



## **Financial Policies and Procedures Manual**

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## Financial Policies and Procedures Manual

### Table of Contents

<b>100</b>	<b>Introduction</b>	<b>6</b>
101	Abbreviations	6
102	Purpose of this Manual	7
103	Amending this Manual	8
201	Introduction	8
202	Organizational Conflict of Interest or Self-Dealing (Related Parties)	9
204	Board of Directors Authority	10
205	Signature Authorities	10
206	Government Access to Records	10
207	Security of Financial Data	10
208	Security of School Documents	11
209	Use of School Assets	11
210	Use of School Credit Cards	11
<b>300</b>	<b>Financial Management Policies</b>	<b>11</b>
301	Basis of Accounting	12
302	Accounting Policies	12
303	Basis of Presentation	12
304	Revenues	12
305	Expenditures	12
306	Incurred Costs	12
307	Cash Management	12
308	Grants Receivable Aging Criteria	13
309	Grant/Contract Invoicing	13
310	Budgets	13
311	Insurance and Bonding	14
312	Record Retention and Disposal	14
313	Financial Reporting	15
314	Audit	16
315	Finance Committee	16
316	Chart of Accounts	16
<b>400</b>	<b>Policies Related to Assets, Liabilities, and Fund Equity</b>	<b>16</b>
	<b>Assets</b>	<b>16</b>
401	Bank Accounts	16
402	Petty Cash	16
403	Capitalization Policy	16
404	Impairment of Assets	17
405	Betterments and Leasehold improvements	17
	<b>Liabilities and Fund Equity</b>	<b>17</b>
406	Accounts Payable	17
407	Accounts Payable Payment Policy	17
408	Accrued Liabilities	17
409	Liability for Compensated Absences	17
410	Debt	18
411	Net Assets	18

---

<b>500</b>	<b>Revenue Policies</b>	<b>18</b>
501	Revenue Recognition	18
<b>600</b>	<b>Cost Accounting Policies</b>	<b>18</b>
601	Consistency in Cost Accounting	18
602	Unallowable Costs	18
603	Cost Accounting Period	19
604	Gain or Loss on Disposition of Assets	19
<b>700</b>	<b>Property Management Policies</b>	<b>19</b>
701	Property and Equipment	19
702	Identification of Property	19
703	Record and Report of Property	19
704	Physical Inventories	19
705	Disposal of Property and Equipment	19
<b>800</b>	<b>Procurement Policies</b>	<b>20</b>
801	Procurement	20
<b>900</b>	<b>Travel and Entertainment Policies</b>	<b>21</b>
901	Overview and Introduction	21
902	Travel Approval	21
903	Methods of reservation and payment	21
904	Entertainment	22
905	One Day Travel	22
906	Pre-Payments and travel advances	22
907	Travel Categories	22
<b>1000</b>	<b>Consultants and Contractors Policies</b>	<b>24</b>
1001	Consultant Use	24
1002	Independent Contractors	25
<b>1100</b>	<b>General Accounting Procedures</b>	<b>25</b>
	<b>Accounting System Design</b>	<b>26</b>
1101	Control Objective	26
1102	Major Controls	26
	<b>General Ledger Activity</b>	<b>26</b>
1103	Control Objective	26
1104	Major Controls	26
1105	Procedures	27
	<b>General Ledger Close-Out</b>	<b>27</b>
1106	Control Objective	27
1107	Major Controls	27
1108	Procedures	28

---

<b>1200 Cash Management Procedures</b>	<b>29</b>
<b>Cash Receipts</b>	<b>29</b>
1201 Control Objective	29
1202 Major Controls	29
1203 Procedures	29
<b>Cash Disbursements</b>	<b>30</b>
1204 Control Objective	30
1205 Major Controls	30
1206 Procedures	30
<b>Petty Cash</b>	<b>31</b>
1207 Control Objective, Major Controls, and Procedures	31
<b>Prepaid Items</b>	<b>31</b>
1210 Control Objective	31
1211 Major Controls	32
1212 Procedures	32
<b>1300 Grants Receivable Procedures</b>	<b>32</b>
<b>Revenue Recognition And Accounts Receivable</b>	<b>32</b>
1301 Control Objective	32
1302 Major Controls	32
1303 Procedures	33
<b>Grant Management &amp; Invoicing</b>	<b>34</b>
1304 Control Objective	34
1305 Major Controls	34
1306 Procedures	34
<b>1400 Payroll Procedures</b>	<b>36</b>
<b>Personnel Requirements</b>	<b>36</b>
1401 Control Objective	36
1402 Major Controls	36
1403 Procedures	37
<b>Timekeeping</b>	<b>39</b>
1404 Control Objective	39
1405 Major Controls	39
1406 Procedures	39
<b>Preparation and Payment Of Payroll</b>	<b>40</b>
1407 Control Objective	40
1408 Major Controls	40
1409 Procedures	40
<b>Payroll Payment Calculations</b>	<b>41</b>
1410 Control Objective	41
1411 Major Controls	41
1412 Procedures	41

---

<b>Payroll Withholdings</b>	<b>43</b>
1413 Control Objective	43
1414 Major Controls	43
1415 Procedures	44
<b>Payroll Accounting</b>	<b>44</b>
1416 Control Objective	44
1417 Major Controls	44
1418 Procedures	44
<b>1500 Property And Equipment (P&amp;E) Procedures</b>	<b>45</b>
<b>Property And Equipment Acquisitions</b>	<b>45</b>
1501 Control Objective	45
1502 Major Controls	45
1503 Procedures	46
<b>Recordkeeping Over Property And Equipment</b>	<b>46</b>
1504 Control Objective	46
1505 Major Controls	46
1506 Procedures	47
<b>Depreciation</b>	<b>47</b>
1507 Procedures	47
<b>Inventory Of Property And Equipment</b>	<b>47</b>
1508 Control Objective	47
1509 Major Controls	47
1510 Procedures	48
<b>Disposal Of Property And Equipment</b>	<b>48</b>
1511 Control Objective	48
1512 Major Controls	48
1513 Procedures	48
<b>Government-Furnished And School-Acquired Property And Equipment</b>	<b>49</b>
1514 Control Objective	49
1515 Major Controls	49
1516 Procedures	49
<b>1600 Accounts Payable Procedures</b>	<b>49</b>
<b>Accounts Payable</b>	<b>49</b>
1601 Control Objective	49
1602 Major Controls	49
1603 Procedures	50
1604 Purchase Discounts	50
1605 Reconciliation of Accounts Payable Records	50
<b>Purchasing</b>	<b>51</b>
1606 Control Objective	51
1607 Major Controls	51
1608 Procedures	51

<b>Expense Reimbursement</b>	<b>57</b>
1609 Control Objective	57
1610 Major Controls	57
<b>1700 Procedures For Other Liabilities</b>	<b>58</b>
<b>Accrued Liabilities</b>	<b>58</b>
1701 Control Objective	58
1702 Major Controls	58
1703 Procedures	59
<b>1800 Management Reporting Procedures</b>	<b>59</b>
<b>Annual Budget</b>	<b>59</b>
1801 Control Objective	59
1802 Major Controls	59
1803 Procedures	59
<b>Financial Reporting</b>	<b>60</b>
1804 Control Objective	60
1805 Major Controls	60
1806 Procedures	60
<b>Payroll Tax Compliance</b>	<b>61</b>
1807 Control Objective	61
1808 Major Controls	61
1809 Procedures	61
Component	<b>74</b>
Scoring Scale	<b>74</b>
Evaluation Criteria	<b>74</b>

## 100 Introduction

This Manual contains two sections:

**Part I Financial Policies**– principles and rules to guide decisions and drive certain outcomes.

**Part II Financial Procedures** – specific steps (who, what, where, when, and how) established to support implementation of policies.

### 101 Abbreviations

BESE	Louisiana Board of Elementary & Secondary Education
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
FLS	FirstLine Schools
GASB	Governmental Accounting Standards Board
LAUGH	Louisiana Accounting Uniform Governmental Handbook
MFP	Minimum Foundation Program
SOM	Site Operations Manager

### Part I – Financial Policies

- Section 100 Introduction - describes the purpose and organization of this manual.
- Section 200 Internal Control Policies - describes the FLS system and controls that are in place to safeguard the assets of its schools.
- Section 300 Financial Management Policies - sets forth policies for the operation of the financial management of FLS.
- Section 400 Accounting for Assets, Liabilities and Fund Equity - documents policies for accounting for FLS' assets, liabilities, and fund equity.
- Section 500 Support and Revenue Policies - reflects when and how to recognize income from various sources.
- Section 700 Property Management Policies - presents policies and practices for the identification, control, and disposition of Federal government and school-owned property, equipment, and materials.

- Section 800 Procurement Policies - describes policies for procuring goods and services.
- Section 900 Travel Policies - covers policies for business related travel.
- Section 1000 Consultants and Independent Contractors - presents policies and practices governing consultants and independent contractors.

### **Part II – Financial Procedures**

- Section 1100 General Accounting Procedures - describes the overall accounting system design.
- Section 1200 Cash Management Procedures - describes the cash receipts, disbursements, petty cash, and prepaid systems.
- Section 1300 Grant Receivable Procedures - describes grant revenue recognition, invoicing, and receivables.
- Section 1400 Payroll Procedures - describes payroll and personnel procedures.
- Section 1500 Property and Equipment Procedures - describes the acquisition depreciation, disposal, and inventory of fixed assets.
- Section 1600 Accounts Payable Procedures - describes the accounts payable, purchasing and expense reimbursement procedures
- Section 1700 Other Liabilities Procedures - describes accrued expense procedures.
- Section 1800 Management Reporting Procedures - describes budgeting, financial reporting, and tax compliance procedures.

#### **102 Purpose of this Manual**

- A. This Manual serves FLS as the official document for the accounting and administrative functions conducted by FLS.
- B. The Manual provides detailed information on the FLS accounting policies and related procedures, including the administration of grants and contracts.
- C. The Manual should be used in conjunction with FLS's Employee Handbook, job descriptions, and any other relevant policy and procedure documentation maintained by FLS.

103 *Amending this Manual*

The Manual is a “living document” that will be updated as regulations and/or the Board of Directors deems necessary. From time to time, as conditions dictate, the Finance Department may amend this manual with approval from the Board of Directors.

## 200 Internal Control Policies

201 *Introduction*

Internal controls provide FirstLine Schools (FLS) with the foundation to safeguard assets, implement policies, comply with state and federal laws and regulations, and produce timely and accurate financial reports. Additionally, as a publicly supported entity, FLS has additional responsibilities to ensure the public’s confidence and the integrity of schools’ activities.

### **Compliance with Laws**

FLS follows all relevant laws and regulations within the State of Louisiana. Additionally, any Federal Government laws and regulations that relate to grant funding are adopted as the grant funding is received. The following are specific policies of FLS:

A. Political Contributions

No funds or assets of FLS may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office. The direct or indirect use of any funds or other assets of FLS for political contributions in any form, whether in cash or other property, services, or the use of facilities, is strictly prohibited. FLS cannot be involved with any committee or other organization that raises funds for political purposes.

Following are examples of prohibited activities:

1. Contributions by an employee that are reimbursed through expense accounts or in other ways.
2. Purchase by the organization of tickets for political fundraising events.
3. Contributions in-kind, such as lending employees to political parties or using FLS assets in political campaigns.

