenue in most charter school budgets is derived from the State Equalization Guarantee (SEG). The charter school shall use the STARS average of the prior fiscal year in computing the number of students to be included in the Kindergarten/Basic Program section and the Special Education section of the PED 910B-5. All projections, including Ancillary FTE, shall be based on historical data only, and the charter school shall not use any estimated MEM in the computation except in the case of a grade level to be added. The charter school shall utilize the school's Teacher Cost Index (TCI) Index and At-Risk Units as supplied by the PED in computing the State Equalization Guarantee for the budget year.
- Additional revenue generated through gifts, donations (non-categorical) should be projected based on bona fide funding sources. Care should be exercised in this projection to ensure that there is no overstatement of revenue projected for this category.
- The Operational Fund cash balance from the prior fiscal year may be budgeted for any operational expenditures, exclusive of payroll, upon specific approval from the Secretary of Education.

FINAL CASH BALANCES

Upon completion of the final close for each fiscal year, **La Academia de Esperanza** submits the final cash report with the actual cash balances for all funds and reports them to the Public Education Department by the designated deadline. The Operating Budget is then adjusted using a

Budget Adjustment Request (BAR) to incorporate adjusted cash balances as of June 30 into the Operating Budget. Upon approval by the Public Education Department through Operating Budget Management System (OBMS), **La Academia de Esperanza** will adjust the budget and incorporate the changes into the FMS.

BUDGET MAINTENANCE

The budget is maintained in the Business Office using the FMS in concert with the cash balance and encumbrances to ensure that all spending is in accordance with budget authority. While budget object lines may be temporarily overspent, budget functions may not be overspent.

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

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

Inter-budget transfers - Transfers between expenditure account codes outside of the same function are presented to the Governing Council for approval. The transfer requests are then submitted to the Public Education Department via OBMS for approval. Once all approvals are in place, the change is recorded to the FMS as an adjustment to the Operating Budget.

All **original budget** documents are summarized and rolled up to the required elements in the account string maintained in the OBMS system. (See the Uniform Chart of Accounts.) Copies are distributed to the appropriate staff for recording to the FMS and these documents are made available to the auditor annually.

PAYROLL

The Head Administrator is responsible for monitoring the hiring of personnel, authorizing salaries, initiating employment contracts, and maintaining the staffing levels approved in the annual budget. The Business Manager verifies that budget is available for any staffing increases. The Business Manager verifies the contract supplied by the Head Administrator with the information entered or imported into the FMS. The information is then transferred to the Payroll system. All payrolls are processed from the approved employment contracts. All additional payrolls are processed by exception and only with proper authorization from the Head Administrator and Business Manager. These payroll payments can include, but not limited to, substitutes, increments, noon duty, Saturday school, Addendum contracts, and/or additional services such as tutoring and summer school.

The Business Manager is responsible for maintenance of employee insurance, tax sheltered annuities and other voluntary and mandatory payroll deductions. After the payroll data is entered into the FMS, the Business Manager will run a report to verify data for accuracy.

SICK LEAVE

Absences for Sick Leave

Employees must call **La Academia de Esperanza** and notify the assigned personnel of an absence. All **La Academia de Esperanza** employees must submit printed leave forms for sick leave, and they must verify their absences with the secretary upon their return to work.

Other Types of Leave

Other types of leave which require prior approval must be submitted on a printed leave slip and signed by the Head Administrator. The Business Manager will enter the approved leave into the Payroll system.

The leave forms, which are turned into the Business Office, are used to verify absences, which have been entered into the Payroll system. The leave forms are also used to make deductions for leave and are used to dock pay when leave is taken without a sufficient leave balance. The pay docks are deducted from the employee's pay on the next scheduled check.

La Academia de Esperanza maintains one payroll bank account, which is used as a clearing account for all checks issued. A payroll check register is generated to document all payments made for each payroll run. Additional reports are available for review and verification, and for audit purposes. A payroll summary sheet is produced from the FMS is reviewed by the Business Office before processing the direct deposits and federal tax payments.

All contract employees are paid twice a month and payments are prorated according to the services rendered and to insure 24 checks throughout the calendar year.

