

SAGE OAK CHARTER SCHOOLS

Fiscal Control Policy and Procedures



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FISCAL CONTROL POLICY AND PROCEDURES

The Board of Directors of Sage Oak Charter Schools (“SOCS” or “School”) has reviewed and adopted the following procedures to ensure the most effective use of the School’s funds to support the mission of the School and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Board of Directors formulates financial policies and procedures, delegates administration of the policies and procedures to the Superintendent, and reviews operations and activities on a regular basis.
2. The Superintendent has responsibility for all operations and activities related to financial management.
3. Financial duties and responsibilities shall be separated so that no one employee has sole control over cash receipts, disbursements, and reconciliation of bank accounts.
4. The Board of Directors shall commission an annual financial audit by an independent third-party auditor who will report directly to it. The Board of Directors shall approve the final audit report, and a copy will be provided to the chartering authorities and other legally required entities. Any audit exceptions and/or deficiencies shall be resolved to the satisfaction of the Board of Directors and the chartering authorities.

Annual Financial Audit

1. The Board of Directors shall appoint an audit committee to select an auditor, according to each charter.
2. Every six years, the committee shall solicit and review bids and select an independent certified public accountant to perform an annual fiscal audit pursuant to the provisions in each charter. A waiver of this process may be requested of the Board of Directors.
3. The audit shall include, but not be limited to:
 - a. An audit of the accuracy of the financial statements
 - b. An audit of the attendance accounting and revenue accuracy practices
 - c. An audit of the internal control practices
 - d. An audit opinion of the fair presentation of the financial statements
4. SOCS will review any audit exceptions or deficiencies and determine the means for resolving any such exceptions or deficiencies. Audit exceptions must be resolved to the satisfaction of the Board of Directors.
5. The School shall complete its audit no later than December 15 following the close of the fiscal year. A copy of the audit report shall be submitted to the chartering authorities within thirty (30) days of completion, and no later than December 15 of the fiscal year following the fiscal year for which the audit was performed. A copy of the School’s annual, independent financial audit report for the preceding fiscal year shall be delivered to the chartering authorities, State Controller, California Department of Education, and County Superintendent of Schools on or before March 31 of the following year.

FISCAL CONTROL POLICY AND PROCEDURES**Staffing**

1. All hiring by the School shall be in accordance with the authority granted to the Superintendent in their job description and employment contract; the Superintendent shall exercise authority to make hiring decisions which shall be ratified by the Board at the next regularly scheduled meeting. The authority to hire, as it relates to overall fiscal impact, is conditioned solely on a balanced budget, to be adopted by the Board of Directors at the next budget iteration, according to section Purchasing 1(a).

Purchasing

1. All expenditures by the School shall be in accordance with a budget that has been duly adopted by the Board of Directors.
 - a. Budgets shall be, at a minimum:
 - an annual July Budget adopted before July 1 of the fiscal year;
 - a First Interim Budget adopted before December 15 of each fiscal year;
 - a Second Interim Budget adopted before March 15 of each fiscal year.
 - b. Budgets shall be accompanied by department-level budget details
 - c. Budgets shall incorporate a multi-year plan (MYP) that outlines revenue and expenditures for the subsequent two years after the current fiscal year.
2. The Superintendent or designee shall authorize individual vendor invoices over \$5,000
3. The Superintendent or designee must approve all purchases. The Board of Directors must ratify all budgeted contracts greater than \$50,000. Ratification is not required if the expenditure is budgeted and under Sage Oak's Terms and Conditions of the Purchase Order.
4. The Superintendent or designee may authorize additional budgeted expenditures, not to exceed \$50,000. In the event this additional expenditure requires a signed contract, the contract will not be presented to the Board for ratification. The Superintendent may also approve expenditures and contracts less than \$50,000 outside the current fiscal year without subsequent ratification by the Board.
5. The Board of Directors must approve any expenditures, except as related to materials or services outlined in a student's IEP as outlined in section 6, that would result in a budget line item variance of \$10,000 or 5%, whichever is higher. The Superintendent or designee may authorize such line item expenditure variances in times when it is impracticable to seek approval from the Board of Directors, these expenditures must be ratified by the Board of Directors at a subsequent Board meeting.
6. For materials or services outlined in a student's IEP, the Superintendent or designee may authorize materials and/or service expenditures without limit. These expenditures will be ratified by the Board of Directors at the subsequent Board meeting.
7. When approving purchases, the Superintendent or designee shall:
 - a. Determine if the expenditure is budgeted

