

Colorado Military Academy
Financial Policies and Procedures

1.0 GOAL

1.1 The policy goal of Colorado Military Academy (hereinafter “CMA”) shall be to conduct the operations and business of CMA with sound fiscal management and in all respects consistently with Colo. Rev. Stat. § 22-30.5-112(7). All fiscal activities shall be consistent with the CMA Conflict of Interest Policy.

Legal Ref.: C.R.S. § 7-128-501
C.R.S. § 22-30.5-104(4)

2.0 FISCAL MANAGEMENT ORGANIZATION AND AUTHORITY

The financial management shall be the responsibility of the CMA Board of Directors and the Executive Director and Headmaster, respectively. The Headmaster shall administer the academic budget and the Executive Director shall approve expenditures and commitments within the Board approved budget. The ultimate responsibility for the financial operations of CMA falls upon the Board, and the Headmaster and Executive Director, with the support of the Business Manager who shall serve as Chief Financial Officer. The Chief Financial Officer shall act in an advisory capacity with regard to financial matters. Any expense that will result in expenditure greater than 1%, or \$2,500 if 1% is less than \$2,500, above the maximum of a line item in the summary budget approved by the Board requires Board approval before being expended.

- The Executive Director, with support from the CMA Headmaster(s) and the Chief Financial Officer, shall be responsible for the installation and supervision of proper internal control systems to include, but not limited to:
 - Receipt and deposits of moneys
 - Payment of salaries and wages as adopted by the Board
 - Timely payment of bills
 - Accurate posting of transactions and reconciliation of accounts
 - Responsible administration of employee benefits
 - Procurement of assets

In order to assure CMA’s financial integrity, the CMA Board shall determine and set aside sums for the School as contingency reserve to be included in each general fund budget to avoid borrowing money to conduct operations and a reserve for the possible purchase of the facility. Assets, funds, liabilities and financial records of the School shall be kept separate from the assets, funds, liabilities and financial records of any person, entity or other organization accounting.

Legal Ref.: C.R.S. 7-123-102
C.R.S. 22-30.5-104(4)
C.R.S. 22-30.5-104(7)

3.1 BUDGETS

3.2 General. The annual budget is the financial plan for the operation of CMA. It provides the framework for both expenditures and revenues for the year and translates into financial terms the educational programs and priorities of CMA.

The CMA Board assigns to the Headmaster and the Board assigns to the Executive Director overall responsibility for budget preparation, budget presentation and budget administration, but portions of this responsibility may be delegated in the discretion of the Business Manager.

Insofar as possible, the budgets adopted by CMA Board shall be sufficient to implement all programs and policies that have had each Board's approval.

Legal Ref.: C.R.S. 22-44-101 through 22-44-117
C.R.S. 22-44-203 and 22-44-204 (3)

3.3 Budget Format. CMA shall prepare the budgets in a summary format that is understandable by laypersons, allows for comparisons of revenues and expenditures by pupil, does not provide for expenditures, inter-fund transfers, or reserves in excess of available revenues and the beginning fund balance, and is otherwise compliant with the charter contract and applicable law.

3.4 Budget Transfers. Any CMA inter-fund transfer, including any transfer of unencumbered moneys from the contingency reserve account, which is within the general fund, to another fund requires Board approval. Inter-fund loans, if any, shall be repaid within three months of the beginning of the next fiscal year.

The Board shall not transfer moneys between funds when such transfer is inconsistent with applicable law.

Legal Refs: C.R.S. 22-44-112
C.R.S. 22-44-102 (3)
C.R.S. 22-44-113
C.R.S. 22-44-106

4.1 TIMELINES AND SCHEDULES

On or before June 30, 2017, the CMA Board shall adopt timelines and schedules.

4.2 Financial Record Keeping.

- Financial records will be posted and reconciled on a monthly basis.
- Quarterly financial reports shall be prepared no later than 20 days following the end of each quarter.
- Financial records will be posted on the School's website or the State's designated website in accordance with the Financial Transparency Act.