The Business Office maintains all employee earnings, deduction, and leave records according to the regulations. Monthly, quarterly, and annual payroll tax-benefit reports required by the Federal, State, and local governmental agencies are prepared by the Business Office and are verified monthly by the Head Administrator.

PURCHASING

The Governing Council of LADE recognizes that the State of New Mexico Procurement Code is the best protection for those responsible for expenditure of public funds. The Council further realizes that it is important to obtain the best quality goods and services at a reasonable cost and to conduct purchasing in a fair and impartial manner without the appearance of impropriety.

Therefore, the stipulations of the State of New Mexico Procurement Code, as outlined in 13-1-21 et seq. NMSA 1978, and as may be amended from time to time, are adopted as the policy of the charter school. The charter school shall also be aware of, and adhere to, all rules and regulations

as outlined in 2.40.2.1 et seq. NMAC, and 6.20.2.17 NMAC. All purchases shall be made subject to available budget, adequate segregation of duty, and adopted administrative procedures.

RESPONSIBILITY OF SCHOOL EMPLOYEES

La Academia de Esperanza staff members must decide what performance requirements are needed when making requests for purchases. Brand names or personal preference should not be the determining factor. Pricing must be competitive. It is extremely important to plan purchases to allow adequate time for the business office to compare purchase need to the budget and to meet legal requirements and delivery lead times. Staff should allow approximately two weeks for processing plus delivery time.

Federal and State laws and regulations require that a purchase order must be issued before any product or service is purchased. All School funds, including activity funds, require a purchase order. ***Administrators and teachers may be personally accountable for purchases that do not comply with School requirements.***

Types of Purchases

Check Requests: Purchases, which are determined to be exempt or of non-competitive nature by the Procurement Office will be processed by this method. Qualifying purchases are as follows:

Subscriptions, membership fees, registration fees, refunds, reimbursement of petty cash, mileage and travel authorizations. To process, prepare a *Check Requisition* designating the appropriate check request amount and submit with supporting documentation. For travel, the employee must complete a *Travel Expense Report (See the "Per Diem and Mileage Act" section.)*

1. Small Purchases – for purposes of this policy, and pursuant to 13-1-125 NMSA 1978, small purchases are defined as purchases valued at \$5,000 or less. Purchases of goods or services valued at \$5,000 or less may be made with a Purchase Order (P.O.) through a check request, or via an expense reimbursement process subject to advance approval based on available budget.
2. Purchases of goods or services valued at more than \$5,000 but less than \$20,000 and professional service contracts less than \$50,000.
 - Purchases of goods and services valued at more than \$5,000, but less than \$20,000 and Professional service contracts may be made by obtaining the best available price using a purchase order which has been duly requisitioned and approved. If purchase of goods is not being made under an existing statewide or other approved pricing agreement or subject to sole source procurement, at least

three (3) written quotes may be required by the school Business Office.

3. Purchases of goods or services valued at more than \$60,000 and purchases of professional services in excess of \$60,000.

- Pursuant to 13-1-102 NMSA 1978, purchases of goods or services, which are not purchased under a statewide pricing agreement and are not considered sole source, valued at more than \$60,000 and professional services in excess of \$60,000 are subject to either a sealed competitive bid process or a competitive sealed proposal process. Either process requires advertising in newspapers of general circulation, with a date of advertisement at least ten (10) days prior to due date of bid or proposal. Either process also required development and distribution of a formal Invitation to Bid or Request for Proposal (RFP) document, as well as a public opening of all bids and/or proposals received.
4. Sole Source Procurement – based on a written determination that only one source is practically available for a particular good or service, sole source procurement may be made without formal sealed bidding or competitive negotiation. Any purchase(s) deemed as sole source are subject to 2.40.2.12 NMAC and 13.1.126 and 13.1.128, NMSA 1978.
 5. Emergency Procurement shall be allowed as long as it fulfills the requirements identified in 13.1.127, (B) 1-3, NMSA 1978. Emergency procurement may be made without formal sealed bidding or competitive negotiation with a written justification for the emergency, identification of the goods and/or services being procured, and the name and date of the contractor/entity selected.
 6. Cooperative Purchasing Agreements – pursuant to 13.1.35 NMSA, LADE may, at its discretion, join and participate in cooperative purchase agreements with one or more public bodies or state agencies.
 7. Existing Price Agreements – whenever possible, every attempt will be made to purchase goods or services from a vendor who already has an existing statewide pricing agreement with the State of New Mexico or other approved agency.
 8. Payments for Purchases – pursuant to 13-1-158 NMSA 1978, payment for any purchase of goods or services shall not be made until the charter school business office certifies that the goods or services have been received and meet the required specifications. Payment in advance for goods and/or services is not allowed except in the case of airfare, lodging, conference registration, or any other legitimate purpose which does not violate the provisions of the State of New Mexico Procurement Code.