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- b. Determine that the expenditure aligns with the purpose and description of the designated budget line item, ensuring accurate classification and compliance with budget intent.
 - c. Determine if funds are currently available for expenditures (i.e. cash flow)
 - d. Determine if the expenditure is allowable under the appropriate revenue source
 - e. Determine if the price is competitive and prudent for all purchases. The determination must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services for purchases over \$50,000 pursuant to Public Contract Code (PCC) Section 20111(a). This amount shall be updated annually, per the Annual Adjustment to Bid Threshold for Contracts Awarded by School Districts Letter published by the California Department of Education (posted at <https://www.cde.ca.gov/fg/ac/co/>). For the calendar year 2026, this amount is \$119,100.
8. All purchases will be made through the online purchasing system for the purposes of tracking and documentation.
 9. Using personal funds to make purchases on behalf of the School shall be avoided. Employees who use personal funds to make unauthorized purchases shall not be reimbursed. Authorized purchases shall be promptly reimbursed upon submission of the receipts and approval of the supervisor through the approved online system or by use of an expense reimbursement form.

Contracts for Service

1. Consideration shall be taken of in-house capability and capacity to accomplish services before contracting for them for purchase orders (PO's) over \$119,100.
2. Written contracts clearly describing the scope of work to be performed shall be maintained for contract service providers that pass the greater than \$5,000 threshold (e.g. consultants, independent contractors, subcontractors).
 - a. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance currently in effect. Contract service providers will list the School as an additional insured.
 - b. Contract service providers who interact with students will be required to submit to fingerprinting requirements via LiveScan in order to comply with Education Code Section 45125.1
3. Contracts that must be signed outside of the Schools' online purchase order system must be approved and signed by the Superintendent or designee, and contracts greater than \$50,000 shall be ratified at a subsequent Board meeting.
4. Contract service providers shall be paid in accordance with approved contracts after work is performed unless otherwise agreed upon in the contract.

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5. The Board of Directors must ratify all contracts greater than \$50,000 . Ratification is not required if the expenditure is budgeted and under Sage Oak’s Terms and Conditions of the Purchase Order or if the contract is less than \$50,000 in value.

Legal Settlements

1. The Superintendent or designee shall have the authority to settle disputes related to special education, employment, wage and hour, workers comp, or other matters not exceeding \$50,000. Settlements in excess of \$50,000 shall be approved by Board action.

Board Approval & Ratification Summary

| | | Who May Approve: | |
|---|--------------|------------------|-------|
| | | Superintendent | Board |
| Budgets (July, FIB, SIB, including two out years) | | | X |
| Budgeted or unbudgeted contracts | If >\$50,000 | | X |
| | If <\$50,000 | X | |
| Unbudgeted expenditures | If >\$50,000 | | X |
| | If <\$50,000 | X | |
| Budgeted expenditures | If >\$50,000 | X | |
| | If <\$50,000 | X | |
| Legal settlements | If >\$50,000 | | X |
| | If <\$50,000 | X | |

ACCOUNTS PAYABLE

Bank Check Authorization

1. All original invoices will immediately be forwarded to the business services department for processing. Department personnel will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received and match the PO in the online purchase order system. When receiving tangible

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goods from a vendor, the person designated to receive deliveries shall mark each item. Department personnel will adjust the invoice for any missing items not received before processing for payment.

2. Once matched to the online purchase order system PO, department personnel will stamp a check authorization on the invoice and complete the required information, including noting the specific budget line item that is to be charged for the specified expenditures and SACS coding as applicable. All invoices and supporting documentation shall be sent to the School accounting office on at least a weekly basis. The School accounting office shall process the invoices for payment only upon receiving sufficient supporting documentation.