B. Record Keeping

To provide an accurate and auditable record of all financial transactions, FLS’ books, records, and accounts are maintained in conformity with Generally Accepted Accounting Principles (GAAP), the Louisiana

Accounting and Uniform Governmental Handbook (LAUGH), and, as applicable, by Louisiana State statutes.

FLS specifically requires that:

1. No funds or accounts may be established or maintained for purposes that are not fully and accurately described within the books and records of FLS.
2. Receipts and disbursements must be fully and accurately described in the books and records.
3. No false entries will be made on the books or records, nor any false or misleading reports issued.
4. Payments may be made only to the contracting party and only for the actual services rendered or products delivered. No false or fictitious invoices may be paid.

**202** *Organizational Conflict of Interest or Self-Dealing (Related Parties)*

FLS may not operate for the benefit of (1) any other affiliated or unaffiliated organization or (2) any individual in his or her own private capacity or (3) any individuals related to FLS or members of its management, unless the private benefit is considered merely incidental.

This private benefit prohibition includes:

- A. Sale, exchange, or leasing of property between FLS and any other related organization or individual.
- B. Lending of money or other extension of credit between FLS and any other related organization or individual.
- C. Furnishing of goods, services, or facilities between FLS and any other related organization or individual.
- D. Payment of compensation, unless authorized by the Board of Directors, by FLS to any other related organization or individual.
- E. Transfer to, use by, or for the benefit of any other related organization or individual of the income or assets of FLS.

FLS is guided by the principle of arms-length standards with all other organizations and individuals. The Board will file a Statement of Financial Disclosure as part of its annual independent audit.

“Related party transactions” include transactions between a school and members of the Board of Directors, management, contracted management

organizations, employees, related individuals, and affiliated companies. "Related individuals" include spouses, parents, children, spouses of children, grandchildren, siblings, father-in-law, mother-in-law, sister-in-law, and brother-in-law of a board member or school employee.

**204** *Board of Directors Authority*

The Board of Directors has the sole authority to approve and incorporates into its meeting minutes such matters as (i) change of an FLS School's name, with the Louisiana State Department of Education and BESE pre-approval (ii) adoption of the annual operating and capital budgets, (iii) selection or termination of CEO (iv) CEO salary and salary changes, (v) incurrence of debt, mortgages, or other encumbrances, (vi) investment policies, (vii) depository and investment banks, (viii) purchase or sale of property, (ix) opening or closing checking or savings accounts, (x) selection of FLS's certified public accountants, and (xi) other activities associated with the operations of FLS.

The Board will meet periodically to ensure that its fiduciary duty is maintained. The Board reviews the prior meeting minutes, the Finance Committee's report, business items, educational items, subcommittee reports, CEO's report, new business, and other items. (See Appendix C for a sample agenda.)

**205** *Signature Authorities*

To segregate duties within FLS, Board members and Board-approved FLS employees are the only individuals with signatory authority and are responsible for authorizing all cash transactions subject to authorization levels approved by the Board.

**206** *Government Access to Records*

The Treasurer of the Board or his/her designee will provide access to the organization's records and supporting records in a timely manner to the Louisiana State Department of Education and any office they designate.

**207** *Security of Financial Data*

- A. FLS performs internal periodic reviews of its accounting software and computer systems to ensure that general and application controls (i.e., proper password protection and authorizations for inquiry or browse-only functions) are in place to prevent unauthorized access to data
- B. The CFO or his/her designee performs daily backups of the system's data to ensure the recoverability of financial information in case of hardware failure. The backups are stored in a secure, fire-safe area.

- C. Other financial data, including unused and unclaimed checks, are secured from unauthorized access by the CFO or his/her designee.

**208** *Security of School Documents*

The Finance Department maintains and periodically verifies the presence of originals of the following documents:

- Charter and All Related Amendments
- Meeting Minutes of the Board and Subcommittees
- Banking Agreements
- Leases, Loans, and Mortgage agreements
- Insurance Policies
- Vendor Invoices
- Grant and Contract Agreements
- Fixed Asset Inventory

**209** *Use of School Assets*

No employee may access any FLS property, equipment, materials, or supplies for personal use without the prior approval of the CFO or his/her designee.

**210** *Use of School Credit Cards*

- A. FLS credit cards are issued with the approval of the CFO and Director of Finance and only with proper justification. The CFO and Director of Finance review the cost/benefit to FLS to ensure that no other method is more appropriate. Credit cards issued are assigned to specific individual FLS employees and are used only for school-related expenditures.
- B. Monthly credit card statements are reconciled to invoices and travel reports and are approved by FLS Finance Staff. Statements, invoices, travel reports, etc. for FLS Finance Staff are approved by the COO or a Board member who is a member of the Finance Committee.

**300 Financial Management Policies**

FLS complies with all financial regulations outlined by the charter law of Louisiana, the Louisiana Accounting and Uniform Governmental Handbook (LAUGH) and federal grant requirements. As such, FLS is subject to financial reporting requirements and financial audits, audit procedures, and audit requirements set forth in charter law, the Legislative Governmental Audit Guide, and federal grant requirements. Independent fiscal audits are required at least once annually.

**301** *Basis of Accounting*

FLS maintains their accounting records and related financial reports on the accrual basis of accounting throughout the year, consistent with the requirements of modified accrual accounting as defined and required by the LAUGH.

**302** *Accounting Policies*

The accounting policies and financial reporting adopted are consistent with the special purpose governmental unit requirements of the Governmental Accounting Standards Board (GASB), including Statement of Governmental Accounting Standards No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. FLS also follows the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, Not for Profit Entities, Presentation of Financial Statements, in the presentation of financial statements. Under FASB ASC Section 958-205, FLS is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, FLS is required to present a statement of cash flows.

**303** *Basis of Presentation*

The accounts of FLS are organized, to the extent possible, to be consistent with the accounts set forth in the LAUGH. Because FLS holds the charter to several schools it must record of its financial transactions on both an individual school and a network level. FLS uses intercompany transactions and accounts to ensure that each school has its own statement of activities and statement of financial position.

**304** *Revenues*

Revenues are recognized when earned and collectible.

**305** *Expenditures*

Expenses are recognized when services are incurred or goods are received.

**306** *Incurred Costs*

For the purpose of invoicing funding sources for allowable costs under cost reimbursement contracts, invoices must meet the timing and eligibility requirements of the funder.

**307** *Cash Management*

A. FLS currently utilizes three primary tools in cash management between and among schools:

1. A single bank account to receive Minimum Foundation Program (MFP) funding and fund the vast majority of expenditures for all schools.
  2. Individual accounts for each school, funded by FLS, to be used for small purchases (previously made out of petty cash accounts).
  3. Individual accounts for each school, funded by the schools, which are used for clubs, ROTC, sports, or other such student activities. These separate accounts are used for monies that belong to the related organizations and thus cannot be used for general operating costs.
- B. The FLS Accounting System maintains a current listing of all FLS bank accounts.
- C. The Finance Department prepares a monthly Schedule of Accounts and Grants Receivable for review by the CFO and initiates collection procedures, if necessary.
- 308** *Grants Receivable Aging Criteria*  
Grant revenue is accrued as allowable expenses are incurred. A grants receivable aging schedule is updated monthly and available to the CFO or his/her designee upon request.
- 309** *Grant/Contract Invoicing*
- A. All invoices are submitted to the funding sources by the dates specified in the grant or contract agreement.
  - B. The invoicing format is that specified by the funding source.
- 310** *Budgets*
- A. FLS staff and support organizations prepare an annual operating budget of revenues and expenses and a cash flow projection both on an individual school level and on a consolidated basis. This budget is presented to the Treasurer of the Board and to the Finance Committee or their designees. The Board will not adopt a budget with a projected deficit, unless they also adopt a plan for maintaining or replenishing depletions in fund balances. Exceptions for special circumstances are documented in the Board meeting minutes. Budgets are reviewed and approved by the Board at a meeting prior to the commencement of each new fiscal year in compliance with the law.
  - B. FLS staff prepares financial statements displaying budget vs. actual results and an updated forecast by school and on a consolidated basis. The Treasurer of the Board and the Finance Committee of the Board or their designees review and present this information to the Board periodically.

311 *Insurance and Bonding*

A. FLS maintains minimum levels of coverage, as deemed appropriate by the Board and applicable charter law, for at least the following policies:

1. General Liability
2. Directors & Officers
3. Business & Personal Property (including flood where required)
4. Workers' Compensation
5. Personal Injury Liability
6. Employee Dishonesty

B. FLS requires proof of adequate insurance coverage from all prospective contractors.

312 *Record Retention and Disposal*

A. Records are maintained for the following indicated minimum periods:

7 years after the original entry date	Books, records, documents, and other supporting evidence including paid, cancelled or voided checks, accounts payable records, vendors' invoices, payroll sheets, and registers of salaries and wages, tax withholding statements, employees' timesheets, and other public documents
3 years from the date of the year end fiscal period closing	General ledger, trial balance, grants accounting information, accounts payable and accounts receivable ledger, payroll register, check register and checks, invoices. Except for: a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.  b) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition (as opposed to date of purchase).
Permanent	Meeting minutes, IRS Form 990s, Insurance Records
Various terms, as required by applicable state and charter law	Audit reports, annual corporate reports, charter board minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement and pension records.

- B. Record disposal dates are determined under this policy based on the end of the fiscal year or the date of final payment of government grants.
- C. All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service are retained for three years from the end of the fiscal year in which the records were originally prepared.
- D. All financial records are maintained in chronological order, organized by fiscal year.
- E. If any records fall outside the limits outlined in this policy, the CFO prepares a Memorandum of Records Disposal, which includes a list of the records and the class of records involved. The Board certifies this Memorandum of Records Disposal.

313 *Financial Reporting*

FLS staff maintains supporting records in sufficient detail to prepare each school's financial reports along with consolidated financial reports, including:

- A. Annually
  1. Financial statements for audit
  2. Annual budget
  3. IRS Form 990
- B. Quarterly (or monthly upon request)
  1. Trial balance
  2. IRS Forms 941 and payroll tax returns and comparable state taxing authority returns
  3. Internally generated budget vs. actual financial statements
  4. Updated revenue and expense projections by school and consolidated
  5. Updated consolidated cash flow projection
  6. Quarterly statutory reports
  7. Bank reconciliations
- C. Periodically (upon request):
  1. Accounts receivable and deferred revenue schedule by revenue source
  2. Restricted grant expenditure information
  3. Exceptional Expense report
  4. Enrollment Reports
  5. Other reports as needed

**314** *Audit*

The Board engages an independent qualified certified public accounting firm to conduct an audit of FLS's financial statements in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and the audit terms set forth in the charter and applicable charter law.

**315** *Finance Committee*

The Board appoints a Finance Committee, which includes oversight for audit functions. This Committee periodically nominates the independent auditor and reviews the scope and results of each audit. The Finance Committee also receives written and/or verbal notice of any deficiencies or material weaknesses and management letter comments noted during the audit. Additionally, the Finance Committee, with the support of FLS staff, develops a Corrective Action Plan to address all deficiencies and findings communicated by the auditor. The Finance Committee also reviews all relevant FLS financial information and provides recommendations to the Board.

**316** *Chart of Accounts*

The FLS Chart of Accounts was developed based on the codes set forth in the LAUGH guide, along with an identifier for the FLS Schools. The Chart of Accounts may be updated periodically based on the requirements of the LAUGH guide.