4.3 Reporting.

A summarized total of revenues and expenditures of CMA funds shall be provided to the Board at each regular meeting.

4.4 Budget.

Every February the CMA Headmaster and Executive Director shall meet with the Business Manager for the purpose of developing the budgets for the following school year.

- Proposed CMA budgets will be given to the CMA Budget Committee, comprised of the treasurer of the board, for input.
- The Headmaster shall present the proposed new academic budget to the CMA Board and submit it to the CMA Executive Director with submission to the CMA Board of Directors by their May Board Meeting, with the preliminary budgets to be given to the appropriate authorizers when requested.
- A budget will be adopted by resolution prior to the beginning of the applicable fiscal year.

4.5 Audit.

The audit described in Section 11 must be completed no later than the date required by law unless a request for an extension of time is granted by CMA and the Authorizer.

5.0 FINANCIAL EMERGENCIES

If CMA Board determines, during any budget year, that the anticipated revenues and amounts appropriated for expenditure in the budget exceed actual revenues available, the Board may declare a fiscal emergency. Such declaration shall require the affirmative vote of two-thirds of the members of the Board.

The CMA Board will determine if a special session of the budget committee, and/or a school-based committee is appropriate and what actions should be taken.

Legal Ref: C.R.S. 22-44-115.5

6.0 GRANTS FROM PRIVATE SOURCES

Only the Executive Director or Board may accept grants, gifts or bequests on behalf of CMA. The title to all gifts, grants and bequests to CMA shall rest with the organization. All gifts and grants shall be consistent with the CMA mission, applicable requirements of Section 501c3 of the Internal Revenue Code, and timely reported to the appropriate Board of Directors.

7.0 DEPOSITORY OF FUNDS

All revenue received by the School shall be deposited in an official bank or banks as designated by the CMA Executive Director. Such financial institutions must qualify as eligible public depositories in accordance with state law.

Legal Ref: C.R.S. 24-75-601 et seq.

8.0 FINANCIAL RECORDS

All financial records of CMA shall be maintained at the central administrative office.

9.0 INVENTORIES

CMA shall maintain a system for an annual inventory of all items costing \$1,000 or more and having a life expectancy of over one year, with the exception of equipment permanently fixed in a building such as heaters or lockers, and including technology items of \$100 or more.

The CMA Headmaster shall develop procedures for conducting annual inventories of CMA's property, conducting the inventory, and maintaining a record of the property.

CMA will capitalize and depreciate assets costing more than \$5,000 that have a useful life of more than one year.

10.0 AUDITS

In accordance with state law, all funds and accounts of CMA shall be audited annually, following the close of the fiscal year.

The CMA Board shall appoint an independent auditor licensed to practice in Colorado and knowledgeable in government accounting to conduct the audits. The independent auditor shall serve at the discretion of the Board.

The audit report shall contain, among other information:

- Financial statements prepared in conformity with Generally Accepted Governmental Accounting Principles and GASB 34. (The financial statements are the representation of the School, whether prepared by the School or by the auditor.)
- Disclosures in accordance with the Financial Policies and Procedures Handbook. The supplemental schedules of receipts and expenditures for each fund shall be in the format prescribed by the CDE and shall be in agreement with the audited financial statements of the School.
- All funds and activities of CMA.
- Budget to actual comparisons for each fund and activity.
- The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained. The opinion shall include general fixed assets.
- Disclosure of all instances of noncompliance with state law, including the Public School Finance Act of 1988, irrespective of materiality.
- A supplemental listing of all investments held by CMA and the date of the financial statements.

The auditor also shall make recommendations to the CMA Board concerning its accounting records, procedures and related activities, as may appear necessary or desirable, and shall perform such other related services as may be requested by the Board.

The CMA Board shall submit copies to their authorizer, the State Auditor and the State Commissioner of Education.

