



**Crossroads Charter Schools**

# FINANCIAL OPERATIONS POLICIES

## **INTRODUCTION**

THIS FINANCIAL OPERATIONS POLICY WILL PROVIDE AN ADAPTATION OF THE STATUTES AND REGULATIONS THAT APPLY TO THE FINANCIAL OPERATION OF CROSSROADS ACADEMY, AS WELL AS SPECIFIC POLICIES DESIGNED TO COMPLY WITH THESE LEGAL REQUIREMENTS AND BEST PRACTICES.

FOR PURPOSES OF THIS POLICY, THE FOLLOWING TERMS WILL HAVE THE MEANING SET FORTH BELOW:

“CROSSROADS” SHALL MEAN CROSSROADS ACADEMY OF KANSAS CITY, INC., A MISSOURI NON-PROFIT CORPORATION

“BOARD” SHALL MEAN THE BOARD OF DIRECTORS OF CROSSROADS ACADEMY OF KANSAS CITY, INC.

“EXECUTIVE DIRECTOR” SHALL MEAN THE PERSON MAINTAINING THE POSITION OF EXECUTIVE DIRECTOR FOR CROSSROADS ACADEMY OF KANSAS CITY, INC. OR SUCH PERSON’S DULY AUTHORIZED DESIGNEE.

“CHIEF ACADEMIC OFFICER” SHALL MEAN THE PERSON MAINTAINING THE POSITION OF CHIEF ACADEMIC OFFICER FOR CROSSROADS ACADEMY OF KANSAS CITY, INC. OR SUCH PERSON’S DULY AUTHORIZED DESIGNEE.

“CHIEF OPERATING OFFICER” SHALL MEAN THE PERSON MAINTAINING THE POSITION OF CHIEF OPERATING OFFICER FOR CROSSROADS ACADEMY OF KANSAS CITY, INC. OR SUCH PERSON’S DULY AUTHORIZED DESIGNEE.

“KEY PERSONNEL” SHALL MEAN EXECUTIVE DIRECTOR, CHIEF ACADEMIC OFFICER, CHIEF OPERATING OFFICER, OPERATIONS MANAGER AND PRINCIPALS.

“THE SCHOOL” SHALL MEAN CROSSROADS ACADEMY OF KANSAS CITY, INC., A MISSOURI NON-PROFIT CORPORATION.

## **TABLE OF CONTENTS**

<b>Appendices of Policies</b>	
Annual Operating Budget Policy .....	Appendix A
Bank Policy Procedures Policy .....	Appendix B
Cash Management Policy .....	Appendix C
School Accounting System Policy .....	Appendix D
Audit and Financial Statements Policy .....	Appendix E
Conflict of Interest Policy .....	Appendix F
Payroll Policy .....	Appendix G
Federal Fiscal Compliance Policy .....	Appendix H
Capital Assets Accounting Policy .....	Appendix I
Policy Regarding State Tax Sources .....	Appendix J
Policy Regarding State and Federal Projects .....	Appendix K
Policy Regarding Borrowed Funds .....	Appendix L
Policy Regarding Bonded Indebtedness .....	Appendix M
Policy Regarding Procurement for Facility Development .....	Appendix N

## **APPENDIX A**

### **ANNUAL OPERATING BUDGET POLICY**

The Board of Directors of Crossroads Academy of Kansas City, Inc., a Missouri non-profit corporation (“Crossroads”) adopts the following policies which shall be effective on the date that the policy is adopted by the Board.

#### **SECTION 1. Budget Process**

**SECTION 1.1.** The Executive Director will ensure that Crossroads follows a budgeting process that is consistent with the requirements of federal and Missouri statutes, State Board of Education Rules and Regulations and any other applicable laws or rules.

**SECTION 1.2.** Each year the Executive Director is required to submit to the Board for consideration a detailed annual budget showing estimates of income and expenditures for the ensuing fiscal year.

**SECTION 1.3. Needs Analysis.** Each year before the annual operating budget is drafted the Executive Director may determine that a needs assessment of Crossroads is drafted and finalized by a budget committee consisting of the school’s Executive Director, Chief Academic Officer and Chief Operating Officer and other individuals as designated by the Board. In the alternative, the Executive Director may use the financial history and an analysis of anticipated expenditures of Crossroads to determine financial needs of Crossroads. The needs assessment, if prepared, shall inform the drafting of the annual budget.

**SECTION 1.4. Adoption.** The Board shall formally adopt the budget in an open meeting held in accordance with Crossroads’ Bylaws by June 30, according to statutory provisions, and before the expenditure of any funds. By law the approved estimated expenditures for each fund cannot exceed the estimated revenues to be received plus the unencumbered beginning cash balance for the fund.

**SECTION 1.5. Minutes.** The Secretary of the Board will record the adoption of the budget and any amendments in the Board meeting minutes in which the adoption occurs.

