



Policy Number: 4010

Dated: 04/27/2011

ACCOUNTING POLICY AND PROCEDURES

PURPOSE

This policy has been prepared to document the internal accounting procedures for the American Leadership Academy. Its purpose is to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

All personnel with a role in the management of American Leadership Academy fiscal operations are expected to uphold the procedures in this manual. It is the intention of American Leadership Academy that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

DIVISION OF DUTIES

The following is a list of personnel who have responsibilities within the accounting department:

Board of Trustees:

1. Reviews and approves all yearly financial reports.
2. Reviews and approves annual budget.
3. Reviews and approves all contracts for goods and services that will exceed \$10,000.
4. Check signing authority on all accounts.

Director:

1. Reviews and approves all financial reports.
2. With the Business Administrator, develops the annual budget.
3. Reviews pending purchase orders, check reimbursements and check disbursements.
4. Reviews all invoices for those checks which require his or her signature.
5. Reviews bank reconciliations.

Business Administrator:

1. Reviews the payroll summary for the correct payee, hours worked and checks amount.
2. Processes the payroll, including payroll tax returns.
3. With the Director helps develop the annual budget.
4. Prepares all financial reports.
5. Reconciles the bank accounts.
6. Reconciles the statement of credit card deposits and service charges.
7. Double checks all reimbursement requests against receipts provided.

8. Creates all checks for disbursement and reimbursement.
9. Acts as the purchasing agent.

Business Assistant:

1. Prepares all Human Resource reports.
2. Collects all employee information.
3. Processes all receipts and disbursements.
4. Mails all checks for payments.
5. Prepares cash receipts and verifies all cash deposits made by staff.
6. Takes all deposits to the bank.
7. Disburses all payroll checks.

CASH RECEIPTS DEPOSITS

All checks and cash received by the Business Assistant should be recorded on a deposit receipt which states the department to which the income is attributed. The Business Assistant makes two copies of the deposit receipt and attaches one to the deposit ledger for the Business Administrator to review and gives the other copy to the responsible department if so desired.

Next, the Business Assistant prepares a deposit slip and deposits the funds into the checking account. The validated deposit slip should be attached to the deposit ledger and given to the Business Administrator to record the deposit.

A deposit not taken to the bank should be locked in the accounting office. No deposit should be locked in the file cabinet for more than 72 hours.

FUNDS RECEIVED BY WIRE TRANSFER

Where appropriate, as in a reimbursement request for federal funds, the Business Administrator working with the Director prepares a request for reimbursement and files the necessary documents, including a copy to be filed with the Business Assistant.

Next, the Business Administrator will monitor the transfer of funds and maintain the appropriate records of this transaction.

State funds are credited to American Leadership Academy checking account and the USOE should send an allotment memo to the Business Administrator. The Business Administrator should reconcile these credit memos to the total cash received at the end of the month.

FUNDS RECEIVED BY CREDIT CARDS

The Business Assistant is responsible for processing the receipt of funds through the credit card authorizer directly in the American Leadership operating checking account. Transactions should be processed on a daily basis, with a list of the credits and date processed delivered to the Business Administrator in order to double check against the bank statement. The statement of deposits and service charges will be reconciled by the Business Administrator.

CASH DISBURSEMENT PROCEDURES

1. Incoming invoices will be logged in by the Business Assistant and delivered to the responsible staff person for approval and to prepare a check request voucher prior to disbursement dates.
2. Twice weekly cash disbursements should be prepared by the Business Assistant for signature by authorized American Leadership Academy officials for expenses, debts and liabilities.
3. The Business Administrator is responsible for the preparation of disbursements. All disbursements are to be made by check.
4. A check request voucher should be attached to the original vendor invoice and/or any other supporting documentation. The voucher should include the account codes to which the expense will be applied. Approval for an expense by the Assistant Director must be indicated on the check request voucher.
5. Once the amount to be disbursed has been received, the Business Administrator should print the checks from the computer system. The checks are then given back to the Business Assistant with supporting documentation for disbursement.
6. A Board member or authorized individual signs each check and is able to check the amount from supporting documentation. Any checks made to pay invoices in excess of \$10,000 must have two signatures.
7. All checks will be mailed as soon as this process is completed.
8. Supporting documentation is then filed in appropriate vendor files.
9. If the check request is made out to either the Assistant Director or Director that individual cannot approve the check request form.

RECONCILIATION

Bank Reconciliations:

1. The Business Administrator should reconcile each account promptly upon receipt of the bank statements. All accounts will be reconciled no later than 15 days after receipt of the monthly bank statements.
2. When reconciling the bank accounts, the following items should be included in the procedures:
 - a. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts.
 - b. A comparison of bank transfers to be certain that both sides of the transactions have been recorded on the books.
 - c. An investigation of items rejected by the bank, (i.e., returned checks or deposits).
 - d. A comparison of wire transfers dates received with dates sent.
 - e. An accounting for the sequence of checks both from month to month and within a month.
 - f. Completed bank reconciliations should be reviewed by the Director.

PURCHASES

To Prompt a Purchase:

1. A purchase order should be completed with an approximate cost and any order form or other documentation and then given to the Assistant Director for approval and signature. The purchase order is then given to the Director for final approval.
2. The approved purchase order is then given to the Business Administrator to be ordered.