The CMA Board reserves the right to request an audit of any CMA activities at more frequent intervals if desired.

Legal Ref: C.R.S. 22-30.5-112(7)

C.R.S. 22-32-109 (1)(k)

C.R.S. 24-75-601.3

C.R.S. 29-1-601 et seq.

11.0 PURCHASING AND PURCHASING AUTHORITY

The Business Manager and the CMA Executive Director, with the support and cooperation of the CMA Headmaster, shall be responsible for the installation and supervision of proper internal control systems for purchasing, including but not limited to, a purchase order system, proper verification of purchase, payment documentation and bidding procedures.

Legal Ref: C.R.S. 22-30.5-104(7)

C.R.S. 22-32-109 (1) (b)

11.1 PETTY CASH. Any CMA petty cash fund, not to exceed \$200, shall be maintained in the custody of the designated employee with oversight of the CMA Executive Director.

11.2 PURCHASE ORDERS. Purchase orders may be used, in the discretion of the Executive Director or the Business Manager, as follows:

11.2.1 The CMA Headmaster will be responsible for the review of purchase orders originating from faculty, other employees shall be reviewed by the CMA Executive Director. A purchase order (a PO) request will be completed by the individual requesting a purchase. The individual will submit the PO to the Executive Director for review. PO's that are consistent with the budget and within the scope of the authority of the individual requesting the purchase may be approved by the Executive Director.

11.2.2 Availability of funds is checked at time of approval. All purchases must be charged to the correct budgetary account (not only where funds are available). The approved copy maintained by the Business Manager will list the budget line item(s) related to the PO for tracking purposes.

11.2.3 The vendor will ship the merchandise to CMA, referencing the PO number. The individual requesting the purchase of goods and/or services shall maintain records as to the status of all such requests and shall be responsible for checking the items actually received against the PO and packing slip. After the requesting staff member checks the merchandise and signs for the receipt of the merchandise, the documentation will be forwarded to the CMA Accounting Office.

- 11.2.4 When the receipt is recorded and the PO and invoice are reconciled, the Business Manager will process payment. The Business Manager will process payment only after receiving the necessary paperwork from the staff member making the purchase or Executive Director authorizing the purchase.
- 11.2.5 If the staff member receives an item that is not wanted after it is ordered, it is the PO originator's responsibility to re-package the product, affix address labels, return the merchandise to the vendor and advise the CMA Office, and CMA Executive Director of any changes.
- 11.2.6 The purchasing power of CMA shall not be used to obtain goods or services for the private use of any employee.
- 11.2.7 Any employee who charges any item without an authorized PO may be held personally liable for that purchase.
- 11.2.8 Requests for receiving items in order to preview them should still cause a PO to be activated. If the items are kept, a written notification to the Business Manager Office requesting payment must be made.
- 11.2.9 Payments should be made in a timely manner to avoid penalties and late fees.

11.3 PAYMENT BY CHECK.

This procedure applies to purchases and services for where no PO has been issued and should apply only to the following:

- Recurring expenses, such as utilities, rent or payments to independent contractors, which are authorized on an ongoing basis or for which there is a short elapsed time between commitment to pay and time of actual payment.
- Expenses which cannot be handled through the normal PO process or petty cash procedure. Examples would be postage meter reimbursements, payment of dues for professional organizations and subscription renewals.

Personal credit card and personal check use is strongly discouraged. Personal credit cards and checks are to be used only when no other method of payment is available. Reimbursement will be made when a Request for Payment is accompanied by an original receipt.

11.4 A log of all checks issued will be maintained. All CMA checks for more than \$1,000 will require two signatures from the following group: Executive Director, Headmaster, Business Manager, or Board Treasurer. No gas purchase cards may be held by any party.

11.5 PURCHASING AND/OR DEBIT CARDS: General purchasing cards (or Debit Cards) may be held by only the Executive Director, the Headmaster, the Business Manager, or designated purchasing agent. No gas purchase cards may be held by any party.