**400 Policies Related to Assets, Liabilities, and Fund Equity**

**Assets**

**401** Bank Accounts

A Board Resolution is required to open or close a bank checking or savings account. The Resolution describes the purpose of the account, signatories, and signatories' authority.

Bank accounts shall have reasonable protections such as those provided by the Federal Deposit Insurance Corporation (FDIC), consistent with common practice.

**402** *Petty Cash*

FLS does not currently utilize Petty Cash.

**403** *Capitalization Policy*

All tangible property with a useful life of more than one year and meeting the capitalization threshold of at least \$5,000 shall be capitalized in accordance with FLS's capitalization policies. Depreciation associated with the fixed

asset will be calculated based on its useful life using a straight-line depreciation method. The depreciation expense will be recorded in the financial records of the organization.

**404** *Impairment of Assets*

When circumstances warrant, FLS makes an adjustment to the financial records for an impaired asset. This is accompanied by a description of the impaired asset and the measurement assumptions used in determining the impairment. All impairments of tangible property meeting the capitalization threshold are reported to Finance Department.

**405** *Betterments and Leasehold improvements*

Expenditures for significant betterments of existing leased or owned properties are recorded at cost. Assets acquired by gift are recorded at fair market value established at the date of acquisition. Maintenance and repairs are expensed as incurred. Depreciation associated with the betterment will be calculated based on its useful life and straight-line depreciation method. The depreciation expense will be recorded in the financial records of FLS.

***Liabilities and Fund Equity***

**406** *Accounts Payable*

FLS records as accounts payable only valid transactions based on documented vendor invoices, receiving reports, or other reasonable documentation. If payment to a vendor is disputed, the Finance Department uses discretion on whether to record the related potential accounts payable, erring on the side of conservatism.

**407** *Accounts Payable Payment Policy*

Vendors and suppliers are paid in accordance with agreed upon payment terms, taking advantage of any discounts offered. If no payment terms were discussed, FLS assumes that accounts payable are to be paid 30 days after being invoiced.

**408** *Accrued Liabilities*

Salaries, wages earned, payroll taxes, professional fees, rent, and insurance costs incurred, but unpaid, are reflected as a liability when incurrence of the obligation occurs.

**409** *Liability for Compensated Absences*

Compensated absences that are not paid upon termination are recorded as a liability upon termination, and eliminated when paid.

410 *Debt*

- A. Short-term debt consists of financing expected to be paid within one year of the date of the annual audited financial statements. Long-term debt consists of financing that will not be repaid within one year.
- B. The CEO or CFO (or the Board if the amount of the debt incurred exceeds the approval limit of the approver) must approve all short-and long-term debt incurred on behalf of FLS.
- C. Loan agreements approved by the CEO, CFO, or the Board must be in writing and specify all applicable terms, including the purpose of the loan, the interest rate, and the repayment schedule.

411 *Net Assets*

Net Assets are recorded in the financial statements of FLS in accordance with GAAP. A breakdown of Net Assets by school shall be available on a monthly basis.

**500 Revenue Policies**

501 *Revenue Recognition*

FLS records revenue on the accrual basis of accounting, consistent with GAAP.

**600 Cost Accounting Policies**

601 *Consistency in Cost Accounting*

FLS estimates costs in grant and contract proposals in a manner consistent with the accounting practices used in accumulating and reporting costs. Accounting practices used by FLS in accumulating and reporting actual costs are consistent with practices used in estimating costs in grant and contract proposals.

602 *Unallowable Costs*

Costs expressly unallowable or mutually agreed to be unallowable are excluded from billing to a grant, contract, or funding source. These include, but are not limited to, costs referred to in OMB Circular A-87 - *Cost Principles for State, Local and Indian Tribal Governments*, OMB Circular A-102 - *Grant and Cooperative Agreements with State and Local Governments*, and OMB Circular A-133 - *Audits of State and Local Governments and Nonprofit Organizations*.

**603** *Cost Accounting Period*  
The FLS fiscal year is July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals. Reporting for restricted grants is consistent with the allowable periods for each grant.

**604** *Gain or Loss on Disposition of Assets*  
Gains and losses from the sale or other disposition of property are recorded as revenue or expenses in the year in which they occur and are reflected as such on the financial statements.

## **700 Property Management Policies**

**701** *Property and Equipment*  
FLS maintains detailed records of all property and equipment, including identification and segregation of property and equipment acquired through government contracts.

**702** *Identification of Property*  
All FLS equipment, and other property as is reasonable, is tagged with an assigned number that is recorded in the property control system.

**703** *Record and Report of Property*  
FLS maintains and periodically updates records for every item of property in its possession, as follows:

1. Type of asset and description
2. Serial number, model number, or other identification (as applicable)
3. Whether title rests with FLS, the school district, or a governmental entity
4. Vendor name, acquisition date, and cost
5. Location of the equipment

**704** *Physical Inventories*

- A. The physical inventory records include the name of each asset, the related control number, location, and a brief description of its condition.
- B. FLS performs a physical inventory of all property in its possession or its control on an annual basis.
- C. The physical inventory is reconciled to the detailed property listing and differences are investigated and reconciled.

**705** *Disposal of Property and Equipment*

- A. No item of property or equipment shall be removed from the premises without prior written approval from a Finance Department designee, COO, CFO, or CEO.

- B. FLS uses standard disposition procedures, which include the *Asset Disposal Form*, which identifies the asset, the reason for disposition, and signature of the requester. The form also allows for identification of the asset's book value, condition of the asset, and supervisory approval or denial.
- C. When property is retired, the appropriate asset in the detailed property listing will be adjusted and properly reflected in FLS financial records, including consideration or any requirements for grantor-funded assets.

## 800 Procurement Policies

### 801 Procurement

As a "public entity," FLS incorporates the policies and procedures for solicitation of "public works" projects as outlined in Sections I and II of the *Public Bids of Public Works Projects According to Louisiana Public Bid Law* (attached as Appendix A).

The public bid process is directed jointly by the CFO and COO, with support from the Director of Finance and the functional representative(s) responsible for the project (together, referred to as the "Sourcing Team"). The Team periodically reports on expenditures for awarded contracts, and coordinates operational monitoring and reporting of vendor and contractor activities.

The policies outlined in Appendix A apply only to public works projects or service provider contracts with a total value estimated to exceed \$150,000.

The FLS Board approves purchases in excess of \$150,000, unless already authorized within the approval of a larger capital or public works project. These purchases require sealed bids solicited by the Sourcing Team which remain on file with the Finance Department for a minimum of three years.

## 900 Travel and Entertainment Policies

### 901 *Overview and Introduction*

This policy is intended to provide a framework for reasonable and allowable travel expenditures, timeliness of travel reimbursements, and expenditure recognition. The Chief Executive Officer must expressly authorize any exceptions to this Policy in writing.

It is FLS policy to reimburse all travel expenses in support of official business. This policy applies to all individuals working for and whose approved travel funding is administered by FLS. For sponsored projects, all travel must 1) be secured from a budget approved by the project sponsor and 2) be allowable and eligible per the terms of the project.

### 902 *Travel Approval*

All travel on behalf of FLS requires written pre-approval from immediate supervisors. It is the traveler's responsibility to review travel plans with their supervisor prior to scheduling to determine three key attributes

- Is this proposed travel necessary and appropriate for business reasons?
- If so, is the cost reasonable and to which specific budget will the proposed travel be expensed?
- Once determined, have sufficient measures been taken for back-filling the traveler's work responsibilities while they are away from their positions?

All three hurdles must be addressed prior to approval of travel.

Additional approval will be required if specified in the applicable contract or grant policy, agreement or contract and must also be addressed prior to approval of travel.

### 903 *Methods of reservation and payment*

FLS staff is responsible for reserving and booking their own travel plans. Individual schools may choose to centralize that task with one individual, but that decision is at the discretion of each School Director. Staff should reserve, hold, or pay for airfare, rental car, and hotel expenses with a FLS credit card. Those employees with an FLS credit card should use their own to book travel, while the staff that does not have a FLS credit card should utilize a FLS card assigned to their supervisor or staff colleague who is assigned a card for this purpose. In each school, the SOM will play that role.

Other expenses such as meals, ground transportation and incidentals are expected to be paid by the traveler and reimbursed by FLS.

There are two exceptions to these practices. First, in some cases, the traveler may pay airfare and hotel expenses personally, and be reimbursed by FLS. Second, there may be cases where FLS prepays food and / or ground transportation or the traveler receives a travel advance from FLS (see 906).

Cancellation of Reservations – it is the responsibility of the traveler to cancel any reservations that will not be used. Charges or lost refunds from failure to cancel in a timely manner will not be reimbursed. If a travel advance was issued, it must be returned within 48 hours of the cancellation.

**904** *Entertainment*

Entertainment is generally considered a personal expense and not reimbursable. However, exception is made for business meals or networking events (meetings where official business is conducted) and conference banquets. The CEO, CFO or COO must approve the expense in writing for Entertainment expenses prior to the event.

**905** *One Day Travel*

In general, trips of less than 50 miles, one way, from FLS or the traveler's home do not qualify for an over-night stay or per diem. For local travel or when an overnight stay is not involved, the IRS generally considers meal reimbursement and per diem taxable income.

Conference and/or meeting fees are reimbursable and mileage is reimbursable to the extent that it exceeds the normal home to work commute. In certain circumstances, Business Meals may be approved to the extent that official business is performed during the course of the meal and an otherwise acceptable time and place to meet could not be arranged.

**906** *Pre-Payments and travel advances*

On an exception basis, FLS allows for travel advances. Economic hardship will be considered for all advances. The traveler is responsible for clearing the advance and/or prepayments by submitting a completed Travel Expense Voucher no less than 10 business days in advance of the need.

**907** *Travel Categories*

A. Lodging – payable at actual cost for reasonable and necessary accommodations subject to the following considerations:

1. Personnel will be reimbursed at the single room rate in a “business economy” hotel for the reasonable cost of hotel accommodations
2. Convenience
3. The cost of staying in the city in which the hotel is located

4. Proximity to other venues on the individual's itinerary. Conferences frequently offer special room rates and staying at the conference site is encouraged because it often reduces cost of local transportation.
- B. Out of Town Meals – Personnel traveling on behalf of FLS are reimbursed on a per meal basis at the following rates when they actually incur the cost of the meal. They will not be reimbursed for meals paid for or provided by others:
- Breakfast – \$12.00
  - Lunch – \$20.00
  - Dinner – \$39.00
- C. Business Meals and Networking Events (More than one person) – FLS will reimburse these meals to the extent they are justifiable and eligible:
1. Justification entails a dated original itemized receipt documenting the purpose of the business meal or networking event and who was in attendance (must be more than one person). These expenses must be submitted on a Meeting Expense Form attached to the Travel Expense Voucher.
  2. In the event that a Business Meal occurs during travel, it should be included as a separate expenditure.
  3. Business meals and network expenses should be within the limits set in section 907 unless otherwise authorized.
- D. Incidental Expenses – Business phone calls and services (copy, fax, and email internet service) are reimbursable, at cost, with a receipt. Note that phone calls included on lodging receipts must be clearly marked as business; personal phone calls are not reimbursable. Reasonable incidental expenses such as hotel tips and sundry items are reimbursed at cost as documented on a Travel Expense Voucher. Ground transportation tips included on your receipts are acceptable.
- E. Spouse/Partner Travel – is not reimbursable unless the travel is integral to the business purpose of the trip. However, the cost of a shared hotel room need not be allocated between traveler and partner.
- F. Air Transportation – Air travel reservations should be made as far in advance as possible in order to take advantage of reduced fares. Upgrades to any level above “coach” or its equivalent are not reimbursable. Fees incurred for use of airline lounges or their equivalents are not reimbursable.
- G. Ground Transportation
1. Personal Car – Employees should conduct all business related travel at the lowest possible cost and should not use personal vehicles for

business travel if less expensive means of transportation are available. If an employee uses their vehicle for business travel, they may request mileage reimbursement and be reimbursed at the standard mileage rate per mile as determined by the CFO, and not to exceed the maximum limit set by the Internal Revenue Service.

