

**Adopted:** May 14, 2015

**Revised:**

## **HARBOR CITY INTERNATIONAL SCHOOL POLICY No. 7.1 SEGREGATION OF DUTIES**

### **I. PURPOSE**

The purpose of this policy is to establish internal controls that will enable HCIS to properly safeguard its assets and to comply with state and federal laws.

### **II. POLICY STATEMENT**

It is the policy of HCIS to have internal controls that will adhere to Generally Accepted Accounting Principles, and applicable mandates of state and federal law.

### **III. BANKING AND CASH MANAGEMENT**

- A. *Bank accounts.*** The Executive Director and a secondary signer shall be designated as parties authorized to open bank accounts on behalf of HCIS. All banking documents shall require the signature of these two individuals.
- B. *Check preparation.*** The Executive Director and a designated secondary signer shall be responsible for preparation of all checks. Checks for an amount in excess of \$5,000.00 shall be signed by the Executive Director and designated secondary signer.
- C. *Deposits, withdrawals and transfer of funds.*** The Executive Director and a designated secondary signer shall be responsible for all deposits, withdrawals and fund transfers. Specific policies regarding electronic fund transfers are contained in Board Policy 7.3.1.
- D. *Blank checks.*** The Business Manager shall be the custodian of all blank checks.
- E. *Reconciliation.*** The Business Manager shall reconcile cash and bank transactions monthly.
- F. *Petty cash.*** The Operations Manager shall be responsible for management of petty cash. The Business Manager shall ensure that the receipts and cash in the petty cash fund are equal to the total value of the petty cash fund.

#### **IV. PAYROLL AND RELATED LIABILITIES**

**A. Payroll.** The Executive Director shall contract with a payroll vendor approved by the Board. The vendor shall establish and implement policies regarding appropriate disbursement of payroll to bona fide employees, record payroll disbursements accurately, and will develop an adequate system for necessary payroll taxes and other withholdings. The Executive Director shall be responsible for ensuring that the payroll vendor adheres to the policies established and those policies shall be reviewed by the Board annually.

#### **V. FIXED ASSETS**

**A. Purchases.**

- 1. Conformity to budget.** All purchases shall be demonstrably related to activities and functions identified in the annual budget.
- 2. Purchases over \$5,000.00.** All purchases over \$5,000.00 shall receive prior approval from the Board.

**B. Inventory.** The Executive Director or designee shall ensure that an appropriate inventory of all fixed assets is maintained showing description, date purchased or received and cost or fair market value. The assets shall be compared to the inventory annually and an annual report shall be made to the Board regarding inventory.

#### **VI. GRANTS, DONATIONS**

- A.** The Executive Director or designee shall establish a procedure for recording all monetary contributions and shall maintain documentation of such contributions.
- B.** All grants, gifts and donations shall be administered in accordance with Appendix H in the HCIS Board Governance Policies (“Acceptance and Administration of Gifts”).

**Legal References:** Minn. Stat. §124D.10 subd. 8(j) (Charter School Law/Auditing Requirements)