This type of purchase exists to help expedite the procurement of small dollar purchases and online purchases that must be paid for right away. The purchasing card is the preferred method of purchasing small dollar goods and services up to the cardholder's single transaction limit. Cards are subject to monthly dollar limits as well as individual transaction limits. The purchasing card is to be used by the person it is issued to and must only be used to pay for approved CMA purchases. Payments online and purchase in excess of \$1,000 must include documentation in the file of the second authorized signatory's approval.

Employees using a card must sign the School's cardholder agreement.

General Process:

- Cardholder orders or picks up desired product(s)
- Cardholder uses Purchasing Card to pay for product(s); gives tax exempt number to vendor; receives items and receipt
- Cardholder provides the receipt and any additional documentation to the CMA Accountant who prepares transaction log for purchase, attaching the original, itemized and detailed receipt
- CMA Accountant reconciles individual monthly statement with transaction log; attaches transaction log and receipts to the statement; and signs for written approval to pay on the statement
- Accountant submits monthly statement and attachments to Executive Director and the Business Manager.
- Executive Director, Headmaster or Business Manager reviews cardholders' transactions for appropriateness and signs for written approval on the statement

11.6 PROHIBITED TRANSACTIONS: It is a violation to use any payment method for any of these goods and services:

- Personal Purchases
- Cash or Cash Type Transactions
- Gift Certificates (unless Executive Director approves; log of distribution must be maintained)
- Split Transactions
- Alcoholic Beverages

- Contracts requiring an authorized signature

- Drug Enforcement Agency licensed substances
- Cash Type Merchants: money orders, wire transfer, stamp and coin stores, betting, lottery tickets, chips, wagers, financial and non-financial institutions, manual cash disbursement, travelers' checks, precious metals, foreign currency, automated cash disbursements, merchandise services.

Any improper transaction will be investigated and disciplinary action will be taken based upon the nature of the violation. Consequences of prohibited transactions may include job termination and/or criminal prosecution.

11.7 PURCHASE CONDITIONS. All purchases of goods shall result in such goods being delivered to CMA location and to no other location. When appropriate to the nature and magnitude of a transaction, contracts or other operative documents should indicate that payment and liability is an obligation of CMA and not to any authorizer.

12.0 BIDDING REQUIREMENTS:

The Headmaster and the Executive Director shall secure bids on all single item purchases exceeding \$150,000 and on all other purchases of supplies, equipment and projects when it is in the best interest of CMA. Purchases valued at less than \$150,000 but more than \$3,000 shall be based upon multiple price checks or quotations.

All contracts and open market orders shall be awarded to the lowest qualified supplier, taking into consideration the quality of materials or services and their contribution to program goals.

When time is of the essence, bid procedures may be waived provided prudent measures are taken to obtain the best price available under the circumstances (phone, quotations, etc.).

12.1 Waive of Formal Bidding Procedures:

- The CMA Executive Director or Business Manager may waive, in writing, the formal bidding procedures of this chapter when time is of the essence and the best interests of CMA will be served by such action. Proceeding under this section, the Executive Director, Headmaster or Business Manager Officer shall submit an informal memorandum to the Board stating all essential terms of the contract and the reasons for proceeding under this section.
- The following items or services shall not be subject to formal bidding requirements:
 - Acquisition or disposal of unused or obsolete equipment.
 - Books.
 - Food service requirements.

- Goods or services from agencies of the Federal, State, or Local government.
- Proprietary or sole source items or services.

All contracts for which formal procedures are waived under this section shall be reported to the CMA Board.

12.2 SOLE SOURCE CONTRACTS. In the case of items available only from one source, purchases may be made based on negotiations with that source.

12.3 PROFESSIONAL SERVICES. This section shall not apply to professional services.

12.4 NO RIGHT TO BID ACCEPTANCE. The CMA Executive Director and the Business Manager shall have the authority to reject any or all bids.

