



Southwest Open School

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Southwest Open School Financial Policy

Adopted: 1/9/23

Revised:

Southwest Open School (SWOS) understands the significance of having a balanced and well managed budget. It is important that SWOS carefully and strategically manage our resources so that SWOS is able to remain a leader in providing alternative educational opportunities in our community.

Purpose

The purpose of this financial policy is to legally and sustainably manage the financial resources of the organization.

Board Power and Duties:

The Director is responsible for creating and presenting to the Board an annual budget by the May Board meeting each year, if not before. The Board is responsible for reviewing and approving an annual budget that provides the financial basis for building repair and renovation, staff salaries and training, consultants, operations, transportation, food services, instructional and operational materials, and equipment, as well as, requirements related to carry-over requirements and other contract specific terms, which will enable the school to implement the school's mission and goals of the educational program. The Board is responsible for exercising effective oversight over the finances of the school to ensure proper use of, and accounting for, all school funds including grants, donations, and operating income.

Annual and Five Year Budget:

The annual budget is the financial plan for the operation of the school. The annual operating budget will be based on a fiscal year which shall be reported to SWOS Board using July 1 to June 30 as the fiscal year. It provides the framework for both expenditures and revenues for the year and future years and translates into financial terms the educational programs and objectives of the school.

The Director is responsible for the development of a five-year budget, in collaboration with the Board, that assures the future financial viability of the school, aligns with the school's objectives and considers future revenue and future increases in operating income and expenses.

Budget Process:

The Director will present annual budget and priorities for spending school moneys based on expected income to the Internal Committee by March 30th each year and to the Board of Directors by May each year. The Director will ensure the approved budget is posted on the school website and submitted to the Montezuma Cortez School District.

The Director shall consider the School Improvement Committee's (SWOS version of the School Accountability Committee) recommendations regarding spending state, federal, local, or private grants and any other discretionary moneys and take them into account in formulating the proposed budget for presentation.

The School Improvement Committee shall include the adopted plan (school performance plan, school improvement plan, school priority improvement plan, or school turnaround plan as is required) in the compilation prepared pursuant to section 22-11-302 (1), and the school board shall consider such adopted plan in developing the budget required by section C.R.S. 22-44-108. C.R.S 22-11-403, 404, 405, & 406.

The budget shall be developed and presented in accordance with all applicable state statutes and The Colorado Department of Education [Financial Policies and Procedures Handbook](#).

The budget format shall itemize projected expenditures of the school by fund and show the projected amount budgeted for the fiscal year, including limitations outlined in Article X, Section 20, of the Colorado constitution, including holding TABOR reserve funds in an unrestricted general fund or in cash funds.

Legal References

C.R.S. 22-44-101 through 22-44-119, C.R.S. 22-44-105 (1)(c.5), C.R.S. 22-44-204 (3), C.R.S. 22-44-301

Fiscal Accounting, Reporting and Inventories

The Director shall ensure that Business Manager receives training and properly accounts for all funds of the school in coordination with the Montezuma Cortez School District.

All funds received and/or disbursed by school shall be accounted for carefully and accurately; and shall conform to generally accepted principles of governmental accounting.

The "[Financial Policies and Procedures Handbook](#)" adopted by the State Board of Education and Tribal Financial Policies shall be used to report financial records and in the periodic presentation of financial information to the school board.

The accounting system utilized shall conform to the requirements of the State Board of Education standards providing for the appropriate separation of accounts, funds, and operational duties. Fiscal accounting must meet requirements established by the State Board of Education as set forth in the Financial Policies and Procedures Handbook for public schools in Colorado.

The school shall maintain a system for an annual inventory of all tangible real and personal property that meets any of the following criteria:

1. All technology equipment items with a life longer than one year and a unit cost or donated value that equals or exceeds \$1,000 or if required by funding source.
2. Responsibility for the inventory system shall lie with the Director or their designee.

Legal C.R.S. 22 45, C.R.S. 29-1-506, C.R.S. 22-44-203, C.R.S. 22-44-204 (3), C.R.S. 22-45-102

Audits/Financial Monitoring

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

Montezuma Cortez School District shall ensure an independent auditor licensed to practice in Colorado and knowledgeable in government accounting to conduct the audit.