**SECTION 1.6. Post-Adoption.** After the beginning of the fiscal year, the Executive Director and Chief Operating Officer shall review with the Board the adopted budget in relationship to the beginning cash balances for each fund.

#### **SECTION 2. Fiscal Compliance**

The Executive Director, in conjunction with the oversight of the Board, shall ensure that Crossroads complies with all state and federal laws and rules concerning the budget and related processes of the school.

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## **APPENDIX B**

### **BANK PROCEDURES POLICY**

#### **SECTION 1. Bank Accounts**

SECTION 1.1. The Executive Director, Chief Academic Officer, Chief Operating Officer and Treasurer of Crossroads have the authority to open a business checking account, a business operating account and such other banking accounts the Board deems necessary and appropriate on behalf of Crossroads to be used to hold the school's assets.

SECTION 1.2. The Executive Director has the authority to enter into an agreement with a bank or other Federally insured financial institution once the Board has adopted a formal resolution at a board meeting held in accordance with its Bylaws designating the bank for the school to use for its financial transactions. Once the resolution has been adopted, the Executive Director has the authority to enter into an agreement with the selected financial institution. This agreement should be signed by Executive Director and a current member of the Board.

#### **SECTION 2. Checks**

SECTION 2.1. Any authorized manual checks drafted on the school's designated bank account shall require two signatures, unless such transaction was adopted or otherwise approved by the Board prior to entering into the transaction. The following officers are authorized to sign checks from the bank account on behalf of Crossroads: President, Treasurer and Executive Director. Each check must be completed in its entirety before it is signed by either party.

SECTION 2.2. Checks Received. Checks received shall be endorsed "for deposit only" and deposits should be made in a timely fashion by someone other than the person who prepared the deposit.

SECTION 2.3. Check Requests. Services or products rendered, reimbursement requests with original receipts, or mileage reimbursements may receive payment with a check. An Expense Form must be completed by the requestor and approved with a signature by the Executive Director or designee. The Expense Form shall contain the name of the vendor or payee, date expense incurred, location, the date the check is requested to be written, the amount of the check, a brief description for the issuance of the check, and the funding source that will be drawn from. The check request shall then be submitted to the Operations Manager for processing. All check request forms shall be maintained by the Operations Manager.

SECTION 2.3. Checks payable to cash for any reason are prohibited.

### SECTION 3. Mail Procedures

SECTION 3.1. A non-accounting staff person should receive the mail, open it and list all checks on a daily collection report or in a pre-numbered receipt book. This report or receipt should identify the date, name of organization or person submitting payment, amount of payment and description of what the payment is for.

SECTION 3.2. An account staff member should receive the checks and daily collection report or receipt book from the person opening the mail.

### SECTION 4. Bank Reconciliations

SECTION 4.1. There will be segregation of duties between individuals responsible for cash receipts and cash disbursement and the individual(s) responsible for bank reconciliations.

SECTION 4.2. The Chief Operating Officer or designee is responsible for bank reconciliations a minimum of once monthly. Bank statements should be delivered to the Operations Manager unopened. Each bank statement, assets, and liabilities shall be reconciled to both the checkbook and the general ledger.

### SECTION 5. CREDIT CARD PROCEDURES

It is the policy of Crossroads that credit card use shall be limited. Crossroads staff shall be prohibited from binding Crossroads to any obligation or expenditure or from using a credit card to make any purchase or otherwise incur any expense on behalf of Crossroads without the prior authorization from the Executive Director, Chief Academic Officer, Chief Operating Officer or Principal. The credit card may not be used for personal purchases and/or cash transactions and shall be maintained by the highest level of security. Credit card transactions must receive approval or ratification, and each credit card transaction by any user must be accompanied by the original receipts documenting each transaction. Credit Card statements shall be reconciled on a monthly basis and reviewed by the Chief Operating Officer and Executive Director.

### SECTION 6. TRANSFER OF INFORMATION

If the individual serving as the Executive Director ends his or her term of employment with Crossroads or is terminated by Crossroads or is otherwise removed from his or her duties, he or she shall immediately give the school management all necessary passwords and other related information. Crossroads will change the passwords and other security information once the individual serving as the Executive Director ends his or her employment with the school. In addition, the Executive Director or other persons responsible for maintaining access to the school's information systems shall keep and maintain a current list of passwords and codes to such information systems in a secure location and make such list available to Crossroads upon his or her termination of employment.

## **APPENDIX C**

### **CASH MANAGEMENT POLICY**

#### **SECTION 1. Accounting for Cash Transactions**

**SECTION 1.1. Documentation.** All cash transactions shall be recorded in writing, such as by handwritten receipt detailing from whom the money and in what amount, which shall be signed and dated by the Executive Director, Chief Academic Officer, Chief Operating Officer and Operations Manager or their respective designee who has the authority to receive cash on behalf of Crossroads.