9. Variations – the Governing Council recognizes that factors beyond the control of the school, such as shipping costs, may cause an invoice to be higher than the approved purchase order. As such, this policy shall allow for a 10% variance from the total approved amount upon review and approval by the Business Manager. Whenever possible, the vendor should notify the business office of any variance in excess of 10% prior to shipment of goods or commencement of services. Variations may also occur when flight cancellations and/or flight delays result in additional lodging and other travel-related expenses. As such, this policy shall allow reasonable travel-related expenditures over and above an approved purchase order amount due to unforeseen circumstances which has been approved in advance by the Business Office.
10. The charter school is encouraged to issue tax-exempt certificates for qualifying purchases pursuant to the guidelines established by the New Mexico Taxation and Revenue Department for Type 9, Governmental Agencies.
11. The charter school Head Administrator and staff shall develop and implement any administrative procedures necessary to administer this policy.

ENCUMBRANCES

The initiating department forwards all requisitions for respective fund approvals as designed in the FMS. The Business Manager is responsible for verifying account codes, fund numbers and checks to see if all necessary approvals are in place. Then the purchase document is forwarded to the Head Administrator who gives final approval to enter a purchase order into the FMS. Once receipt of the order has been verified as complete and correct, the Business Office enters the purchase order into the system. This requisition is attached to the purchase order and filed while awaiting receipt of goods. The payment can be issued after the goods are received. All invoices should be mailed directly to the Business Office by the vendors.

RECEIVING

The merchandise ordered is delivered directly to the end user. The Business Office staff will receive the orders placed and indicate this on the packing slip. Once this document has been received by the Business Office and an invoice has been received, release of payment can be made to the vendor by the Business Office.

For partial shipments or returned items, the business office will make a note on the open PO as to which items have been received and/or returned and attach a copy of the PO to the partial shipment packing list and file it in the *Pending Invoice* file until receipt of invoice. The original PO and PR will be kept in the *Open PO* file until the shipment is complete.

ACCOUNTS PAYABLE

All vendor invoices are mailed to the Accounts Payable personnel in the Business Office. The vendor invoice is matched to the receiving copy of the Purchase Order. Once the documents are matched, the items invoiced are checked back to the items listed on the approved copies of the purchase order. Accounts Payable personnel check each invoice carefully to verify amounts due, shipping and handling costs, and any other applicable discounts, etc. After these verifications are in place, payment can be processed.

All blank check stock is stored in a locked cabinet in the Business Office. Access to this office and locked cabinet is limited. All checks are pre-numbered sequentially by the FMS and then are given to an authorized signer on the bank account for signature.

The FMS generates a check register, a schedule of checks to be written, a purchase order report, and a journal of entries. These are completed for each fund as applicable. These reports are verified for accuracy before the checks are printed. The checks are then processed and sent to the Head Administrator or an authorized signer, for review and signature. Then, the checks are forwarded to the Business Office to be mailed to the vendors. A listing of all disbursements is created from the FMS and is presented to the Council for approval.

BANK RECONCILIATIONS

All bank accounts are reconciled on a monthly basis. The Head Administrator approves the bank reconciliation and approves any adjustments necessary to the general ledger. Bank reconciliation will be signed and dated when reviews are completed. The Business Manager reconciles the bank statement in the FMS bank reconciliation software and locates any discrepancies in the balances and makes any journal entries necessary for correction. The monthly check registers, transactions journals, and general ledger are generated monthly and are stored in the Business Office and are reviewed and approved by the Head Administrator and the Governing Council. All journal entries needed for correction are detailed on the edit report from the FMS and sent to the Head Administrator for review and approval.