The audit report shall contain the following:

1. Financial statements prepared insofar as possible in conformity with generally accepted governmental accounting principles.
2. Disclosures in accordance with the "Financial Policies and Procedures Handbook" adopted by the State Board of Education.
3. All funds and financial activities of the school.
4. A budget to actual comparison for each fund and activity.
5. The auditor's opinion on the financial statements. If the opinion is anything other than unqualified, the reason must be explained.
6. Disclosure of all instances of noncompliance with state law, including the Public School Finance Act of 1988, irrespective of materiality.
7. A supplemental listing of all investments held by the school at the date of the financial statement.

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

An audit report will be made to the Board by December 15 of each year unless otherwise scheduled and posted on the school's website.

Legal C.R.S. 22 32 109 (1)(k), C.R.S. 24 75 601.3, C.R.S. 29 1 601 et seq.

Interim Financial Reporting:

The Director or their designee shall provide to the Board of Directors regular reports detailing the financial condition of the school at least quarterly during the fiscal year. The quarterly financial report shall include at a minimum:

1. The actual amounts spent and received as of the date of the report from each of the funds budgeted by the school for the fiscal year, expressed as dollar amounts and as percentages of the annual budget for the School Account and any Grant Funds;
2. The expected year-end fund balances, expressed as dollar amounts and as percentages of the annual budget; and
3. A comparison of the proposed budget with actual budget
4. A year-to-date balance sheet for the school's Governmental Funds

Banking Services Deposit of Funds, Authorized Signatures and Check Writing

All revenue received by the school shall be deposited in an official bank or banks or savings and loan institutions. Such financial institution must qualify as an eligible public depository in accordance with state law.

All moneys belonging to the school including moneys derived from food services and school activities shall be deposited by the Director or school designee in the proper school account.

The official custodian shall comply with all requirements of the state regarding the deposit of public school funds.

All Purchase Orders and associated checks are drawn on the school funds shall require the signature of the President and Treasurer.

Legal. C.R.S. 11-10.5-101 et seq. (relates to deposits of public funds in banks), C.R.S. 11-47-101 et seq. (relates to deposits of public funds in savings and loan institutions), C.R.S. 22-32-104 (4)(c), C.R.S. 22-32-107 (3),(4),(6), C.R.S. 22-32-109 (1)(g), C.R.S. 22-32-110 (1)(x), C.R.S. 22-40-105, C.R.S. 22-45-104 (relates to collection and deposit of fees and fines)

Establishment of Procurement Card Purchases

The school is authorized to establish a procurement card as directed by the Director to authorized personnel. The purpose of the procurement card is to provide flexibility, convenience and security with small purchases while conducting school business. Each procurement card should not exceed the \$1000.00 spending limit, except identified individuals purchasing large volumes of supplies and/or high priced equipment.

The Director shall establish procedures for the usage of procurement cards consistent with Financial policies.

Several unique controls shall be developed for the procurement card program that do not exist in a traditional credit card environment. Usage shall be limited by transaction amount and total monthly expenditure amount. Type of merchandise allowed for purchase, restrictions of persons authorized to receive the cards, and other procedures may be set at the determination of the Director or their designee. Each month each credit card is reviewed by the Business Manager and approved by the Director.

Procurement:

No person shall be authorized to commit the school to a contract or purchase unless expressly authorized by the Director or their designee. Only authorized representatives of the school will be issued a purchase order number, obligate the school for purchase of goods and services, and revise or cancel a purchase order.

Except in case of an emergency, purchase orders need Director or designee (Business Manager) given the following conditions:

- Employees with procurement or credit cards or with the exemption of Business Manager and Director can purchase goods and services upon approval from Director or designee through the purchase order process.
- A purchase for goods and services between \$25,000 and \$100,000 requires competitive bid from a minimum of at least two qualified sources or a sole source justification generated by the Director, or designee, unless the school is purchasing through the district where an identified vendor is already secured (e.g technology, vehicle/bus vendor). Lower bidder is typically awarded unless other circumstances arise and are approved by the Board.

- A purchase for goods and services of \$100,000 and above requires a formal RFP process to solicit competitive bids or a sole source justification generated by the Director. Lower bidder is typically awarded unless other circumstances arise and are approved by the Board.
- Any purchase over \$25,000 needs Board approval, unless the Board has previously approved a specific grant award that includes purchases over this amount.