Parking fees and tolls incurred for business travel outside of the employee's primary location are reimbursable if supported by receipts. Traffic and Parking Tickets are not reimbursable

Employees requesting mileage reimbursement are required to do so on an approved FLS expense report detailing the destination of each trip, its business purpose, miles driven, and parking fees and tolls. Expense reports must be filed within three months of the travel date.

Mileage is reimbursable to the extent that it does not exceed the coach airfare to the same destination. When private cars are used, the traveler must certify current and valid ownership of the minimum prescribed insurance coverage.

If the only travel cost incurred is mileage, travelers may submit an Automobile Mileage Voucher for reimbursement.

2. Rental Car – when a rental car is required, the optional insurance should not be purchased and is not reimbursable. Foreign travel rental car insurance is allowable.
3. Taxicabs and shuttle services are reimbursable. Receipts should be provided to the extent possible.

## **1000 Consultants and Contractors Policies**

### **1001 Consultant Use**

- A. Details of all agreements between FLS and contractors or consultants (e.g., work requirements, rate of compensation, and nature and amount of other expenses, if any) are included in the written contract or agreement with the individual(s) or organization(s) providing the services.
- B. Only the Officers of FLS can execute agreements for services on behalf of FLS. Agreements over \$150,000 that were not previously approved in the board approved operating or capital budget require approval of the Board Chair or Treasurer prior to their execution. Prior to committing to such agreements, staff shall make a reasonable effort

to find alternative vendors that could provide comparable services at a lower cost.

- C. Invoices or billings submitted by consultants must include sufficient detail as to the time expended (if paid based on time worked) and nature of the services performed.
- D. When negotiating contracts, FLS shall endeavor to include a cap on the number of hours that can be billed to FLS without requiring prior written approval. Similar caps should be included for ancillary costs such as travel and expense reimbursement.

#### *1002 Independent Contractors*

The use of contractors and consultants is closely monitored to comply with the rules of the IRS. In particular, consultants will:

- A. Not be controlled as to what services will be performed and how these services will be performed. Consultants will not have set hours of work.
- B. Adhere to a precise contract scope of services that is recomputed or at least adjusted annually. The consultant agreement will specify the obligation of the consultant to pay his or her own self-employment taxes, if applicable.
- C. Not receive any fringe benefits, although their fee may include provision for fringe benefits.
- D. Not be assigned a permanent workstation.
- E. Make their services available or work for a number of firms or persons at the same time.
- F. Will use personal stationery or timesheets in billing for services.

### **Part II - Procedures**

The following section describes procedures that support the policies contained in Part I.

#### **1100 General Accounting Procedures**

This section describes procedures for the overall accounting system design, General Ledger activity, and General Ledger closeout for FLS.

## ***Accounting System Design***

### ***1101 Control Objective***

To establish a financial coding structure that supports effective and efficient reporting and decision-making.

### ***1102 Major Controls***

A. Chart of Accounts - FLS' chart of accounts is based on the LAUGH, with adjustments to allow for specific reporting and the consolidation of multiple schools. To support decision making, the CFO or his/her designee, with assistance as needed from the Board, management, and outside consultants, is involved in creating and using reports and other tools to analyze the finances of the organization.

The account codes consist of 13 digits:

- The first digit identifies the entity
- The next 4 represent the function
- The next 5 represent the account
- The last 3 represent the department or program.

Grants and other restricted expenditures are accounted for using project codes.

- B. Control Accounts - In order to perform reconciliations, subsidiary account details (e.g., A/R, A/P) are aggregated to General Ledger control accounts.
- C. Contra Accounts - If necessary, the accounting structure provides for offsetting contra accounts (e.g., an allowance for doubtful accounts) to adjust historical costs to current levels for financial reporting purposes.

## ***General Ledger Activity***

### ***1103 Control Objective***

Ensure that all General Ledger entries are current, accurate, and complete.

### ***1104 Major Controls***

- A. Timeliness of Entries - All entries are made as soon as possible after the underlying accounting event to ensure that financial records and reporting are current.
- B. Support Documentation - All entries are supported by adequate information or documentation that shows the justification and authorizations for the transactions.

- C. Audit Trail - A complete audit trail is maintained by the Finance Department, including descriptions and reference codes in the General Ledger, which are reported periodically.

**1105 Procedures**

- A. FLS accounting personnel (generally the accounts payable person) verifies vendor invoices and contact information against source documentation (e.g., invoice, check request, contract, etc.) before entering payments into the accounts payable system. Senior accounting staff reviews these transactions during the closing process.
- B. For payroll-related entries, accounting information is cross-referenced against third-party payroll processor reports to ensure proper accounting of all funds expended.
- C. Revenue entries are based on a combination of monthly projections and cash receipts.<sup>1</sup>
- D. Recurring accounting entries are used for certain transactions, such as the monthly portion of prepaid insurance.
- E. As circumstances warrant, non-recurring entries (e.g., correcting entries, accruals, and non-cash transactions) are recorded on a monthly basis. Senior accounting personnel review and approve these non-recurring entries through the month-end accounting close.
- F. Detailed accounting information, including specific entry information and detailed financial reports, are available upon request.

**General Ledger Close-Out**

**1106 Control Objective**

Ensure the accuracy of financial records and reports.

**1107 Major Controls**

- A. Financial Reports - Monthly financial reports are prepared to ensure the accuracy of the General Ledger account balances.
- B. Reconciliation of Key General Ledger Accounts with detailed information - Prepared on a regular basis

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<sup>1</sup>Because these projections are estimates, they may not always reconcile precisely to source documentation. However, estimates are reviewed regularly for reasonableness, and variances are trued up through the monthly accounting close. As a secondary control, the CFO reviews the accounts receivable and deferred revenue amounts regularly to ensure reasonableness.

C. Reconciliation of Bank Accounts - Prepared on a monthly basis.

1108 *Procedures*

1. At the end of each month, Finance personnel prepare profit & loss and balance sheet reports both on a consolidated and an individual school basis.
2. Summary level financial information is provided to the Board of Directors during regularly scheduled meetings. The Treasurer of the Board of Directors and the Finance Committee review the information in advance of the Board meeting. In addition, the Treasurer of the Board of Directors, Finance Committee, and the Board of Directors may review detailed financial statements and underlying information upon request.
3. Finance staff reconciles the general ledger accounts with underlying information and documentation on a regular basis. This includes comparing accounts receivable balances to the underlying detailed revenue and cash receipts data and comparing fixed asset balances to a schedule of fixed assets.
4. Bank accounts are reconciled monthly. The procedure for monthly Bank Account Reconciliations includes:
  - a) Finance staff reconciles the bank balances to general ledger cash balances on a monthly basis
  - b) The reconciliation, including any adjustments made to bank balances, is prepared for the COO and the Treasurer of the Board of Directors.
  - c) A staff member not in the Finance Department reviews and signs approval for the bank statements periodically to allow for independent verification of accounting information.<sup>2</sup>
  - d) Accounting staff maintains a file for voided checks for reconciliation with bank statements. Voided checks are cancelled and retained to prevent future use. Voided checks that have been lost in the mail or by vendors will be tracked in the accounting system.
5. At fiscal year-end and after the annual audit, all income and expense accounts are closed out, and the general ledger balances are agreed to the audited financial statements.

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<sup>2</sup>Online access to FLS's bank information (including bank statements and cleared check information) is available with approval from the Board of Directors or the CEO.

## 1200 Cash Management Procedures

This section describes procedures for cash receipts, cash disbursements, and prepaid items.

### **Cash Receipts**

#### *1201 Control Objective*

Record cash receipts completely and accurately to prevent the improper diversion of cash assets.

#### *1202 Major Controls*

- A. Cash Flow Projection - FLS prepares annually and updates regularly a cash flow projection for operations and capital cash needs to monitor and ensure adequate cash flow.
- B. Cash Receipts - FLS has internal control systems in place to monitor cash receipts and to ensure that deposits are made in a timely manner. FLS uses electronic fund transfers to accelerate deposits.
- C. Internal Accounting Controls
  - 1. An employee with no access to files or documents pertaining to accounts receivable or cash accounts is responsible for opening all mail.
  - 2. Listed receipts and credits are compared to accounts receivable and bank deposits by accounting staff on a monthly basis.
  - 3. All Balance Sheet accounts are reconciled monthly.

#### *1203 Procedures*

- 1. Mail is opened on a timely basis. Checks are forwarded to the appropriate personnel for deposit, and invoices are forwarded to either the School Operations Manager (SOM) for approval or accounting personnel for entry into the accounting system, depending on the location where the mail is received.
- 2. All checks are endorsed "For Deposit Only" and deposited into the proper bank account within two business days of receipt.
- 3. The SOM or their designee (depending on where the check is received) prepares deposit slips, makes a copy of each check to be deposited, and attaches this to a copy of the deposit slip. The SOM deposits the receipts into a local bank branch and forwards the deposit information (original or electronic/fax copy is acceptable) to the Finance Department with a copy to (a) the Director of Development if it is a donation and (b) the file to provide support for all deposits.

4. All deposits are recorded in the accounting system on a regular basis (but not less than monthly).
5. Finance personnel perform a reconciliation of cash receipts to deposit slips and bank statements on a monthly basis.
6. The Treasurer of the Board of Directors may review bank statement reconciliations any time after the close of the financial records for the month.
7. The original copies of the reconciliation with the associated bank statement are filed by account in chronological order.

### **Cash Disbursements**

#### **1204 Control Objective**

To disburse cash for authorized purposes and record cash disbursements completely and accurately.

#### **1205 Major Controls**

- A. Cash Disbursement Policies – Checks are prepared, signed, and released consistent with invoice due dates, or with earlier dates to take advantage of available discounts. The CFO makes the determination to utilize available discounts.
- B. Internal Accounting Controls:
  1. Pre-numbered checks and special check protective paper.
  2. Match of disbursement records against accounts payable/open invoice files.
  3. Bank statements reconciled to cash accounts.
  4. Supporting documentation stamped “Paid” to prevent resubmission for payment.
  5. Detailed comparison of actual vs. budget expenses on a monthly basis.
  6. Separation of duties to the extent possible.