**SECTION 1.2. Depositing Cash.** The Development Coordinator shall be responsible for depositing cash in Crossroads' bank account. The Development Coordinator will only be responsible for depositing the cash into the bank account, and will be segregated from the duty of receiving the cash on behalf of the school. Deposits shall be made in a timely fashion according to the school's standard operating procedures. All undeposited cash shall be kept in a secured location on school premises with limited access. A copy of the validated deposit slip shall be returned to the school on same day the deposit is made or the next day after the deposit is made.

**SECTION 1.3. Cash Expenditures.** All expenditures of school funds, including cash expenditures, shall be documented and accounted for by daily receipts. As a general rule, cash will not be used to make purchases except from petty cash, as described below. School checks shall not be made payable to "Cash".

**SECTION 1.4. Segregation of Duties.** The Executive Director of Crossroads shall ensure that appropriate segregation of duties exists with regard to the handling of all money transactions including reconciliation.

**SECTION 1.5. Petty Cash.** Petty cash shall be maintained in a locked box in the Chief Operating Officer's office in an amount not to exceed \$600. All disbursements from petty cash shall be documented in writing, indicating the date, amount disbursed, the identity of the individual receiving the funds, and the reason for the disbursement. Receipts from purchases made with petty cash shall be remitted to the Chief Operating's office as soon as practicable. Petty cash funds shall not be used to cash checks.

## **APPENDIX D**

### **ACCOUNTING POLICY AND PROCEDURES**

#### **SECTION 1. Fiscal Year**

Crossroads adopts a fiscal year that begins on the first day of July and ends on the thirtieth day of the following June.

#### **SECTION 2. Accounting System**

Crossroads will adhere to the accounting guidelines of the Missouri Department of Elementary and Secondary Education.

**SECTION 2.1 Fiscal Expenditure Authority.** Crossroads Board has delegated fiscal expenditure authority to School personnel as set forth below:

In all matters that require an official signature on any contractual commitment on behalf of Crossroads, the following steps shall apply in order for Crossroads to be legally compliant:

- Supervisors may initiate and recommend contractual commitments on behalf of Crossroads within their area of responsibility.
- After review and approval of the Administrative Team (Principals, Chief Academic Officer and/or Chief Operating Officer), all proposed contracts shall be reviewed by the Chief Operating Officer.
- The Executive Director will review all proposed agreements.
- In all cases, any contractual arrangements between Crossroads and another party will only be considered officially approved if signed by the Executive Director OR the Chief Operating Officer.

The Board authorizes the Executive Director and Chief Operating Officer expenditure authority up to \$150,000.

The Board authorizes the Executive Director to execute and sign those contracts and agreements for which prior Board approval has been documented as outlined above.

**SECTION 2.2. Cash Disbursements.** Invoices, statements and bills received for services or products received are submitted to the Operations Manager. Payment shall be made to the individual vendor or staff reimbursement. Receipts must support any reimbursements to employees for expenditures.

Invoices are uploaded to AnyBill for appropriate coding, account information and payment. The Chief Operating Officer and/or Executive Director reviews all invoices and approves according to expenditure authority. In the event a manual check is necessary it is prepared by the Operations Manager with proper receipts.

**Section 2.3 Purchase Orders.** Request for purchases shall be submitted by Purchase Order form to the Supervisor for signature. Once approved, the form is returned to Operations Manager for processing.



SECTION 2.4. Accounting records. Crossroads shall maintain records that adequately identify the source and application of funds. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income and interest. The accounting system must include identification in the Chart of Accounts and General Ledger, including: CFDA Title and Number, Federal Award Identification Number (FAIN), Fiscal Year of the Award, Name of the Federal Agency, Name of the Pass-through Entity.

SECTION 2.5. Internal controls. Crossroads shall maintain effective control and accountability of all state and local funds, federal grant and sub-grant cash, real and personal property, and other assets obtained with local, state or federal funds. The school shall adequately safeguard all such property and assure that it is used solely for authorized purposes.

SECTION 2.6. Source documentation. Accounting records must be supported by such source documentation as purchase orders, cancelled checks, paid bills, payrolls, time and effort records, contract and subgrant award documents, etc.

SECTION 2.7. Budget control. Crossroads shall compare actual expenditures or outlays of state or federal funds with budget amounts for each fund, grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. Applicable federal cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs.

#### SECTION 2.8. Account Code Structure

All charter schools must use the account code structure as described in the Missouri Department of Education's Chart of Accounts. The General Ledger is maintained by Edops.