Other exceptions may be made by the Director in cases of emergencies, which shall be reported to the Board no later than its next regular meeting.

When making purchases, consideration will be given to the price and such other factors such as the reliability and responsibility of vendors, timely delivery, extent of warranties offered, and quality of materials or services proposed to be used.

Unauthorized Purchases

Purchases that do not comply with the provisions of this policy are unauthorized purchases. The school is not liable for payment of any unauthorized purchases. Individuals who make unauthorized purchases may be held personally responsible for payment.

Contracts

Any written contract shall include a provision requiring a criminal background check for any person providing direct services to students under the contract, including any subcontractor or other agent of the contractor, including but not limited to transportation, instruction, or food services as required by law. Background checks are only required for persons who have regular, not incidental, contact with students at least once a month. The school reserves the right to require criminal background checks on other contracts or contractors at the school's discretion. The contractor shall be responsible for any costs associated with the background check, unless otherwise agreed upon.

Contracts documenting purchases made with federal funds shall contain the provisions mandated by the [Federal Uniform Grant Guidance](#) (UGG).

Legal

2 CFR 200.318-200.326, CRS 24-18-201, 22-32-109 (1)(b) and 22-32-122

Equipment Control and Disposition purchased with Federal funds

Equipment shall be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

The school shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency.

When acquiring replacement equipment, the school may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property, subject to the approval of the awarding agency.

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place, shall be established and meet the requirements mandated by the [Federal Uniform Grant Guidance](#) (UGG).

Conflict of Interest

In carrying out their fiduciary duties, a board member or staff member shall not:

1. Use their positions for a private advantage or personal financial or material gain.
2. Accept a gift of substantial value (or a substantial economic benefit which is the same as a gift of substantial value) which would tend to improperly influence a reasonable person in their position or which he or she knows or should know is primarily for the purpose of rewarding them for official action taken.
3. Engage in a substantial financial transaction for their private business purposes with a person whom they supervise in the course of their official duties, unless the request for services is disclosed and approved by the Board of Directors.
4. Perform an official act which directly and substantially confers an economic benefit on a business or other undertaking in which he or she has a substantial financial interest or in which he or she is engaged as a counsel, consultant, representative or agent.
5. Participate directly or indirectly in the purchasing process if the employee or board member has a direct relationship with a vendor doing business with the school.
 - a. A direct relationship may include:
 - i. The business being owned by a spouse or immediate family member or the employee being employed by the business
 1. Immediate family members include spouse, child, step-child, parents, siblings, in-laws, grandparents, grandchildren or relatives living in the household of the employee.
 - b. Direct or indirect participation means involvement through decisions, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specifications or procurement standard, rendering of advice, investigation, auditing or acting in any other advisory capacity.

The school shall not purchase goods or services from a business owned by an immediate family member of a board member or employee, unless the goods or services are procured through a competitive process by and determined to be in the school's best interest and the employee or board member recuse themselves from the approval process.

ETHICAL PRINCIPLES

The following ethical principles for board members "are intended as guides to conduct and do not constitute violations as such of the public trust of office . . ." These principles provide that a board member should not:

1. Acquire or hold an interest in any business or undertaking which he or she has reason to believe may be directly and substantially benefited by official action to be taken by the school.
2. Within six months following the termination of their position, obtain employment in which they will take direct advantage, unavailable to others, of matters with which they were directly involved during their term of office.
3. Perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when they have a substantial financial interest in a competing firm or undertaking.

DISCLOSURE REQUIREMENTS

A board or staff member, who has personal or private interest in any matter, proposed or pending before the board shall disclose such interest to the board, shall not vote on the matter and shall refrain from attempting to influence the decisions of other members of the board.

A board member may vote if their participation is necessary to obtain a quorum or otherwise enable the board to act and if disclosure has been made to the secretary of state giving the information required by statute. The written disclosure to the secretary of state must include:

- (1) the amount of their financial interest,
- (2) the purposes and duration of services rendered,
- (3) the compensation received, and
- (4) any other information to describe the interest.

If the board member votes on the matter, the member should make a public disclosure on the record at the time of voting.