#### **1206 Procedures**

1. Expenditures exceeding an annual operating, capital, or other approved budget (or an updated, balanced school forecast) require Board of Directors approval prior to incurring the expense and/or payment. If significant, the Treasurer advises the Board on the impact of the proposed expenditures on fund balances.
2. When the transaction is complete and payment is due, Finance staff prepares a numbered check, attaches all supporting documentation (vendor invoice, purchase order, purchase requisition, etc.), and submits

the package to an authorized check signer for signature. All non-recurring school-related checks over \$25,000 require the signature of an authorized member of the Board of Directors.<sup>3</sup> Any authorized signer may sign checks of \$24,999.99 or less and recurring checks (such as medical insurance, retirement, etc.).

3. All invoices (or relevant acceptable documentation) submitted for payment will include approvals for payment and the general ledger accounts to be charged. The following approvals are needed prior to any accounts payable check being sent:<sup>4</sup>

Position	Invoice Approval to:
School Principal or Designee	\$2,500.00
Finance Director	\$10,000.00
CFO or other Executive Officer	\$24,999.99
Board of Directors (Authorized signers)	In excess of \$25,000.00

Approval signatures may be written directly on the invoice or check (for check signers only), or sent via an approval form or email.

4. After checks are signed, Finance staff mails or gives them directly to the payee.
5. All invoices are canceled (i.e., stamped "Paid") by Finance personnel and filed in the appropriate vendor invoice folder.
6. Bank statements are reconciled during the monthly accounting close process. These statements and reconciliations are available for review upon request.

### **Petty Cash**

#### **1207 Control Objective, Major Controls, and Procedures**

FLS does not currently use petty cash in normal operations. Each school has access to a checking account for miscellaneous expenses that cannot be processed through the ordinary purchasing process or authorized credit cards.

### **Prepaid Items**

#### **1210 Control Objective**

Ensure proper accounting for prepaid expenses.

<sup>3</sup>Approval by email is acceptable if signature is not possible due to travel or emergency.

<sup>4</sup>A joint invoice refers to one where each expense item is shared by all or some schools in a manner where direct allocations between each school are difficult to determine. For example, an invoice for software used by all of the staff at FLS would be a joint invoice, while an invoice for three security guards, two of which are at Dibert and one S. A. Green, would be considered a non-joint invoice.

**1211 Major Controls**

Internal Accounting Controls - Detailed prepaid expenses are reconciled with the general ledger control account.

**1212 Procedures**

1. Prepayments are not encouraged, but are made from time to time dependent on the need for the services, common industry practices, and reasonability/efficiency. Prepayments will not be made for services expected to be delivered outside of the current fiscal year.
2. For payment of prepaid items, the transaction is coded to reflect the prepaid portion of the payment. This coding can occur either when the invoice is originally entered into the accounting system or during the month end accounting close process. Nominal (under \$1,000) prepaid items can be expensed when invoiced.
3. An amortization schedule is prepared to reflect the incurring of an expense for prepaid items. Automated entries included in the accounting system may be used in lieu of a physical schedule.
4. A standard journal entry (or an automated entry) is prepared by the finance staff to record the monthly expense.
5. Reconciliation is performed on a regular basis between the prepaid expense general ledger accounts and a detailed listing of the items included.

**1300 Grants Receivable Procedures**

This section describes procedures for revenue recognition, invoicing, drawdowns, accounts, and contributions receivable.

**Revenue Recognition And Accounts Receivable**

**1301 Control Objective**

To ensure that all revenues are recognized over the period that they are earned and ensure that revenue and receivable amounts are reasonable and collectible.

**1302 Major Controls**

- A. Revenue Recognition - Revenue is recognized over the period for which it is earned based on reasonable estimates.
- B. Revenue Estimation - Revenues are estimated based on the latest available information from the state and other grantors. Revenue

estimates are used to guide the recognition of revenues, with year-to-date adjustments made regularly.

C. Account Receivable Controls

1. Account receivable balances by source are reconciled to the accounting ledger on a regular basis.
2. Account receivable balances are examined periodically to determine whether they are reasonably collectible based on current information.
3. Revenue and receivable schedules are made available for independent review by the Treasurer of the Board or senior management upon request to ensure a proper separation of duties to the extent possible for an organization the size of FLS.

1303 *Procedures*

1. Most revenues are accrued evenly over 10 months, between August and May, corresponding to the approximate time of the year for which regular school is in session. The few exceptions are cash receipts (like football game sales), which are recorded once monies are received and deposited, and unrestricted donations and grants, which are recorded when received.
2. The amount recorded each month is based on the latest projections for each revenue stream. These projections are updated regularly (generally monthly when information is available). The projections come from each school's reforecast file and the rationale for the specific projection is documented in that reforecast file.
3. Cash receipts are coded against the appropriate receivable account in the general ledger, consistent with the receivable account used. Questions about which grant the cash receipts are related to are generally resolved prior to closing each month.
4. Cash receipts are entered into the general ledger weekly by the Finance staff. This information is used to calculate revenue stream by revenue stream receivable and deferred revenue information each month. Since the bank information is reconciled monthly, this ensures that all deposit information is in the accounting system. Bank reconciliations are available upon request for independent review.
5. Revenue estimates along with the most recent revenue accounting adjusting entries are available upon request to the Treasurer of the Board along with senior management of FLS.

## **Grant Management & Invoicing**

### **1304 Control Objective**

To ensure that grant and contract billings are adequately supported, recorded on a timely basis, and reflect the terms and conditions of the grant or contract.

### **1305 Major Controls**

- A. Drawdown Policy - Drawdown requests and invoices are prepared periodically throughout the year or based on contract agreement dates, depending on the funding source.
- B. Invoice Format - Drawdown request and invoice formats vary depending on the funding source. The requests by FLS shall be made in accordance with the formats requested by the funder to the extent reasonable.
- C. Tracking of Allowable Costs - Allowable costs related to restricted grants are tracked throughout the year and are the basis for drawdown and invoice requests.
- D. Time & Effort Documentation - Employees (or their managers) that are to be reimbursed from grants properly acknowledge the amount of time spent providing services related to such restricted grants.

### **1306 Procedures**

1. Beginning with the budget development process, the Finance Department estimates the amount of each non-competitive grant that the school is eligible for based on its student demographics. Some of these grants include Title I, Title IIA, Individuals with Disabilities Education Act (IDEA Part B), and State School Improvement. The estimates are primarily based on information found in the Electronic Grants Management System (EGMS), other state sources, or prior year award information. These estimates are updated periodically throughout the year based on newly available information. In addition, the schools and Finance Department estimate competitive grants based on applications and award information. To be conservative, only documented competitive grants (award letter, written pledge or email from donor) shall be included in school budgets and forecasts.
2. Also beginning with the budget development process, FLS leadership, School Directors, and the finance team review possible expenditures for each restricted grant. These expenditures need to meet the requirements of the respective grant based on each individual's job description/purpose and "other than personnel"

categories. Grant expenditures are budgeted by person (% of time applicable to each grant) and “other than personnel” category in the budget. The budget/reforecasting model automatically totals budgeted expenditures and compares them to budgeted revenue by grant to ensure staff knows exactly how much is allocated to each grant. This is done through the use of a grant code, which is used throughout the model to identify both revenues and expenditures related to each specific restricted grant. The budget/reforecasting model also includes a Grants Summary, which summarizes allocations to each grant by person and “other than personnel” category. This section provides for an easy-to-read way of seeing who is being charged to each grant.

3. Once staff is comfortable with the grant allocations in the model, these grant allocations are used to develop the budgets to be submitted to the state/grantor for approval. Depending on timing, in some cases grant budgets will be submitted to the state/grantor prior to being finalized but based on the best available information at the time. In such a case, a grant amendment will be submitted as needed.
4. Since the vast majority of grant expenditures are personnel, grant spending is tracked in the payroll reconciliation file (a specifically designed grants tab for each school). The file includes a listing by grant and expenditure related to each grant, with the people and allocation percentage taken from the budget, reforecast, or other grant documents as applicable. Actual salaries, directly linked to payroll data, are used in the file to allow for ongoing tracking and drawdown requests. Benefits are generally allocations, other than retirement/FICA, which is tied to the individual people. Because of this system, actual spending against each grant is readily available. “Other than personnel” expenditures are tracked in the same file if there are limited amounts of these costs. A separate file may be kept if “other than personnel” costs make up a large portion of a grant. Typically, the “other than personnel” information includes the vendor, invoice number and period, check amount, amount allocated to the grant, check number, check date, and a brief description of the item. This information is needed for future drawdown claims and audits.
5. Grant drawdown requests are made periodically using the grant accounting system, as adjusted to match the required state or grantor format. The vast majority of the data needed for such a drawdown is included in the payroll reconciliation file. Grant drawdown claims are made over the course of the year based on

expenditure levels and cash needs using the required grantor template.

6. Throughout the year, the finance group reviews year-to-date expenditures and forecasted expenditures to ensure that appropriate amounts are spent in accordance with each grant requirements. Any needed adjustments are brought to management's attention and amendments are filed as needed.
7. Federal rules also require time & effort tracking of people funded by grants. To meet this requirement, the finance group prepares a letter summarizing the federal requirements and how the school plans to spend its restricted funds. These letters are provided to staff charged to restricted grants and signed as a form of acknowledgment of receipt of the information. In addition, staff coded to grants or their managers sign monthly letters indicating the percentage of their time they spent working on the grant-related functions. These forms are collected periodically by the school operations managers and given to the finance group.
8. Final grant drawdown requests and reports are submitted to the grantor in the requested format. These reports are submitted within the grantors desired time period.
9. The grant pages of the payroll reconciliation file, along with all other grant documentation, is available to senior management of FLS and the Board of Directors upon request.

### **1400 Payroll Procedures**

Payroll procedures are organized under six categories: personnel requirements, timekeeping, preparation and payment of payroll, payroll payment calculations, payroll withholdings, and payroll accounting.

#### ***Personnel Requirements***

##### ***1401 Control Objective***

Ensure that FLS hires only those employees, full or part-time, it absolutely needs and exerts tight control over hiring new employees.

##### ***1402 Major Controls***

###### **Payroll Policies**

FLS has adopted payroll policies for adding new employees to the payroll system, removing terminated employees from the system, and monitoring vacation and sick pay.

### 1403 Procedures

#### New Employees

1. The School Director or SOM initiate all requests for new employees (excluding day-to-day substitutes, Saturday school teachers, summer school teachers, and after school tutors). When a position is requested, the SOM (or designee) fills out a personnel requisition form, signs it, has the School Director (or budget manager) approve it, and submits it to the Human Resources Department. The CEO or his/her designee must approve all extra budget staffing requests in advance.
2. The Human Resources Department obtains approval from the Finance Department. Finance shall only approve if the funds for the position are available within the school's latest forecast. All approvals shall be in writing or via email (the email should indicate the position title, salary amount, and their approval).
3. Once approved, the Human Resources Department and/or school staff shall start recruiting for the position (recruiting can begin earlier so long as no written or implied offer of employment is made prior to there being a fully approved personnel requisition form). Prior to offering a position to an employee, all of the documentation necessary to determine the individual's qualifications for the position shall be obtained.
  - In the case of teachers and instructional staff that includes:
    - Official transcripts from all institutions of higher education
    - Copies of certification documents
    - Copies of the content area examination results
    - Proof of a completed fingerprint clearance.
  - In the case of non-instructional staff
    - All documents necessary to verify the minimum requirements outlined in the job description
    - Proof of a completed fingerprint clearance.
4. In general, reference checks shall also be performed prior to the offer of employment.
5. Personnel Action Forms are required for the following changes:
  - Changes in salary
  - Substitutes
  - Saturday school teachers
  - Summer school teachers
  - After school tutors

Personnel Action Forms need to be approved by the SOM, School Director, and Finance Department prior to payment.