## **APPENDIX E**

### **POLICY REGARDING AUDIT AND FINANCIAL STATEMENTS**

#### **SECTION 1. Annual Audit.**

**SECTION 1.1. Annual Audit.** Annually, the books and accounts of the School will be audited by an independent certified public accountant in conformance with the prescribed standards and legal requirements. The Chief Operating Officer shall place before the Board the matter of the retaining of a certified public accountant. The auditor shall be selected by the Board. The audit shall be presented to the Board for examination and approval.

**SECTION 1.2. Board Action.** Once the Board receives the final report, it must vote to accept the contents of the audit at either its next regularly called meeting or at a special meeting called in accordance with the school's bylaws.

**SECTION 1.3. Submission to Sponsor.** The Executive Director shall ensure that a copy of the annual audit report is timely filed with the Sponsor. The audit report should include a certificate signed by the President of the Board that the Board voted to accept the contents of the audit. If the Board did not accept the contents of the audit report, such non-acceptance should be noted with the submission.

**SECTION 2. Annual Financial Statement.** The Executive Director shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

- a. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived; and
- b. the total disbursements of the fund, itemized by the nature of the expenditure; and c. the balance in the fund at the close of the fiscal year.

**SECTION 2.1.** The Executive Director shall ensure that the annual financial statement is submitted to the Sponsor in a timely manner pursuant to deadlines.

**APPENDIX F**  
**CONFLICT OF INTEREST POLICY**

This policy establishes expectations for governing board member conflicts of interest.

**ARTICLE I**

**Purpose**

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations. As a charter school, certain special state conflicts of interest policies apply as discussed herein.

**ARTICLE II**

**Definitions**

**1. Interested Person**

Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

**2. Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

## ARTICLE III

### Procedures

#### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

#### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, s/he shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

Under Missouri law, the following are conflicts of interest. The Board has no discretion on whether these items present a conflict of interest. No person shall be appointed to the board unless they meet the following requirements. Any board member who is in violation of any of these requirements is ineligible to serve and shall immediately forfeit their office:

- a. No member of the Board shall hold any other office or employment from the board while serving as a member of the board.
- b. No member of the board shall have any substantial interest (see section 105.450 RSMo for a definition) in any entity employed by or contracting with the board.
- c. No member of the board shall be an employee of a company that provides substantial services to the charter school.

#### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

#### 4. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### ARTICLE IV

#### Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## ARTICLE V

### Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

## ARTICLE VI

### Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a. Has received a copy of the conflicts of interest policy,
- b. Has read and understands the policy,
- c. Has agreed to comply with the policy, and
- d. Understands the Organization is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

## ARTICLE VII

### Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining,

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

## ARTICLE VIII

### Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

**APPENDIX G**

**CONFLICTS OF INTEREST QUESTIONNAIRE**

This questionnaire has been prepared in accordance with Crossroads Policy Statement on Conflicts of Interest, and is to be completed by Crossroads Board Members and any Key Personnel of Crossroads as deemed necessary.

It is expected that when a potential for, or an actual conflict of interest exists, the affected individual will disclose it immediately to the board chair and refrain from participating, discussing and/or voting on that issue.

Please read the statements below and check your appropriate response, including explanations, where applicable. Please date, sign and return to the form to the board chair, or his or her designee, within thirty (30) days of receipt.

I have examined my personal situation as directed in the Statement of Policy on Conflicts of Interest and find that I have:

( ) No area of potential or actual conflicts of interest.

( ) No area of potential or actual conflicts of interest except as follows:

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Signed:

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(Print or type title)

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Date:

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## **APPENDIX G**

### **PAYROLL POLICY**

#### **SECTION 1. Payroll.**

**SECTION 1.1. Accurate & Timely Payroll.** The Executive Director or designee shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules.

**SECTION 1.2. School employees shall be paid:**

- a. In United States currency;
- b. By a written instrument (e.g. check) issued by the employer that is negotiable on demand at full face value for United State currency; or
- c. By the electronic transfer of funds to the employee's bank pursuant to a direct deposit agreement signed by the employee.

**SECTION 2. Withholding of Wages.** The Executive Director or designee shall ensure that the wages of school employees are not withheld except in the following situations as permitted by applicable laws and rules.

- a. The school is ordered to do so by a court of competent jurisdiction;
- b. The school is authorized to do so by state or federal law; or
- c. The school has written authorization from the employee to deduct part of the wages for a lawful purpose.

**SECTION 3. Teachers Retirement System.** As prescribed by Statute, all teachers at Crossroads shall be members of the Kansas City Public Schools Retirement System and subject to its requirements. The Board shall expend for teacher retirement and compensation for instructional staff an amount that reflects the requirements as outlined in Missouri State Statute and Department of Elementary and Secondary Education regulations.

## **APPENDIX H**

### **FEDERAL FISCAL COMPLIANCE POLICY**

**SECTION 1. Fiscal Requirements under ESEA (Elementary and Secondary Education Act of 1965)**

**SECTION 1.1. Supplement not Supplant.** Crossroads shall ensure that federal funds will be used to supplement, not supplant regular non-federal funds.