PER DIEM & MILEAGE ACT

Employees and Council members of **La Academia de Esperanza** are entitled to reimbursement of registration fees, mileage, per diem, and other costs associated with authorized trips for official school business. Reimbursement shall be made for travel on public conveyance at the most economical rate available for the trip.

Prior to travel, the employee must complete a *Travel Request Form* and submit it to the Head Administrator or Governing Council, if required, for approval, at least one month prior to travel. The approved *Travel Request Form* will then be forwarded to the business manager who will determine whether sufficient budget capacity and cash balance exist to make additional expenditures.

[In City Travel](#) - **La Academia de Esperanza** employees may under certain circumstances, find it necessary to use their personal vehicles for travel within the city in the performance of their duties. The rate of reimbursement is in accordance with DFA regulations and is reviewed by the Business Office periodically.

[In-State Travel](#) - All in state trips must have administrative approval, prior to traveling. This approval is requested on the leave request form. The business purpose of the trip must be justified and all costs associated with the trip must be itemized, if reimbursement is expected. The Business Office will process the reimbursement travel form only with sufficient approvals and required documentation such as agendas and invoices attached to the reimbursement request.

[Out-of-State Travel](#) - All out of state travel requires prior approval by the Head Administrator as applicable. The travel reimbursement form will be processed with sufficient documentation only and personnel will follow the same procedures as listed with in-state travel. If, in the event, personal vehicles are utilized, proof of insurance will be required and submitted to the Business Office **prior to the trip**. All reimbursements are processed in accordance with the Per Diem and Mileage act, as outlined in the DFA regulations. All receipts for out-of-pocket expenditures for transportation, registration, and miscellaneous expenses are required for reimbursement. Any meals and/or lodging cost included in the registration fee are deducted from the per diem reimbursement.

[Per Diem Rates](#)

Partial Day Per Diem Rate – Employees who occasionally and irregularly travel shall be reimbursed for travel which does not require overnight lodging, but extends beyond a normal work day as follows:

- For less than 2 hours of travel beyond a normal work day, none;
- For 2 hours, but less than 6 hours beyond the normal work day, \$12.00;
- For 6 hours, but less than 12 hours beyond the normal work day, \$20.00;
- For 12 hours or more beyond the normal work day, \$30.00
- “occasionally and irregularly” means not on a regular basis and infrequently as determined by the Head Administrator and/or Governing Council. For example, an employee is not entitled to per diem rates under this subparagraph if the employee either travels once a week or travels every fourth Thursday of the month. However, the employee is entitled to per diem rates under this subparagraph if the employee either travels once a month with irregular destinations and at irregular times or travels four times in one month and then does not travel again in the next two months, so long as this is not a regular pattern.
- “normal work day” means 8 hours within a nine-hour period for all school employees both salaried and non-salaried, regardless of the employee’s regular work schedule.

Overnight Travel – Regardless of the number of hours traveled, travel for Governing Council members and employees where overnight lodging is required shall be reimbursed as follows:

- In state areas, \$85.00
- In state special areas (Council approval) \$135.00
- Out of state areas, \$115.00

- Out of state special areas (Council approval), \$215.00

Return from Overnight Travel – On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed, Divide the number of hours traveled by 24. The hours remaining constitute the partial day, which shall be reimbursed as follows:

For less than 2 hours, none;

For 2 hours, but less than 6 hours, \$12.00;

For 6 hours or more, but less than 12 hours, \$20.00;

For 12 hours or more, \$30.00.

Reimbursement for Other Expenses

Employees may be reimbursed for certain actual expenses in addition to per diem rates.

Receipts Not Required – Employees may be reimbursed without receipts for the following expenses in an amount of \$6.00 per day not to exceed a total of \$30.00 per trip:

Taxi or other transportation fares at the destination of the traveler; Gratuities as allowed by the Head Administrator and/or Governing Council; and parking fees

If more than \$6.00 per day or \$30.00 per trip is claimed, the entire amount of the reimbursement claim must be accompanied by receipts.