Payments

1. The Superintendent or designee will be authorized to open and close bank accounts, ratified by the Board.
2. The Superintendent or designee will authorize School accounting personnel to process payments on behalf of the School, only after School personnel provide an authorized PO with a matching invoice. The School accounting office will ensure that payments are drawn on the appropriate bank fund account.
3. The Superintendent or designee will be responsible for all blank checks and will keep them under lock and key.
4. When there is a need to generate a payment, the Superintendent or designee will send appropriate approved documentation to the School accounting office.
5. Once approved by the Superintendent or designee, the School accounting office prepares the payment based on the payment authorization prior to obtaining the appropriate signature(s).
6. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
7. The School accounting office will record the payment transaction(s) in the School's accounting system, including the general ledger.
8. The School accounting office will distribute the payments as follows:
 - a. Original via check – mailed or delivered to payee
 - b. Original via ACH (Automated Clearing House) - sent and remittance details delivered to payee
 - c. Duplicate – sent via check or ACH after a stop payment has been made with the issuing bank
 - d. Canceled Checks – filed numerically if it was not lost by the payee

Bank Reconciliation

1. The designated accounting personnel will examine all paid checks for date, name, cancellation, and endorsement and report any discrepancies to the Superintendent or

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- designee. Any discrepancies regarding the paid checks or any undeposited checks over 60 days will be researched and if applicable deleted from the accounting system.
2. The designated accounting personnel will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
 3. The designated accounting personnel will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the Superintendent or designee.
 4. The designated accounting personnel will prepare a monthly summary report to be approved by the Superintendent or designee.
 5. The individual preparing the reconciliation is not the same person who signs checks or authorizes payments

ACCOUNTS RECEIVABLE**Cash**

The School will not accept cash for any reason. All forms of payment or reimbursement must be provided to the School in the form of a check, cashier's check, or electronic payment and made payable to the School.

Check Receipts

1. Refunds from vendors will follow School's Refund Check Deposit Procedures.
2. The School will not make any transactions using cash.
3. Other check receipts will be immediately endorsed with the School's deposit stamp and will be endorsed as follows: "For Deposit Only; Sage Oak Charter Schools; <Bank Account number>."
4. By the close of business each day, the staff opening the mail will log checks received into the Cash Receipts Log. The Cash Receipts logs shall be shared with the School's accounting office.
5. A bank deposit reconciliation form will be completed by business services staff and initialed by the Director of Business Services or designee for approval to deposit. The bank deposit reconciliation form and documentation for all receipts (copy of check(s), etc.) will be uploaded to the online secure file system for recording by the accounting office.
6. Deposits will be made at least every Friday by the designated School employee.
7. The duplicate deposit slip and deposit receipt will be attached to the deposit documentation and forwarded to the accounting office to be filed and recorded monthly.

Returned Check Policy

1. A returned check processing fee will be charged for checks returned as non-sufficient funds (NSF). Unless otherwise pre-approved by the Superintendent, payment of the

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- NSF check and processing fee must be made by money order or certified check.
2. In the event that a second NSF check is received for any individual, in addition to the processing fee, the individual will lose check-writing privileges. Payment of the NSF check, the processing fee, and any subsequent payment(s) by that individual must be made by money order or certified check.
 3. If unsuccessful in collecting funds owed, the School may initiate appropriate collection and/or legal action at the discretion of the Superintendent.

EXPENSES**Expense Reimbursement**

1. Due to the virtual nature of this business, it may sometimes be most practical for employees to initiate purchases locally and be reimbursed for those expenses. Reasonable, actual business expenses incurred by employees for the purpose of conducting business on behalf of the School shall be reimbursed upon approval. Employees receiving a stipend for supplies are expected not to exceed the stipend amount. Pre-approval by a supervisor is required in the event the employee will incur out-of-pocket expenses that exceed the amount of the stipend.
2. Expense reimbursement requests must be submitted within thirty (30) days of the date of the expense.
3. The mileage reimbursement rate is based on the rate established by the Internal Revenue Service. Employees must include verification of miles driven either using a platform adopted by the School or by attaching a Mapquest/Google map or the like, with the request for reimbursement that is over any amount the employee may receive as a mileage stipend. Employees should consult the Board-approved mileage reimbursement policy (4135 or 4140) applicable to their position.