**SECTION 1.2. Documentation.** Documentation shall be maintained, or caused to be maintained, by the Executive Director. The documentation must clearly demonstrate the supplementary nature of federal funds.

**SECTION 2. Federal Grant Allowable Expenditures.** Prior to expending funds, the Executive Director shall consult the appropriate OMB Circular or other federal guidance to determine what costs are allowable. The Executive Director shall ensure that all grant funds are expended in accordance with the Circular or other applicable federal law or rule. Payments shall be for reimbursement, and not for anticipated expenditures. Interest amounts up to \$500 may be retained for administrative purposes.

**SECTION 3. Standards for Documentation of Personnel Expenses (2 C.F.R. § 200.430, OMNI DESE Memo FAS-15-003 Time and Effort under the OMNI Circular, April 2, 2015),**

**Time and Effort:** Records are required for all employees, including teachers, paraprofessionals, administrators, and other staff that are paid with federal funds to document the time and effort they spend within the program. The portion of the federally paid salary should be reflective of the actual activity, not budgeted, the individual has put forth for that federal program. Time and effort reporting is required when any part of an individual's salary is charged to a federal program or used as match for a federal program.

**Semi-Annual Certification:** Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are required to be prepared at least semi-annually. The certifications must contain the signatures of the employee and a school official

**Monthly Personnel Activity Report (PAR):** Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports (PARs). Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the

same manner as those claimed as allowable costs under Federal awards. Charges for salaries must be based on records that accurately reflect the work performed. These records must be:

- Supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Incorporated into the official records;
- Reflecting the total activity for which the employee is compensated, not to exceed 100%;
- Encompassing all activities (federal and non-federal);
- Compliant with established accounting policies and practices; and
- Distributed among specific activities or cost objectives.

#### SECTION 4. Charter Schools Program (CSP), NCLB Title V, Part B

SECTION 4.1. Compliance. If Crossroads receives CSP grants, the Executive Director or designee shall ensure that Crossroads shall comply and use the federal funds in accordance with all statutes, regulations, and approved applications.

SECTION 4.2. Fiscal Control. The Executive Director shall directly administer or supervise the administration of any projects funding through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

SECTION 4.3. Procurement. When using CSP funds to enter into a contract for equipment or services the Executive Director shall comply with the applicable federal procurement standards.

#### SECTION 5. Use of Federal Grant Funds for Procurement

Procurement procedures reflect State and local laws and regulations, conforming to Federal law 34 C.F.R. § 80.36 when using federal funds. Procurement procedures will be maintained in written form.

The School will maintain a contract administration system which ensures contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. No employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved.

The School will review all proposed purchases to avoid unnecessary or duplicative items, and maintain records sufficient to detail the significant history of procurements. These records will include: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Questions regarding procurement may be made to the School's Treasurer. Where School employee or Board member misconduct or corruption has affected the validity of the bidding process, discipline may follow up to and including termination of employee or removal from the Board.

SECTION 5.1. Open and Free Competition The Executive Director shall ensure that all procurement transactions utilizing federal grant funds are conducted in a manner that provides open and free competition. To prevent restriction on competition, procurement transactions will ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition, but shall identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to Crossroads considering price, quality, and other relevant factors deemed appropriate by the school.

SECTION 5.2. Conflicts of Interest. Pursuant to the Conflict of Interest Board Policy, no employee, officer, or agent of, who has a real or apparent conflict of interest, will participate in the selection, award, or administration of a contract supported by federal funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

SECTION 5.3. Method of Procurement

- a. For purchases under \$3,500: acquisition of supplies and materials under \$3,500 may be awarded without soliciting quotations. To the extent possible, must distribute micro-purchases equitably among qualified suppliers.
- b. For purchases under \$150,000:
  - a. Price or rate quotations shall be obtained from an adequate number of qualified sources for small purchases procedures.
- c. For purchases exceeding \$150,000:
  - a. Procurement by sealed bids is often preferred for purchases beyond the simplified acquisition threshold. Bids are publicly solicited and a firm-fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
  - b. When conditions are not appropriate for the use of sealed bids, generally, competitive proposals should be used. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded.
  - c. Procurement by noncompetitive proposals may be necessary on occasion. Procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is

determined inadequate. An example would be a single feasible source or an emergency situation.

- d. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible;
- e. The type of procurement instruments used (e.g. purchase orders) must be appropriate for the particular procurement;
- f. Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;
- g. Procurement documents shall be made available, upon request, to appropriate government officials.

SECTION 5.4. Record Documentation. The Executive Director shall ensure there is a cost or price analysis made and documented with every procurement action as well as appropriate documentation for the basis for contractor selection. The Executive Director shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract.