Legal Ref: C.R.S. 22-32-109 (1)(b)

13.0 EXPENSE REIMBURSEMENTS

CMA shall reimburse employees and Board members within annual budgetary limitations for certain expenses incurred on behalf of the School.

13.1 The following procedures shall apply to expense reimbursements:

- a. Official travel.
 - Actual travel expense shall be reimbursed, limited to the maximum rate permitted by the State of Colorado for state employees, and mileage shall be reimbursed at the IRS approved rate per mile when private automobiles are used.
 - Travel expenses shall be kept to a minimum whenever possible.
 - The Board discourages the use of private automobiles, but when used, will be kept to a minimum whenever possible.
- b. Conference expenses. Conference expenses, including meals, lodging, travel, conference fees and miscellaneous associated expenses shall be either paid by CMA or reimbursed to the employee if:
 - The proper forms are submitted with sufficient documentation (travel expense form or mileage reimbursement report).
 - The forms are approved by the individual with budget authority.
 - There is sufficient budgeted money available.
- c. Mileage reimbursements. A mileage expense report is to be completed by any employee who is requesting reimbursement for

expenses incurred while using a privately-owned vehicle on CMA business.

- The form should be completed and signed by the employee, approved by the Executive or Headmaster for CMA or the Business Manager and forwarded to the Business Manager Bookkeeping Office for payment.
- Employees are not reimbursed between home and first and last duty assignment each day.
- Reports received more than 90 days after the due date may be denied.

d. Meal expenses. Meal expenses shall be reimbursed with receipts.

13.2 Employees may receive travel advances when properly authorized by the individual with budget authority. Advances shall not exceed an amount that can be substantiated by the employee based upon the length of anticipated travel. Employees receiving such travel advances shall complete and submit expense vouchers, accompanied by receipts, to the bookkeeper as soon as practical upon their return from travel. If actual reimbursable expenses exceed the employee's advance, CMA shall reimburse the difference. However, if the advance exceeds the actual reimbursable expenses incurred, the employee shall immediately reimburse CMA for the difference. Receipts not received may become the expense of the employee.

13.3 Mileage and other expense reimbursement will be distributed along with other non-payroll checks following normal procedures. Reimbursements require approval/authorization by the Executive Director or Headmaster for CMA and the Business Manager.

14.0 SCHOOL PROPERTIES DISPOSAL: The Executive Director of CMA and the Business Manager shall seek CMA Board approval prior to selling or leasing any property which may not be needed in the foreseeable future upon such terms and conditions as he or she may approve. Funds received from such sale shall be documented and deposited into the CMA account.

If the property is sold to a state agency or political subdivision of the state, it shall not be necessary to find that the property may not be needed.

Legal Ref: C.R.S. 7-123-102(1)(e)
C.R.S. 22-30.5-104(4)
C.R.S. 22-32-110 (1) (e)

15.0 FUNDRAISING ACTIVITIES: All fundraising programs must be submitted to the CMA Executive Director, Headmaster or the Business Manager for approval before any activity is to begin or announced to staff or students. It is the intention of the Board that any activity should be expected to produce a reasonable return before a fundraising activity be approved. Funds collected from such activities shall be accounted for and deposited to the appropriate CMA account.

16.0 FINANCIAL TRANSPARENCY & OTHER REPORTING.

All financial information required to be posted under the Financial Transparency Act shall be timely placed on the CMA website by the Business Manager. The Business Manager is also responsible for timely filing of the annual Form 990 with the Internal Revenue Service.

Legal Ref.: C.R.S. 301 – 304

17.0 POLICIES NOT ADDRESSED

All policies not addressed above will mirror those outlined in current Financial Policies and Procedures manual published by the Colorado Department of Education.

Amended: **July 9, 2018**
Effective: **March 30, 2017**