Receipts Required – Employees may be reimbursed for the following expenses provided that receipts for all such expenses are attached to the reimbursement voucher:

Actual costs for travel by common carrier, provided such travel is accomplished in the most economical manner practical;

Rental cars or charter aircraft, provided less expensive public transportation is not available or appropriate;

Registration fees for educational programs or conferences, provided, if the fee included lodging or meals, then no per diem rates shall be paid and only actual expenses paid by the employee and not included in the registration fee shall be reimbursed with the limits of 2.42.2.9 NMAC; and

Professional fees or dues that are beneficial to La Academia de Esperanza's operations or mission

Under circumstances where the loss of receipts would deny reimbursement and create a hardship, an affidavit from the employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the Head Administrator or Governing Council.

Pre-payment of up to 80% of any per diem related costs are allowed only under special circumstances and the Head Administrator must review these circumstances. All **La Academia de Esperanza** employees are eligible for reimbursement of travel related expenses upon return from their approved trip but must submit reimbursement requests within 60 days of returning

from the trip in accordance with the school's reimbursement plan. The employee must complete an *Expense Report* or a *Mileage Log* to request reimbursement. Any requests for reimbursement not made within this time frame are forfeited.

CASH RECEIPTS

All cash and checks collected shall be receipted daily, accounted for by filling out a Cash Count Log and submitted to the Business Office. The Cash Count Log requires a second person count verification prior to submission to the Business Office. The Cash Count Log will generate a handwritten receipt for the deposit and be entered on an Annual Cash Log. The Annual Cash Log will be reviewed by the Head Administrator as deposits are made. Bank Deposit Slips will be initialed by person submitting the deposit. Bank deposit slips will be verified and initialed by the Business Manager.

All cash and checks shall be subject to the twenty-four (24) hour deposit rule.
(Adopted on February 20, 2020)

LADE Cash Log

Date	Receipt No	Description	Deposited	Withdrawn	Charged to	Received By	Approved By

Cash Report		
Date		
Purpose		
Description	Quantity	Total
\$100		\$
\$50		\$
\$20		\$
\$10		\$
\$5		\$
\$1		\$
Quarters		\$
Dimes		\$
Nickels		\$
Pennies		\$
Other		\$
	Count Total	\$
Deposit Verification		
Second Verification		
Received By		

All operational monies received are receipted in the Business Office. All monies are receipted using pre numbered receipts and are deposited into the school bank account within 24 hours,

according to the 24 hour rule. The Business Manager verifies all receipts posted as being deposited as part of the reconciliation of the bank account.

Business office personnel, under the supervision of the Business Manager, record all funds received in the Business Office to the FMS. The receipts are initialed by two employees. Each receipt has a description of payment and has sufficient documentation for review by the Business Office. These entries include the source, date, amount, fund, receipt number, and a description of the payment. For monies received by mail, the secretary assigned to mail duty reviews the incoming mail and delivers a log of all receipts and the monies to the appropriate Business Office personnel who receipt the funds and record the amount to the appropriate fund. For monies received by ACH transfer and/or electronically, the same process is utilized, but the accompanying documents are generated by the bank and/or Public Education Department and attached as appropriate. The original FMS receipt is attached to the documents posted and recorded into the FMS. There is no need for a separate, manually written receipt.

ACCOUNTS RECEIVABLE

The accounts receivable system is maintained centrally. **La Academia de Esperanza**, including Maintenance, Food Service, Special Services and Support Services, is responsible for forwarding all information about receivables to the Business Office on a timely basis. The Business Office is responsible for monitoring the collection of all amounts due from other departments and/or outside agencies including the Public Education Department. Cash Requests or reimbursement requests are mailed or faxed quarterly or entered in OBMS and a copy of the request is filed in the grant file and a copy is given to the Business Manager for receipt documentation. Invoices are prepared by the proper department and approved by the Head Administrator. The responsibility for the collection rests with the Business Office under the supervision of the Head Administrator.