#### SECTION 5.5 Contract Provision

Required Contract Provisions as required by 34 C.F.R. § 80.36(i), certain contract provisions must be included when using federal funds.

#### SECTION 6. Travel and Reimbursement

It is the policy of Crossroads to reimburse staff for reasonable and necessary expenses incurred in connection with approved travel on behalf of the school. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the School. Travelers seeking reimbursement should incur the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is allowed only when reimbursement has not been, and will not be, received from other sources. If a circumstance arises that is not specifically covered in this travel policy, then the most conservative course of action should be taken.

Staff travel must be pre-authorized and travelers should verify that planned travel is eligible for reimbursement before making travel arrangements. Within 30 days of the completion of the trip, the traveler must submit a Travel Reimbursement form and supporting documentation to obtain reimbursement of expenses.

The travel reimbursement, including pre-payments must be signed by the Executive Director, Chief Academic Officer, Chief Operating Officer or Principal depending on the reporting structure.

Designated approval authorities are required to review expenditures and withhold reimbursement if there is reason to believe that the expenditures are inappropriate or extravagant.

The School will reimburse expenses by following the governmental employees rates as established by IRS Publication 1542

- Conference fees, lodging, and travel may be prepaid to the vendor prior to the event with approval.
- Meals may be pre-paid on a per diem basis
- Detailed receipts should be provided for all reimbursable expenses
- Itemized receipts should be provided for reimbursable meals.
- Alcohol will not be reimbursed.
- Mileage is only reimbursable at the IRS reimbursement rate. For travel outside of an employee's home city, or for excessive mileage approved.
- Other expenses, such as internet service, phone calls, tips, etc., are reimbursable within reasonable limitations.
- Staff are responsible for using their best discretion knowing that excessive expenditures will not be remunerated.
- Documentation must be retained indicating participating is necessary.

In addition, if these costs are charged directly to the Federal award documentation must justify that:

- (1) Participation of the individual is necessary to the Federal award; and
- (2) The costs are reasonable and consistent with travel policy.

Documentation could include any or all of the following:

- Agenda
- List of Attendees
- Prior Written Approval
- Written Justification Statement

## APPENDIX I

### POLICY REGARDING CAPITAL ASSETS ACCOUNTING

#### Section 1.1. Definition of Capital Asset.

A capital asset is an asset that is tangible in nature; has a life that exceeds one year; of significant value (not less than \$10,000 per unit); and reasonably identified and controlled through a physical inventory system. Examples include: land, buildings, machinery, and furniture.

#### SECTION 1.2. Documentation.

The Executive Director shall ensure Crossroads maintains accurate records of capital assets in accordance with applicable rules.

SECTION 1.3. Inventory. The Executive Director will ensure that a physical inventory of capital assets takes place not less than once every two years.

SECTION 1.4 Equipment Management. Equipment Management means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds \$1,000. Reference: 2 CFR Part 200.33

The following items are subject to the inventory management and control requirements:

- Equipment items with an acquisition cost of \$1,000 or more per unit, and
- Items with an acquisition cost under \$1,000 per unit which is considered attractive or easily pilfered.

These “sensitive” items include, but are not limited to: audio-visual equipment, PDAs, digital cameras, laptops, television sets, DVD players, iPads, cell phones, power tools, computers and computer accessories.

Inventory Management Controls: Equipment/Property Records must be maintained and include (Reference: 2 CFR Part 200.313):

- Description of the equipment/property
- Serial number or other identification number
- Funding source of property [Including Federal Award Identification Number (FAIN)]
  - Located on Award Allocation Notification
  - Located on DESE Payment Transmittal
- Who holds the title, if applicable
- Acquisition date
- Cost of the property
- Percentage of federal participation in the project costs for the Federal award under which the property was acquired
- Location of the property
- Use and condition of the property

- Any ultimate disposition data including the date of disposal and sale price of the property.

SECTION 1.5 Annual Audit. The annual financial audit shall include an exhibit in the audit report identifying all capital assets and the ownership interest of local, state, and federal parties. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. Adequate maintenance procedures must be developed to keep the property in good condition.

SECTION 1.6 Property Disposition:

When the original or replacement equipment acquired under a Federal award is no longer needed for the original project or program the non-Federal entity must dispose of the equipment as follows:

- Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency. The disposition of such items should be noted on the equipment inventory maintained by the subgrantee/subrecipient.
- Items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from the sale by the Federal percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses. Proper sales procedures must be established to ensure the highest possible return.



## APPENDIX J

### POLICY REGARDING STATE TAX SOURCES

#### Section 1.1. Acceptance.

All state funds will be accepted for the operation of the School as provided by entitlement by law and through regulations of the Missouri State Board of Education or Missouri Department of Elementary and Secondary Education.