6. New employees complete, at minimum, an Application for Employment, IRS W-4 form, an IRS I-9 form (with related documents), fingerprint clearances, and any documentation required as a part of No Child Left Behind prior to payment.
7. Personnel Requisition Forms and Personnel Action Forms shall be filed with other Human Resources information.

### **Vacation, Sick, and Personal Days**

1. Eligible employees accrue vacation, sick, and personal time off based on FLS's Employee Handbook.
2. Eligible employees are requested to provide at least two weeks advanced notice to supervisors for a vacation request.
3. Employees' earned vacation, sick, and personal leave balances are tracked monthly to reflect time earned and taken. A spreadsheet containing such information is maintained by the school operations/finance team and is available for review by School Directors, Human Resources, and FLS management.
4. Vacation, Sick, and Personal leave time is not accrued, as it's not carried over.
5. For non-teaching staff, accrued personal and vacation time earned is paid out upon termination.

### **Terminations**

1. Termination decisions must be made by both the supervisor and Human Resources, and must follow all Human Resource requirements.
2. The approved Separation Personnel Action Form is then submitted to the Human Resources Department, which updates the payroll system and fringe benefit information including health, dental, pension, COBRA, etc. The Human Resources Department also communicates this information to the Finance Department for payments to the employee.
3. The Separation Personnel Action Form is maintained in the terminated employee's personnel file.

4. The supervisor or his/her designee is responsible for collecting any FLS property from the employee (such as keys, computers, etc.) prior to the employee leaving.
5. An exit interview may be arranged if the departing employee wishes.

### ***Timekeeping***

#### ***1404 Control Objective***

To ensure that payment for salaries and wages is made in accordance with documented time records.

#### ***1405 Major Controls***

- A. Time Sheet - Labor hours are accurately recorded and any corrections to timekeeping records, including the appropriate authorizations and approvals, are documented.
- B. Internal Reviews - Finance personnel monitor the overall integrity of timekeeping.
- C. Internal Accounting Controls - Reconciliation of hours charged on time sheets to payment records.

#### ***1406 Procedures***

##### ***Time Sheet Preparation***

1. Hourly, daily, and session employees prepare time sheets on a semi-monthly basis using one of FLS's standard time sheet forms.
2. In preparing time sheets, employees:
  - a) Enter hours in ink (or electronically) and sign (email approval is acceptable) the completed timekeeping record
  - b) Receive written approval from their manager (signature or email approval with the email including the employees name and number of hours during the pay period).
  - c) Submit the completed time sheet to the SOM or FOA by the deadline included in the payroll calendar.
3. Approved timesheets are sent to the Finance Department by the SOM or FOA prior to the deadline included on the payroll calendar.
4. The Finance Department reviews time sheets for accuracy before entering the information into the payroll system. Any questions are referred to the employee, SOM, or budget manager who approved the hours.

5. Time sheets are retained with the payroll package each pay period. Hours are reconciled before entering into payroll system.
6. Time tracking related to grant management is described in the Grants Management and Invoicing section of this document.

### ***Preparation and Payment of Payroll***

#### ***1407 Control Objective***

To ensure that payment of salaries and wages is accurately calculated.

#### ***1408 Major Controls***

##### ***A. Internal Accounting Controls***

1. Time records are reconciled with each payroll. Missed time on time sheets is compared to time off request forms for the day or days that are missing. The Payroll Manager sends a form and e-mail to the employee and their School Director confirming the time off. This form is completed by the employee indicating if they were present, sick, etc. It then is approved by the School Director and sent to the Payroll Manager at least five days before the next payroll. If signed documents are not received, the employee will be docked for the number of days or hours they did not sign in.
2. Payroll accuracy is checked before the Payroll Manager and Director of Finance release each payroll.

#### ***1409 Procedures***

1. A payroll approval spreadsheet is used to identify how much and the general type of pay to be made to each employee of FLS.
2. The time recorded on approved time sheets (hours or the dollar equivalent of sessions and days depending on the employee) is entered into the payroll approval spreadsheet.
3. New hires, terminations, stipends, leaves, and other similar payroll related items generally received from the Human Resources Department are entered into the payroll approval spreadsheet as appropriate.
4. Absences are examined to determine if pay has to be adjusted because of used leave time.
5. Any significant changes are highlighted on the payroll approval spreadsheet so that reviewers can identify the most important items to examine. Significant changes include new hires, terminations, one-time stipends, and bonuses.

6. Once the Payroll Manager has entered all information pertaining to that pay period and balanced payroll, the Director of Finance reviews payroll with the Payroll Manager to verify that all information is accurate and ready for payroll release. When the Director of Finance has approved payroll, it is released.
7. Once payroll reports and pay stubs are received, the Finance Department verifies that the totals on the payroll-approval spreadsheet match those on the third-party payroll report; any differences (such as manual checks) are identified and reconciled.
8. After totals have been checked, checks (or requested direct deposit stubs) are mailed. The Payroll Manager sorts checks by location and pulls any checks designated for mailing. Checks are mailed no later than the respective date on the payroll calendar. The Finance Department may, at their discretion (or FLS's request), mail checks early (generally to offset any delays caused by using the US Postal Service). The checks are then sent to the schools for disbursement. Payroll follows the published schedule unless it is determined by FLS management that an early disbursement is warranted for emergency purposes, like an impending hurricane.

### ***Payroll Payment Calculations***

#### ***1410 Control Objective***

To ensure the proper payment of salaries and wages.

#### ***1411 Major Controls***

##### ***Internal Accounting Controls***

- A. Teachers and 12-month employees are calculated differently. Teachers are paid per their offer letter and 12-month employees are paid 1/24 of their annual salary, unless there are uncompensated absences.
- B. Each employee has a pay schedule according to his/her offer letter.
- C. Quarterly the general ledger accounts are reconciled to the 941 report.
- D. Additionally, an annual review is done during the annual independent audit.

#### ***1412 Procedures***

1. FLS pays employees twice a month in accordance with the payroll calendar (typically the 15th and the last day of the month).
2. The two forms of employment are exempt and non-exempt.

3. When someone is terminated, the amount owed them is calculated by the Payroll Manager and paid with the next regular payroll.

#### *Continuing Full-Time Employees*

1. Continuing full-time instructional employees (such as teachers) are paid their annual or period agreed-upon salary divided by the number of pays included in their offer letter. Teacher salary is calculated per their offer letter and based on their start date.
2. Continuing full-time instructional plus 10-day employees (such as special education coordinators) are paid in the same way as teachers.
3. Continuing full-time non-instructional employees (also known as year-round employees, such as Principal and Office Manager) are paid their annual salary divided by 24. For example, if someone's annual salary is \$48,000, his or her gross pay would be \$48,000 / 24 paychecks or \$2,000 per paycheck.

#### *New Hire Full-Time Employees*

1. If a full-time employee starts mid-period, the first paycheck will be for the number of calendar days left in the payroll divided by the total number of calendar days in the payroll times their standard pay. For example, if an employee's contract is effective November 7, their standard paycheck is \$2,000, and the first paycheck of November covers November 1-November 15, the employee's gross pay would be for 9 days (11/7, 11/8, 11/9, 11/10, 11/11, 11/12, 11/13, 11/14 and 11/15) out of 15 days, or \$1,200 ( $9/15 \times \$48,000/24$ ).
2. If a new employee's paperwork is completed by the Human Resources deadline for the period (based on the payroll calendar) and they start work between the 1st and 7th of the month, then their first paycheck will be the paycheck of the 15th of the month. If an employee's paperwork is completed by the Human Resources deadline and they start work between the 8th and 22nd of the month, then their first paycheck will be the paycheck of the last day of the month. If an employee's paperwork is completed by the Human Resources deadline and they start work between the 23rd and last day of the month, then their first paycheck will be the paycheck on the 15th of the following month. In order to accommodate employee needs, exceptions to the dates above are permissible so long as it does not endanger the Finance Department's ability to meet the payroll processing deadlines.
3. A new employee's first paycheck will include any retroactively owed monies, as applicable. For example, if an employee's start date is

September 10 and the paperwork is completed September 8, their standard (pre-deduction) paycheck is \$2,000, and the first paycheck of September covers September 1-September 15, the employee would be paid for 6 days (9/10, 9/11, 9/12, 9/13, 9/14, 9/15) out of 15 days or \$800 (6/15 x \$2,000), plus a full paycheck of \$2,000 for a total of \$2,800 on around September 30.

#### *Terminated Full-Time Employees*

1. If a full-time employee leaves mid-period, the last paycheck will be for the number of calendar days in the payroll period up to and including the effective date of the termination divided by the total number of calendar days in the payroll. For example, if an employee resigns as of October 25, their standard gross pay is \$2,000/pay period, and the second paycheck of October covers October 16-October 31, the employee would be paid for 10 days (10/16, 10/17, 10/18, 10/19, 10/20, 10/21, 10/22, 10/23, 10/24, 10/25) out of 16 days, or \$1,250 (10/16 x \$2,000).
2. Full-time employees who will not return to work for the new school year, but who work until the last day they are expected to report to work, will be paid through their last day of work.

#### *Hourly/Session/Daily Employees*

1. Hourly, daily, & session employees (or extra duty pay for full-time employees) is paid based on their approved timesheets multiplied by their agreed-upon rate per hour/session/day (documented on the payroll-approval spreadsheet).
2. The hours/days/sessions pay is paid based on the payroll calendar. Typically hours/day/sessions are paid based on the following schedule:

Payroll for hourly employees cuts off 5 days before payroll day. Any time worked after the 5-day cut off will be paid on the following payroll.

#### **Payroll Withholdings**

##### **1413 Control Objective**

To ensure that employee taxes and benefit contributions are properly withheld and are remitted to the appropriate third parties.

##### **1414 Major Controls**

- A. Use of Specialists - Payroll taxes are calculated and paid directly by a third-party payroll processor.
- B. Internal Accounting Controls - FLS does not use the Teachers Retirement System of Louisiana (TRSL). FLS contributes 6% of pay per

month to the TIAA-CREF Retirement System (a 403-B plan) on behalf of each employee. The Payroll Manager submits this to TIAA-CREF along with any employee contributions monthly after approval of the payment by the Director of Finance.

- C. Employee Access - FLS currently uses an online system that allows employees to view their paystubs and general Human Resources information.

#### 1415 *Procedures*

1. A third-party payroll processor calculates payroll withholdings for each employee. These are summarized by pay period and recorded in the general ledger.
2. Payments for payroll taxes are withdrawn directly from the FLS bank account and remitted by the third-party payroll processor to the appropriate party. The third-party payroll processor then reports all withholdings to FLS via semi-monthly payroll reports and prepares all required payroll tax filings.
3. Employee benefit deductions such as medical and dental are calculated by the Human Resources Department and input by the Payroll Manager directly into the third-party payroll system. The source document for such deductions are benefit election forms or the rules set forth by the benefit system. The finance group verifies benefits deductions periodically to check for errors.

### ***Payroll Accounting***

#### 1416 *Control Objective*

To ensure that salaries and benefits are appropriately accounted for in the general ledger.