PETTY CASH

Pursuant to NMAC 6.20.2.14, **La Academia de Esperanza** shall establish and maintain a cash management program to safeguard all cash in its custody and control. The petty cash fund will be established under the authorization of the Head Administrator. A petty cash fund is intended for small purchases, which include, but are not limited to, office and operating supplies, postage, gasoline for bus, etc. The amount of the petty cash fund will be \$200 dollars and will be reconciled as used. Petty Cash will be stored in the safe in the Business Office and will be kept separate from other funds.

A petty cash receipt is to be completed in the following manner:

- The petty cash voucher is to be filled out.
- The voucher will include the name of the employee who is receiving reimbursement and the date the reimbursement is made.
- The exact description for the transaction.
- The total amount of reimbursement.
- The completed voucher must be validated by the person authorized to obligate funds for reimbursement.

An original receipt shall be retained with the original petty cash voucher.

REQUEST FOR RIMBURSEMENT (RFR)

The Business Office is responsible for tracking and verifying the cash balance for all Federal, State, and other grants and contracts awarded to **La Academia de Esperanza**. The Business Manager, under the direction of the Head Administrator, prepares request for Cash Reimbursement Reports. The Business Manager will enter all Request for Reimbursements into OBMS. The Head Administrator will review the submissions in OBMS for approval. A RFR sheet will be printed from OBMS and signed by the Head Administrator and the Business Manager. A Request for Reimbursement Summary of all funds will be completed at least quarterly and submitted to the Governing Council.

INVESTMENTS

La Academia de Esperanza's Governing Council considers an investment program a critical ingredient of sound fiscal management and authorizes the Head Administrator and Business Manager to present potential investment programs for Council approval. Any investment program must be allowed under state statutes and funds generated are to be utilized to supplement the revenue necessary to support the LADE Charter School.

La Academia de Esperanza accounts for all monies placed in interest bearing accounts by fund. Excess cash balances in the bank accounts generate interest which is credited by the financial institution on a monthly basis. The amount of interest earned is receipted and recorded to the FMS when the credit is received. Excess cash balances can also be invested using the State Investment Pool as authorized by Governing Council. Investments are made by either issuing a check or by wire transfer.

WIRE TRANSFERS

Wire transfers are issued from La Academia de Esperanza bank account and forwarded to the authorized paying agent as applicable on or before the due date. A paper trail is automatically produced with this procedure and the transaction is entered into the FMS through the Accounts Payable System or by Business Office personnel other than the one generating the wire transfer. A wire transfer requires approval by the Head Administrator for a wire transfer to commence. Correspondence with each banking institution is documented periodically and available for review by the school's auditor on an annual basis.

INVENTORY

All **La Academia de Esperanza** equipment and items of tangible and intangible value are inventoried on an annual basis pursuant to 2.20.1 et seq. NMAC. The purpose of asset controls are to comply with federal and state reporting requirements, protect capital assets, preserve the life of capital assets, to avoid any unnecessary duplication of assets, to establish a guideline for

future replacement, and to establish a basis for the amount of insurance coverage required. All assets shall be recorded in accordance with generally accepted accounting principles, and an asset register shall be maintained in either a hard copy or in a computerized format.

For the purpose of this policy, assets are defined as tangible or intangible property owned by the school which meets the definition and minimum dollar amount for capitalization as determined by statute, and as may be amended from time to time by legislative mandate, per the following categories:

Furniture and equipment - Tangible personal property more than \$1,000 with a useful life of more than one (1) year that is employed in the operating activities of the charter school. Items which fall into this category may be purchased or acquired by gift and include, but are not limited to, desks, filing cabinets, copiers and laboratory equipment.

Computer equipment - Tangible computer equipment in excess of \$1,000, with a useful life of more than one (1) year including Laptops, Desktops, Servers, Routers, Hubs, etc., either purchased or acquired by gift to be used for operational or instructional purposes. For purposes of this policy, computers are defined as a CPU, monitor and keyboard which go together as a package. Printers, which exceed \$5,000, shall be capitalized separately, while printers, which are less than \$1,000, shall be considered Supply Assets and recorded as such in the school's general ledger and asset register.