#### Section 1.2. Reporting.

The Chief Operating Officer is responsible for filing all required reports and forms to obtain state funds to which the School is entitled to receive according to developed rules and regulations.

## **APPENDIX K**

### **POLICY REGARDING STATE AND FEDERAL PROJECTS**

#### **Section 1.1. Authority to Operate.**

With Board approval, Crossroads may operate various specially funded programs that must be administered in accordance with particular federal and/or state laws, regulations and other conditions for use of such funds.

The Executive Director shall be the designated School official responsible for coordinating funded projects, administering programs and ensuring that the various departments operating these programs do so within the guidelines of the particular program. The administration shall keep accurate and separate records, as required by state and federal programs, to enable the School to verify program compliance and success. The Executive Director shall keep the Board fully informed.

#### **Section 1.2. Staff Involvement.**

Staff involvement will be solicited by the administration in the planning, implementation and evaluation of programs authorized and approved within the guidelines of Title I of the Improving American Schools Act of 1994 and/or other significant legislative enactments. The vehicle for such involvement shall be determined by the administration, with the approval of the Board.

## **APPENDIX L**

### **POLICY REGARDING BORROWED FUNDS**

#### **Section 1.1. Authority.**

State law authorizes Crossroads to borrow funds in anticipation of the collection of revenue in order to insure continuity in the operations of the school. The Board must approve in advance all applications for loan indebtedness incurred by Crossroads. The amount borrowed and the repayment of notes payable shall be within guidelines established by state law and rules and regulations of the Missouri Department of Elementary and Secondary Education.

## **APPENDIX M**

### **POLICY REGARDING BONDED INDEBTEDNESS**

#### Section 1.1. Authority

Crossroads may issue bonds for any school expenditures as prescribed in state law.

## APPENDIX N

### POLICY REGARDING PROCUREMENT FOR FACILITY DEVELOPMENT

#### Section 1. Specifications for Facility Development.

To ensure that all new and remodeled facilities are designed to best implement the educational program of Crossroads, either the Principal or the Executive Director will provide for the development of detailed educational specifications to apply to the design and construction of new or remodeled buildings. The preparation of educational specifications will serve the following purposes:

1. Clarify and consolidate the thinking of the staff, administration, Board and community on the needs, desires and objectives of educational programs to be conducted within the proposed new or remodeled building.
2. Organize important information in a manner that can be easily and clearly interpreted by an architect.

Section 1.1. When educational specifications are prepared, an introductory section will be devoted to a brief description of the community, enrollment trends, and the educational philosophy of Crossroads. Educational specifications are detailed descriptions of the following items:

1. Activities that will take place in the building.
2. Organization of instruction and curriculum to be housed in the building.
3. Facilities needed, equipment required and space relationship to other facility elements.
4. Pertinent budget and other governing factors.

Section 1.2. The persons involved in developing educational specifications described above should include:

1. The Board, which adopts policies, approves final specifications, employs the architect and provides the budget;
2. The Superintendent, who provides administrative leadership, interpretation and evaluation; and
3. The Principal, staff members, students and patrons, who utilize the facilities;

Section 1.3. Consultants may be used in the development of educational specifications when deemed necessary by the Executive Director and the Board.

Section 2. Engagement of Architects, Engineers and Construction Managers. Crossroads may need to engage the services of an architect, engineer or construction manager when the Board determines the need to plan, design, improve, alter, substantially repair, or construct a building or structure. Crossroads recognizes that hiring architects, engineers or construction managers who have performed acceptable work for Crossroads in the past promotes continuity, efficiency, and quality. Crossroads also recognizes that a construction contractor retained by Crossroads may wish to work with a particular architect, engineer or construction manager with whom it has a solid working relationship. Crossroads will observe the procedures as outlined below when selecting architectural, engineering or construction management services.

Section 2.1. When Crossroads determines that it may need to engage the services of an architect, engineer or construction manager, the Board shall first attempt to select and conduct contractual negotiations for such a service with a professional who falls within one of the two following categories: (1) any architect, engineer or construction manager who has contracted previously with Crossroads to provide services to Crossroads; or (2) any architect, engineer or construction manager who has been recommended to Crossroads by a construction contractor or other professional with whom Crossroads is familiar.

Section 2.2. If the Board determines that an architect, engineer or construction manager selected from one of the two categories described in Section 2.1 is appropriate for the project contemplated, then contractual negotiations may be conducted with that architect, engineer or construction manager, and a contract may be executed between Crossroads and that professional. The determination of whether a particular architect, engineer or construction manager is "appropriate" for a project is discretionary on the part of the Board.