#### 1417 *Major Controls*

- A. Coding by Individual - Individual employees are coded using the accounting codes in the general ledger to ensure proper accounting for expenses.
- B. Internal Accounting Controls - Reconciliation of salary accounts in the general ledger to payment records.

#### 1418 *Procedures*

1. The Payroll Manager codes individuals according to information provided by budget reports and Director of Finance.

2. If the time allocation for any employee is split, the allocations are based on information provided by budget report splits and the Director of Finance
3. Benefits are posted to different departments based on actuals.
4. The categorization of individual salaries shall be documented for future verification or reclassification at a later date if it was discovered that an individual was improperly coded. If an employee has been miscoded, Director of Finance notifies Payroll Manager and Payroll Manager changes spreadsheet codes and corrects miscoding in the general ledger.
5. The statutory reports for schools require a comparison of budget versus actual. This quarterly report shall be used to identify potential coding issues.
6. General ledger balances are reconciled with person-by-person salary and wages (shown on reports from the third-party payroll processor) on a monthly basis by the Finance Department. This payroll reconciliation is available for review by senior management or the Treasurer of the Board of Directors.

### **1500 Property and Equipment Procedures**

This section is organized into six parts: Property and Equipment acquisitions, record keeping over Property and Equipment, depreciation of Property and Equipment, inventory of Property and Equipment, disposal of Property and Equipment, and Government-furnished and School-acquired property and equipment.

#### ***Property And Equipment Acquisitions***

##### ***1501 Control Objective***

Control the acquisition of Property and Equipment and completely and accurately record fixed asset acquisitions in order to safeguard fixed assets from loss.

##### ***1502 Major Controls***

- A. Property and Equipment Acquisitions Tied to Budget - All acquisitions of property and capital equipment are either designated in the approved budget or specifically approved by the Board.
- B. Property and Equipment Acquisitions Based on Approved Requests -The purchase of any property and equipment requires written approval before the purchase is made.

- C. Internal Accounting Controls - Reconcile fixed asset acquisitions with capital expenditure authorizations.

*1503 Procedures*

1. The Finance Department submits capital budget requests annually for review and approval by the Board.
2. Authorization requests for the acquisition of fixed assets are reviewed and approved by FLS School Director, FLS Site Operations Manager, and FLS CFO. If the acquisition is not part of the board approved capital budget the additional approval of the Board Treasurer is required.
3. Each item of property and equipment received is identified and tagged in a visible area on the asset.
4. A copy of the Purchase Order for each capital expenditure is entered into the fixed assets ledger for proper identification of all fixed assets.
5. Information on each tagged asset is entered in the fixed assets ledger or comparable worksheet.

***Recordkeeping Over Property and Equipment***

*1504 Control Objective*

To record fixed asset acquisitions, transfers, and dispositions on a current basis, completely and accurately.

*1505 Major Controls*

- A. Capitalization Policies - FLS follows generally accepted accounting principles as applicable to special purpose business-type activity for a governmental unit. All fixed assets purchased are recorded and capitalized in the year of purchase. FLS follows the policy of capitalizing all fixed assets with a value greater than \$5,000.
- B. Fixed Asset Classification - Fixed assets are accounted for by the following classifications: land, building, equipment, betterment, leasehold improvements, equipment, furniture, and computer hardware and software.
- C. Complete Record of Property and Equipment Acquisition Costs - The fixed assets subsidiary ledger contains the full history of each capital asset acquired: original acquisition cost and any costs incurred to prepare the asset for use.

**1506 Procedures**

1. Asset acquisitions, transfers, and dispositions are entered in the fixed assets subsidiary ledger as they occur.
2. The fixed assets subsidiary ledger is reconciled with the control account in the General Ledger on a monthly basis. Any differences are analyzed and resolved by the CFO or the Director of Finance.

**Depreciation**

**1507 Procedures**

FLS capitalizes all fixed assets that cost more than \$5,000 when acquired and records the historical cost of these items in the General Ledger at the time of purchase. In accordance with generally accepted accounting principles as they relate to special purpose business-type activity government units, under GASB 34 depreciation expense must be recorded in the statement of revenue, expenditures, and changes in net assets. FLS uses the straight-line method of depreciation over the assets' useful life as follows:

<b>Item</b>	<b>Years</b>
Computers	3
Office Equipment	5
Vehicles	5
Office Furniture	7
Leasehold Improvements	Life of lease or 5 years (whichever is greater)
Building Improvements	20
Building	30

**Inventory Of Property And Equipment**

**1508 Control Objective**

Ensure that all recorded assets exist and are in use.

**1509 Major Controls**

**Internal Accounting Controls**

- A. All property and equipment is tagged when received.
- B. Physical inventories are performed annually.
- C. Differences between physical inventories and amounts recorded in the control account are analyzed and reconciled monthly.

**1510 Procedures**

1. The Finance Department conducts a physical inventory of fixed assets annually.
2. The Director of Finance prepares a printout of recorded fixed assets by asset classification.
3. The inventory of fixed assets is compared to the amounts recorded in the general ledger control account. Differences are investigated and resolved by the CFO or the Director of Finance monthly.

**Disposal Of Property and Equipment**

**1511 Control Objective**

Ensure that assets no longer in use are disposed of in accordance with existing policies.

**1512 Major Controls**

- A. Disposal Policies - FLS has adopted policies for the disposition of property and equipment.
- B. Internal Accounting Controls
  1. Use of fixed asset disposal authorization forms.
  2. Disposal or transfer of fixed assets only with proper authorization.
  3. Periodic physical audit of fixed assets that is reconciled with fixed asset recorded in the control account in the general ledger.

**1513 Procedures**

1. The SOM determines the expected useful life of a fixed asset based on the schedule above.
2. An Asset Disposal Form is prepared with proper written authorization from the CFO or his/her designee.
3. The Asset Disposal Form is reviewed and signed by the FLS School Director.
4. A copy of the Asset Disposal Form is routed to the Director of Finance or his/her designee, who enters the dollar amount of the disposed fixed asset as a reduction in the fixed asset subsidiary ledger and adjusts the control account in the General Ledger. The treatment of any proceeds from the disposition and the recognition of any gain or loss on the sale of the disposed asset are also recorded in the General Ledger Miscellaneous Revenue account.

### ***Government-Furnished and School-Acquired Property and Equipment***

#### ***1514 Control Objective***

To assure that Government-furnished and School-acquired property and equipment are properly obtained, used, and managed during the performance of Government contracts.

#### ***1515 Major Controls***

- A. Recordkeeping - FLS maintains detailed records on all property and equipment.
- B. Custody - All Government-furnished and School-acquired property and equipment, when not in use, is stored in a secure area.
- C. Inventory - All Government-furnished and School-acquired property and equipment is inventoried.

#### ***1516 Procedures***

- 1. All Government-furnished and School-acquired property and equipment on Government contracts and grants are assigned tag numbers and are properly identified with this number in the fixed asset subsidiary ledger.
- 2. On an annual basis, the CFO or his/her designee inventories all property and equipment and ensures that fixed assets are being used for the purpose intended.
- 3. The disposition of Government-furnished and School-acquired property and equipment is authorized by the CFO or his/her designee and is reported to the proper Government Agency.

### **1600 Accounts Payable Procedures**

This section is organized into three parts: accounts payable, purchasing, and expense reimbursement.

#### ***Accounts Payable***

##### ***1601 Control Objective***

To ensure that invoices are accurately recorded on a timely basis for authorized purchases.

##### ***1602 Major Controls***

- A. Reconciliation of Accounts Payable Records - Reconciliation of source data, subsidiary ledger totals, and General Ledger control accounts is performed periodically to ascertain the accuracy of accounts payable entries.

- B. Internal Reviews - Internal reviews are conducted to determine if duplicate payments or overpayments exist.

*1603 Procedures*

Voucher Preparation and Review of Voucher

1. Invoices are received and stamped "Received" by the FOA who then forwards them to the SOM. The SOM verifies the amount due and approves the invoice for payment if it is within his/her approval authority or submits it for approval to the School Director if it is not.
2. Approved invoices are scanned and e-mailed to [ap@FirstLineschools.org](mailto:ap@FirstLineschools.org).
3. The original invoice is filed in chronological order at the school or place of receipt in a vendor file labeled with the name of the vendor.
4. The FOA compares the invoice and packing list to the purchase order when the item is received.
5. The invoice is reviewed for:
  1. The nature, quality, and quantity of goods ordered and the related price
  2. Accuracy of all arithmetic calculations and extensions

*1604 Purchase Discounts*

1. The CFO or his/her designee establishes all vendors within the accounting system upon initial use of the vendor.
2. The CFO or his/her designee reviews each invoice for any purchase discount dates and ensures that the vendor file accurately reflects the discount period.

*1605 Reconciliation of Accounts Payable Records*

1. The total balance in the Accounts Payable Subsidiary Ledger is reconciled with the General Ledger control account monthly.
2. Debit balances in the Accounts Payable Subsidiary Ledger are resolved appropriately (e.g., an offset against other amounts due the vendor, requesting payment from the vendor, etc.)

## **Purchasing**

### **1606 Control Objective**

Ensure that goods and services are acquired at fair and reasonable prices and the highest standards of conduct are maintained in all relationships with vendors, suppliers, and subcontractors.

### **1607 Major Controls**

#### **Purchase Requirements**

- A. FLS has developed cost-effective and efficient purchase requirements in order to achieve full and open competition, meet delivery schedules, control inventory and material, and expedite and follow up on purchases.
- B. Internal Accounting Controls
  1. Approval by the Board of purchases equal to or exceeding \$25,000 prior to contract or purchase order finalization.
  2. FLS requires the reporting of unethical conduct to management and subsequent restitution of any gain resulting from such conduct.

### **1608 Procedures**

#### **Processing Purchase Requisitions**

1. Purchase Requisitions are forwarded to the FOA, Administrative Assistant, or purchasing designee for the functional area. This person processes the requisition according to procedures established in the purchasing software system.
2. The Purchase Requisition includes the following:
  - a. A description of items ordered
  - b. A cost estimate
  - c. The required delivery information
  - d. A statement of the nature and purpose of the procurement
3. The designated approver reviews the budget available and, assuming the purchase is within budget, approves the Purchase Requisition.
4. Once approved, the FOA, Administrative Assistant, or purchasing designee converts the Purchase Requisition to a Purchase Order.
5. The Purchase Order is forwarded to the vendor electronically, and the FOA, Administrative Assistant, or purchasing designee maintains the hard copy on file.

## **Procurement Procedures**

### ***Procurement Protocols for Contracts Valued under \$30,000***

1. Purchases less than \$2,500 - There is no statutory requirement for bids or telephone or fax quotes. The Purchasing Coordinator or designee researches the best spending decision for the organization, and if feasible, obtains and documents three verbal or web-based quotes.
2. Purchases between \$2,500 and \$9,999.99 - The Purchasing Coordinator or designee obtains three written or web-based quotes on purchases with an estimated value of \$2,500 to \$9,999.99.
3. Purchases between \$10,000 and \$29,999.99:
  - a. The Purchasing Coordinator or a designee solicits three e-mail, telephone, or fax quotes
  - b. The Purchasing Coordinator or designee obtains written confirmation of the accepted offer through the Purchase Order process
  - c. If there are any lower quotes than the accepted quote, the reasons for rejecting the lower quotes must be documented and submitted to the Director of Finance before the purchase is approved.