3. The purchase order with supporting documentation of cost and vendor is then given to the Business Assistant to hold until item purchased is received.
4. The purchase order with receipt is then given to the Business Administrator for payment.

Credit Card Purchases:

1. Only the Director and Business Administrator carry business credit cards in their name. In every case of credit card usage, the individual performing a charge with an American Leadership Academy credit card will be held personally responsible and liable in the event the charge is deemed personal or unauthorized.
2. Authorized uses of the credit card include:
 - a. Purchase orders with authorized signatures.
 - b. Authorized travel expenditures.
 - c. Properly authorized expenditures for which a credit card is the only allowed method of payment.
3. Unauthorized use of the credit card includes:
 - a. Personal or non-business expenditures of any kind.
 - b. Expenditures which have not been properly authorized.

Proper Documentation for all Purchases:

Every instance of credit card or other purchase use must be documented with authorizations, receipts, individuals paid, nature of business, etc. before the expense will be considered authorized and will be approved for reimbursement. The Business Administrator will double check all reimbursement requests against receipts provided.

Capital Expenditures:

For all major expenditures such as computers, furniture, etc. two bids must be obtained for any purchase over \$1000 before a purchasing decision is made. All bids, including phone quotes, must be recorded and kept on file. **Three bids are not required if using State of Utah approved vendors or same source vendors.**

All purchases that exceed \$10,000 must be approved by the Director and two Board members.

FIXED ASSET MANAGEMENT

1. A permanent property log or database is to be maintained by the Business Assistant and reviewed by the Director or Business Administrator for all fixed assets purchased by American Leadership Academy.
2. The log should contain the following information:
 - a. Date of purchase.
 - b. Description of item purchased.
 - c. Received by donation or purchased.
 - d. Cost or fair market value.
 - e. Donor or funding source, if applicable.
 - f. Funding source restrictions on use or disposition.
 - g. Identification/serial number (if appropriate).
 - h. Vendor name.

Annually an inventory should be taken of all fixed assets and any adjustments should be made. The Business Assistant should be informed of any material changes in the status of property and equipment.

PAYROLL

Personnel:

1. The Business Assistant is charged with the responsibility of maintaining personnel files on all employees.
2. Each personnel file should contain the following information:
 - a. Employment application or resume.
 - b. A record of background investigation.
 - c. Hire date.
 - d. Position, pay rates and changes therein.
 - e. Authorization of payroll deductions.
 - f. W-4 Form, withholding authorization.
 - g. I-9 Immigration Form.
 - h. Termination data, when applicable.
3. All personnel records are to be kept in a locking file cabinet in the Business Assistant's office. Access to these files other than by the Business Assistant, Business Administrator, Director, Assistant Directors, Board of Trustees, or the auditor should be requested in writing to the Director.

Payroll Preparation and Timekeeping:

1. Timesheets are to be prepared by all hourly staff members. Timesheet should be filled out on a daily basis.
2. Timesheets are to include specific time spent on each grant/project.
3. Timesheets are to be signed by the staff member and his/her supervisor.
4. All approved timesheets should be submitted to the Business Administrator, who will review the payroll summary page for inappropriate payees or unusual hours and verify the hours worked.
5. Paychecks should be distributed by the Business Assistant on the designated day; one week after the end of the pay period according to a prearranged schedule distributed by the Business Assistant.

Salaried employees will receive their paycheck on the 30th of each month. If the 30th falls on a Saturday the checks will be available on the 29th and if it falls on a Sunday the checks will be available on the following Monday.

FINANCIAL REPORTING

Monthly Reports:

The Business Administrator should prepare a set of monthly financial reports for distribution to the Director and to the Utah State Office of Education. The reports should include: a balance sheet and a statement of income and expenses for each department, a consolidated balance sheet and consolidated income and expense report which shows all activities by program and a fiscal year to date. In addition, the monthly reports are available for the full board for their review.

Year-End Audit:

At fiscal year-end, a year-end audit report will be prepared summarizing the total income and expense activity for the year. This report will be initially reviewed by the Director and Business Administrator, and then by the Board of Trustees. The audit will also be sent to the Utah State Office of Education for review.

FISCAL POLICY STATEMENTS

1. All cash accounts owned by American Leadership Academy will be held in financial institutions which are federally insured.
2. No salary advances will be made under any circumstances.
3. Any donated item whose value exceeds \$500 will be recorded in the records of American Leadership Academy.
4. All volunteer time shall be recorded in the records of American Leadership Academy.
5. It is the policy of American Leadership Academy to reimburse out-of-pocket expenses only when supporting documentation has been presented for approved costs incurred.
6. All funds received by American Leadership Academy for each project will be segregated into separate project accounts. A full computerized accounting system will be maintained.
7. Two signatures are required for all disbursements exceeding \$10,000 and must be authorized with the correct signature authority.
8. Bank statements will be reconciled monthly.
9. Expense reports will be maintained which will disclose the nature of expenses, and the dates incurred.
10. Separate files will be maintained for each bank account and each vendor.
11. The services of a Certified Public Accountant will be retained to prepare a formal financial audit of the American Leadership Academy fiscal year-end.

COMPUTER SYSTEM BACKUP PROCEDURES

1. The Business Administrator is responsible for performing a daily back-up of the accounting system.
2. The Business Assistant will update their computer weekly from the back up.