Section 2.3. If Crossroads cannot agree upon the terms of a contract with the architect, engineer or construction manager whom it has selected and with whom it has negotiated, or if Crossroads determines that a professional selected according to this policy is not appropriate, Crossroads will then attempt to select an appropriate architect, engineer or construction manager through advertisements deemed appropriate by the Board inviting the submission of proposals or by directly contacting other architects, engineers or construction managers. After making its selection pursuant to this Section 2.3, Crossroads will attempt to negotiate a contract with that professional. Crossroads will continue to follow the procedures outlined in this Section 2.3 until a contract has been executed between Crossroads and an appropriate architect, engineer or construction manager.

Section 2.4. Under this policy, the terms architect, engineer, construction manager and professional include, but are not limited to, any individual, firm, partnership, corporation or other entity providing architectural, engineering or construction management services.

Section 3. Engagement of General Contractor. The Board may desire to engage the services of a general contractor when planning, designing, improving, altering, repairing, or constructing a building or structure. Crossroads recognizes the need to enter into contracts with qualified contractors at a price Crossroads considers to be fair and reasonable. It shall be the formal policy of Crossroads to observe the procedures set forth below when Crossroads determines that general contracting services are needed.

Section 3.1. When Crossroads determines that it may need to engage the services of a general contractor, the Board shall select a general contractor and negotiate with that general contractor to obtain a contract that is fair and reasonable. To select a general contractor, Crossroads shall advertise and solicit proposals from qualified general contractors in the following manner:

1. If the total cost for the project exceeds five hundred thousand dollars (\$500,000), the solicitation shall be advertised for a period of ten (10) days in either (a) one (1) newspaper of general circulation in the city, county or state in which the project is located; or (b) one (1) or more business, trade or minority newspapers with circulation in the city, county or state in which the project is located.
2. If the total cost of the project is five hundred thousand dollars (\$500,000) or less, the solicitation need not be advertised.

Section 3.2. Solicitations shall require the bidders to submit the following information:

1. Fees for overhead and profit.
2. Reimbursable costs for reimbursable items.
3. Financial strength.
4. Qualifications.
5. Demonstration of good faith efforts to achieve compliance with federal, state and local affirmative action requirements.
6. References from owners for whom construction management services have been performed.
7. Demonstration of ability to perform projects comparable in design, scope and complexity.
8. Qualifications of personnel who will manage the project.
9. Demonstration of successful management systems which have been employed for the purposes of estimating, scheduling, and cost controls.

Section 3.3. If a general contractor responds to the Board's request for proposal that has been engaged by the Board to perform general contracting services on prior construction or rehabilitation projects, the responding general contractor may omit information related to items 4-9 of Section 3.2 above in its response to the extent the Board has the foregoing information in its possession or otherwise has working knowledge of the information that would have been submitted based upon the Board's prior working relationship. If the Board selects a general contractor on the basis of the above factors, then contractual negotiations may be conducted with that general contractor and a contract may be executed between Crossroads and that general contractor.

Section 3.4. If the Board cannot reach an agreement upon the terms of a general contractor services contract through negotiations with the selected general contractor, then the Board will attempt to select another general contractor and negotiate a contract with that general contractor. The Board will continue to follow the procedures outlined in this policy until a contract has been executed between Crossroads and a general contractor.

Section 3.5. The Board shall not award a contract for general contracting services on a negotiated basis to any general contractor (or a firm that controls, is controlled by or shares common ownership or control with a construction manager, should Crossroads engage a construction manager to perform construction management services related to the project), unless such general contractor:

1. Guarantees, warrants or otherwise assumes financial responsibility for the work of others on the project.
2. Provides Crossroads with a guaranteed maximum price for the work of others on the project.
3. Furnishes or guarantees a performance or payment bond for other contractors on the project.

Section 3.6. Following the engagement of a general contractor and the initiation of such general contractor to perform work on the proposed project, the Board shall withhold the acceptance of new construction or rehabilitation until all work is complete and the building(s) are certified complete by the agent or employee of the Board engaged to supervise the project in consultation with the architect.

Section 3.7. Under this policy, the term project shall mean the erection or construction of a building or structure or the improvement, alteration or repair of a building or structure.

Section 4. Retirement of School Facilities. Certain school buildings may no longer be adequate for instructional purposes and should be used to benefit Crossroads or the public in other ways. In determining when a facility is to be retired from regular school



purposes, the Board will be guided by a combination of factors, to include:

1. Review of the in-depth demographic studies and population groupings.
2. Age and current physical condition of the building, its operating systems and program facilities.
3. Adequacy of site, location, accessibility, surrounding development, traffic patterns, and other environmental conditions.
4. Reassignment of children, including alternative plans, according to Board policy.
5. Transportation factors including number of children bused, time, distance and safety.
6. Alternate uses of the building.
7. Costs/savings
  - a Personnel
  - b Site operation
  - c Transportation
  - d Capital investment
  - e Alternate use

If the Board determines to close a school building that it owns or retains possession of by lease or otherwise, it will first consider other uses that the Board might make of the building; then it will consider its sale or early lease termination.