Any other costs directly related to the purchase or acquisition which make the equipment operable as intended, such as shipping charges or set-up fees, may be included as part of the acquisition cost. Improvements or repairs to existing assets will be capitalized only if the result of the expense meets all of the following conditions: 1) If the total costs exceed \$1,000, the asset's useful life is extended three (3) or more years and the total costs will be greater than the book value and less than the fair market value.

Depreciation Guidelines:

Capital assets are recorded at original cost and depreciated over their estimated useful lives (with no salvage value). La Academia De Esperanza defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Property Category	Life In Years
Computer Hardware and Business Machines	5
Instructional or short-term Software	5

Copiers	5
Administrative or long-term software	10
Communication Equipment	10
Audio Visual Equipment	10
Athletic Equipment	10
Furniture and Accessories	20
Electrical/Plumbing	30
Kitchen Equipment	15

It is the responsibility of the "Inventory Contact Person" assigned by the Business Office, with the Head Administrator's approval, for **La Academia de Esperanza** to ensure that all equipment delivered to their location is added to the inventory control logs.

All adjustments to the records are forwarded to the Business Office for updating. All requests for removal of surplus property, deletions, and discards must be approved by the Head Administrator, Governing Council and the Office of the NM State Auditor. Assets which are obsolete, worn out or broken, damaged or a result of theft, may be disposed of pursuant to NMSA (1978) 13-6-1 and 13-6-2. A Certification of Destruction will be obtained to verify computer hard drives and all licensed software have been erased/destroyed prior to disposition. The Business Office shall retain the approved forms to preserve the integrity of the asset records

When equipment is loaned to students/families, an Equipment Loan Agreement must first be completed. Equipment Loan Agreements are retained in the Business Office and are reviewed against student withdrawals. Students will return the equipment in good condition by the end of the school year. Attempts to recover unreturned equipment will be made prior to reporting the equipment as stolen property by filing a police report. This is necessary to remove/dispose of the equipment from inventory.

Due to distance learning/remote learning requirements in response to the COVID-19 pandemic, technology (Chromebooks) have been issued to students. An *Equipment Loan Agreement* has been filled out and retained in the Business Office. *Equipment Loan Agreements* are reviewed against student withdrawals and at the end of the school year students will return the Chromebooks. Lost or damaged equipment will be subject to replacement costs by the student/family.

SPECIAL REVENUE FUNDS

All proposals prepared by school staff for special funding require administrative approval from the Business Office in coordination with the program or support staff from special services and/or the Head Administrator at **La Academia de Esperanza**. Original and approved proposals are then submitted to the Head Administrator for final approval and signature. These procedures must be adhered to ensure proper budget authorization is obtained in a timely manner and prior to the expenditure of any monies.

Upon receipt of an award notice, a budget document is prepared and submitted to the Business Office for review and processing. New Budget Adjustment Requests are presented to the Governing Council for approval and then forwarded to the School Budget Finance and Analysis Bureau at the Public Education Department via OBMS for final approval as applicable.

Special revenue fund approvals are then entered into the FMS of the school and monitored by the Business Manager. The Business Office is responsible for program compliance about the nature of the grant guidelines and the Business Manager is responsible for the fiscal aspects of the award with oversight by the Head Administrator.

DEBT SERVICE – PROPERTY TAXES

The debt service portion of the property taxes collected by the county treasurer is receipted and deposited to the bank account monthly or when received. Any excess cash balance in the school's bank account is invested per local investment procedures and in accordance with the Manual of Procedures, Supplement #8. The County Treasurer billing for the 1% administrative fee which is recorded to the Debt Service fund administrative account, is deducted by the County Treasurer prior to submitting the payment for collection. This fee is properly expensed, and revenue is increased via journal entry by the Business Manager.

INSURANCE

The New Mexico Public School Insurance Authority (NMPSIA) provides insurance for employee benefits and property and liability coverage. Premiums are determined for health, vision, and dental coverage by NMPSIA and their staff with procedures set by statute. Property and Liability coverage are determined by a claims loss ratio established by the NMPSIA and their brokers, Poms and Associates. A Memorandum of Coverage is provided to the school and forwarded to the auditor for review annually.