Legal C.R.S. 24-18-104, C.R.S. 24-18-105, C.R.S. 24-18-109(3), C.R.S. 24-18-110, C.R.S. 24-18-201, 2 CFR 200.318-200.326

Records Retention

The school shall use of the [Colorado School District Records Management Manual](#) (records management manual) developed by the Colorado State Archives Department and Tribal Purchasing and Procurement Policy to assist the school in determining the appropriate retention period for various types of records. School records regarding the school's organization, functions, policies, decisions, procedures, operations, or other activities may be considered public records subject to retention.

The school shall retain records for the time periods specified by the records management manual, as may be amended from time to time, unless a longer retention period is required by state or federal law.

Documents and other materials that are not "records" required to be retained by the records management manual, or state or federal law, and are not necessary to the functioning of the school, may be destroyed when no longer needed.

Legal:

C.R.S. 24-72-113 (limit on retention of passive surveillance records), C.R.S. 24-80-101 et seq. (State Archives and Public Records Act)

Travel

Each school employee and official who is authorized to travel for school business assumes a direct responsibility to limit travel claims to those actually incurred while traveling and representing the school. Likewise, each school official and employee has a responsibility to limit travel to purposes that are essential. Arrangements utilizing the most economical means of accomplishing the authorized travel must be considered. This planning should include consideration of the use of a personal car or common carrier, sharing rides with other employees attending the same event, and similar alternatives if appropriate.

Lodging

The school will pay for the actual cost of employee lodging for approved professional development or school business travel that occurs more than 50 miles from the school. Every effort will be made to secure

lodging that is no more than 110% of the GSA per diem lodging rates for the destination. For lodging per diem rates see <https://www.gsa.gov/travel/plan-book/per-diem-rates>.

Meals

Employees and Board of Directors will use the allowance and reimbursement method for meals, rather than the actual cost method. Under the meal allowance method, a traveler shall claim the authorized meal per diem rate for each meal the traveler would normally have eaten while traveling away from home.

For meal per diem rates, see if a meal is included in a conference fee or is provided with the cost of lodging, a traveler shall not request reimbursement for the standard meal allowance. Receipts for meals are not required.

Mileage for Personal Vehicles

Reimbursement is allowed for actual business mileage traveled. Mileage will be reimbursed using the GSA standard mileage rate at: For transportation per diem see Current rate change on mileage eff 7/1/22: <https://www.gsa.gov/travel/plan-book/transportation-airfare-pov-etc/private-owned-vehicle-pov-mileage-reimbursement-rates>. Commuting expenses incurred while traveling between a traveler's residence and traveler's regular work location are non-reimbursable personal expenses.

Other Allowable Travel Expenses

Reimbursable Travel Expenses

In addition to meals and lodging, the actual expenses identified below, incurred as a part of approved travel, are allowable if necessary to complete school business. A traveler requesting reimbursement shall submit original receipts for all reimbursable expenses.

- 1) Commercial transportation such as airfare, taxi and shuttle expenses, including tips.
- 2) Parking fees.
- 4) Telephone, fax, internet, and other similar miscellaneous business expenses paid for school business.
- 5) Toll road charges.
- 6) Workshop or conference registration fees and cost of related educational or training materials or curriculum

Non-Allowable Travel Expenses

A Traveler shall not be reimbursed for the following expenses:

- 1) Alcoholic beverages;
- 2) Entertainment expenses;
- 3) Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to school business (Examples include the purchase of personal items such as soap or toothpaste, magazines, snacks, movie rentals and other miscellaneous items);
- 4) Political expenses;
- 6) The cost of traffic fines and traffic tickets; and

- 7) Personal telephone calls;
- 8) Valet parking.

Other Critical Sources of Information Regarding Financial Management

In addition to these policies, schools should consider the following to be critical sources of information regarding state and federal requirements governing financial management and accounting.

- The Colorado Department of Education Financial Policies and Procedures [Handbook](#)
- Colorado Revised Statutes (C.R.S.)
- Colorado Code of Regulations (C.C.R.)
- Federal laws as contained in the United States Code (U.S.C.)
- Federal regulations and other guidance as published in the Federal Register.
- Governmental Accounting and Financial Reporting Standards, published by the Governmental Accounting Standards Board. Codification is updated annually as of June 30th.