Travel

1. The School will only reimburse actual and necessary expenditures for staff. Attendees shall be held accountable for good judgment regarding the expenditure of tax dollars. All expenditures must have scanned copies of itemized original receipts, regardless of the amount.
2. The School shall not reimburse personal travel expenses including, but not limited to, alcohol, entertainment, laundry, expenses of any guest who is accompanying the employee on School-related business, personal use of an automobile, and personal losses or traffic violation fees incurred while on School business. Factors such as variances in regional costs, travel duration, and extenuating circumstances will be considered when approving travel reimbursement.

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3. In addition to those items listed below, associated travel fees such as parking fees, taxis/shuttles, and luggage handling are reimbursable expenses.
4. Employees are pre-approved to expense those costs associated with traveling for School-related purposes including testing and professional development. Scanned copies of original itemized receipts are required for reimbursement.

Board Member Expenses

1. Board members shall be reimbursed for actual and necessary expenses such as travel, telephone, business meals, or other authorized purposes incurred when performing authorized services for the School.
2. Board members incurring authorized expenses while carrying out the duties of the School must complete and sign an expense report.
3. The Superintendent or designee will approve and sign the expense report for reimbursement.

FINANCE**Financial Reporting**

1. The Superintendent or designee shall prepare the annual financial budget for approval by the Board of Directors, including revenue calculators and assumptions at the time of budget adoption
2. The Assistant Superintendent of Business Services or designee shall submit interim budgetary reports according to requirements of the Education Code to the Superintendent, including a review of the discretionary accounts and any line items that result in a budget variance of \$10,000, or 5% whichever is higher. The report will be reviewed prior to the statutory due date and action will be taken by the Board to approve variances and/or adjust the budget as needed.
3. The Assistant Superintendent of Business Services or designee will provide the Superintendent with additional financial reports, as needed or requested in addition to the reports as specified in Education Code section 47604.33, namely:
 - On or before June 20, a preliminary budget;
 - On or before December 15, a first interim financial report, reflecting changes through October 31;
 - On or before March 15, a second interim financial report, reflecting changes through January 31;
 - On or before September 15, a final unaudited report for the full prior fiscal year.

FISCAL CONTROL POLICY AND PROCEDURES**Retention of Records**

1. Financial records, including transaction ledgers, attendance and entitlement records, contracts, tax records, grant applications, and payroll records will be retained for a minimum of seven (7) years. At the discretion of the Board of Directors or Superintendent, certain documentation may be maintained for a longer period of time.
2. Financial records shall be shredded and securely recycled at the end of their retention period.
3. Appropriate backup copies of electronic and paper documentation, including financial and attendance accounting data, shall be regularly prepared and stored in a secure off-site location, separate from the School.

ASSETS**Asset Inventory**

1. An asset is defined as all items, purchased with a value of \$1,000 or more and with a useful life of more than one year.
2. The School shall maintain an inventory or log of all assets. The log will include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.
3. The Assistant Superintendent of Business Services or designee shall take a physical inventory of all assets before the end of each fiscal year, indicating the condition and location of the asset.
4. The Superintendent shall immediately be notified of all cases of theft, loss, damage or destruction of assets.
5. The Superintendent or designee shall dispose of assets in a manner consistent with the School's Disposal of Surplus, Obsolete, or Unneeded Books, Equipment, and Supplies Policy.
6. Capital assets: A capital asset is defined as real or personal property that has an estimated useful life of greater than one year and is acquired for use in operations and not for resale. The dollar threshold to qualify items as "capital" assets is \$5,000 per individual unit. This is in line with Federal guidelines on the allowability of expenditures, thus eliminating the need to have a separate threshold for items paid for with federal funds. Capital assets will be tracked in the same manner as non-capital assets, however, each will be capitalized in the School's financial system and appropriately depreciated according to the usable life of the capital asset.