*Procurement through the Competitive Bid Process: \$30,000 - \$150,000*

When preparing competitive bid requests (i.e., public works projects, materials or supplies purchases, or professional services contracts with estimated values between \$30,000 and \$150,000), it is FLS' policy to solicit a sufficient number of contractors and applicants so as to ensure fair and open competition in the procurement process.

In cooperation with the department making the request, the CFO/COO will gather information about the project, materials, supplies, or services desired, write specifications, and solicit bids/proposals from potential contractors, vendors, and service providers. The type of solicitation issued depends, in part, upon the complexity of the specifications.

1. Requests for Bids (RFB's) are issued when the specifications are of a nature that the award is to be made upon the lowest bid meeting specifications.

When it is neither practicable nor advantageous to solicit bids because of the unique or unquantifiable nature of the material or service required, the competitive RFP or RFQ method may be used. Professional services agreements for auditing, architectural services, technology consultants, management consultants, and all other typical professional services shall be solicited through the RFP or RFQ method rather than RFB.

2. Requests for Proposals (RFP's) are issued when the specifications or scope of work is complex and/or when subjective factors, other than price alone, are to be used in the evaluation for award. Selection of

contractors and vendors is based on applicant scores as outlined in the FLS Contractor / Vendor Selection Criteria (Appendix B).

3. Requests for Qualifications (RFQ's) are most appropriate in procurement of professional services contracts. RFQ's describe the scope of work and requests information as to why an applicant is best suited to provide the service. Selection of service providers is based on applicant scores as outlined in the FLS Contractor / Vendor Selection Criteria.

### **Publication, Advertisement, and Submission Protocols**

It is the responsibility of the CFO/COO to ensure that potential applicants have a reasonable amount of time to prepare and submit bids, proposals, and responses. In determining this time, the relative complexity of each request, as well as the manner in which it is to be transmitted to and received from applicants are to be considered. For written requests that are to be physically transported and submitted or mailed, 10 business days is the norm, with 15 business days or more allowed for more complex requests. For requests transmitted and received electronically, (e.g., facsimile, email, Internet) a shorter time period may be used.

Advertisement for bid shall be published on the FLS website ([www.FirstLineschools.org](http://www.FirstLineschools.org)) and distributed via email to the FLS Bidder List. Vendors who have not previously sought or conducted business with FLS are advised to contact the Finance Department and request an Applicant Registration and Information Form in order to be added to the Bidder List. Advertisements for bids shall also be published twice in a newspaper in general circulation in Orleans Parish.

The first advertisement shall appear, the first notification email sent, and posting to the FLS website should occur at least 15 days before closing of bid submission and should not occur on a Saturday, Sunday, or legal holiday.

Plans and specifications shall be available to bidders beginning on the day of the first advertisement until 24 hours before the bid submission deadline.

### **Bid Withdrawal**

A bidder may withdraw a bid prior to the bid opening time and date by contacting the CFO/COO. Requests for return of a bid after the due date cannot be honored.

### **Source Selection**

The Finance Department is responsible for the selection of reputable and responsible vendors. The Finance Department may solicit bids from all applicants in any particular category on the FLS Bidder List and may solicit other firms it believes may be well qualified to provide the supplies or services.

The department submitting a request to the Finance Department may also suggest vendors as potential bidders. Documentation of selection criteria or scoring for each contract awarded through the competitive bid process must be submitted to the Finance Department.

Negotiations proceed with the lowest-bidding (RFB) or highest-rated (RFP or RFQ) candidate as to final contract price and statement of work. If an agreement cannot be negotiated with the lowest-bidding or highest-rated candidate, negotiations proceed with the next lowest-bidding or highest-rated candidate until the procurement is completed.

The Finance Department may bar an applicant from consideration from award of contract or purchase order if:

- Within the past three years, the applicant, an officer of the company, or owner of a 25% or more share of the company has been convicted of a criminal offense related to the application for or performance of a contract or subcontract;
- Within the past three years, the applicant, an officer of the company, or owner of a 25% or more share of the company has been convicted of an offense which reflects on the applicant's business integrity. Such offenses include, but are not limited to, embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or breaching state or federal antitrust laws;
- The applicant has failed to substantially perform an FLS contract or subcontract according to its terms, conditions, and specifications within the performance period;
- The applicant abused the solicitation process or violated the terms of a request for solicitation after bid submission;
- The applicant failed to cooperate in monitoring contract performance by failing to provide information or documents required by the contract, failed to respond to complaints to applicant, or accumulated repeated justified complaints regarding performance of a contract;
- The applicant is on the General Services Administration's Excluded Parties List.

In the bid evaluation process, the Finance Department does not consider assistance provided by a vendor in developing specifications or other advisory services or equipment a vendor supplies or installs on a free trial basis. Although such assistance is valuable and appreciated, there is no preferential treatment for these services.

FLS reserves the right to reject all bids for a solicitation and not award a contract or purchase order, to cancel a solicitation, or to conduct a rebid if it is

determined that the best interests of FLS are served by doing so. The Finance Department notifies successful and unsuccessful bidders in writing.

The Finance Department verifies that the selected vendor or service provider is not on the GSA's Excluded Parties List.

### **Tied Bids**

1. If multiple applicants score equally on the Schools Contractor / Vendor Selection Criteria, then the award is made to the applicant with the highest Proposal Quality Score.
2. If multiple tied applicants have the same Proposal Quality Score, then the award will go to the firm with Disadvantaged Business Enterprise (DBE) Certification.
3. If multiple tied applicants are DBE-Certified, the award will go to the firm with the highest Professional References Score.
4. If multiple tied applicants have the same Professional References Score, the award will be based on the earliest date and time of bid submission.

### **Vendor Appeals**

Only a bidder on the solicitation may appeal an award decision. A bidder is considered an applicant who has submitted a formal offer that meets all specified requirements. In order to initiate an appeal, a bidder must:

- Within 24-workday hours (based on an 8 am – 5 pm window) of the bid opening, issue a written appeal to the CFO/COO;
- The written appeal shall include the bid name and clearly state the facts believed to constitute an error in the award recommendation. Only information provided within the appeal submission deadline will be considered;
- The CFO/COO or designee will provide a written decision after investigating the matter. This decision is final.

Until issuing a final decision on a timely appeal, the Finance Department will not award a contract or purchase order pursuant to a disputed solicitation. However, if there is a threat to public health, safety, or welfare, or danger of immediate and substantial harm to FLS property from delay in making the award, FLS may proceed with an award and provide written justification for such action.

Appeals requesting a waiver of the following omissions and requirements cannot be granted:

- Failure to sign a bid
- Failure to properly submit a bid per bid instructions
- Failure to submit the bid by the required date and time
- Failure to initial erasure or correction to pricing information in ink
- Failure to provide a required bid deposit or performance bond by the date and time required
- Failure to submit a timely appeal
- If there were no responsive bids, these requirements may be waived.

### **Rebids/Cancellations**

FLS may cancel or rebid a solicitation before the award of a contract or receipt of a purchase order for any of the following reasons:

- The requesting FLS department requests cancellation for financial or programmatic reasons
- All of the responsive bids exceed the cost estimated for the bid
- None of the bids met the required specifications or complied with the terms and conditions of the solicitation
- No bids were received
- An applicant appeal was granted
- The best interests of FLS will be served by doing so
- The specifications, statement of work, or terms and conditions will not accomplish the intended objective
- The specifications, statement of work, or terms and conditions do not adequately protect FLS' best interests
- The solicitation or the resulting contract would be in violation of the law.

### **Bonding Requirements**

- Bid bonds are required on all public works (construction or maintenance projects that are estimated at \$50,000 or more). Exceptions to this policy must be approved by the CFO/COO. Bid bonds are normally required in the amount of 5% of the applicant's bid.
- Performance and Labor/Material Bonds are required on all public works (construction or maintenance projects estimated at \$50,000 or more). Exceptions to this policy must be approved by the CFO/COO. Bonds are normally required to be 100% of the applicant's total bid.
- All bonds in effect are to remain in the Finance Department and are the responsibility of the Director of Finance. All bonds are returned to the appropriate applicant after approved completion of the project. All bonds must be from bonding companies licensed to do business in the State of Louisiana.

### **Public Records Requests**

As a State-supported institution, FLS is required to make available documentation and information relative to various purchasing records and bidding documents. It is appropriate for the CFO/COO to release pricing information to interested applicants when requests are made regarding a specific bid or purchase order. However, no information shall be released concerning a bid in process. Moreover, all bid response information marked "proprietary" will be considered confidential and not released.

### **Government Contracts and Grants**

FLS receives support from the State and Federal governments in the form of contracts, grants, and other agreements. Specific agencies and individual agreements will sometimes impose unique administrative requirements. An inherent responsibility in accepting government funding is that financial administration and procurement will be carried out with the same care and control as is exercised in FLS' procurement policies.

The CFO/COO or designee will assist persons involved with special source funds to solicit bids and/or quotes, where appropriate, to maximize to the fullest extent the purchasing value of these funds.

### ***Expense Reimbursement***

#### ***1609 Control Objective***

To ensure FLS pays for only authorized business expenses.

#### ***1610 Major Controls***

- A. Travel Policies - FLS has adopted policies on travel reimbursement.
- B. Employee Expense Reimbursement Documentation - Employees are required to obtain and furnish documentation for all individual expenses and school credit card purchases regardless of amount.
- C. Internal Accounting Controls
  1. Justification for travel approved by School Director, CEO, or Designee
  2. Documentation for incurred employee expenses
  3. Documentation for company credit card purchases.
- D. Expense Advance or Reimbursement  
Request for reimbursement for authorized expenses must occur within 60 days of cost incurrence. The employee must complete a Travel and Expense Report detailing the expenses incurred and attaching originals of supporting documentation. All expenses, including those prepaid, must be reflected on the voucher to ensure proper accounting for the complete trip. If a travel advance or prepayments were issued, they are

indicated at the bottom of the form and are deducted before calculating the balance to be paid the traveler or repaid to FLS.

Process:

1. Complete the Travel Expense Voucher, clearly identifying the purpose of the trip
2. Attach original receipts to the Voucher. To facilitate review of foreign conversion rates, a copy of the credit card statement is preferred. For Meals and Incidentals, attach detailed receipts including all items purchased (not the summary receipt that only lists the meal cost total.
3. Attach a copy of the Travel Advances and Prepayment Requests, if applicable. For Business Meals or Networking Events, attach a Meeting Expense Form
4. Sign and date the Travel Expense Voucher and submit it to your Supervisor or the Project Manager for the related event or initiative
5. Forward the Voucher to Accounts Payable within 15 days of travel
6. If there is a balance due to FLS, attach a check payable to FLS for the amount due
7. A check for approved expenses including, if applicable, explanation for denied costs will be issued to the traveler
8. All credit card purchases must be supported by invoices and receipts in order to be reimbursed
9. All vouchers and credit card invoices are reviewed and approved by the employee's Supervisor. CEO expenses are approved for reimbursement by the board.

### **1700 Procedures for Other Liabilities**

This section covers procedures for handling accrued liabilities.

#### ***Accrued Liabilities***

##### ***1701 Control Objective***

To accurately control and record accrued liabilities.

##### ***1702 Major Controls***

- A. Maintaining an Accrual Register - To properly set up and monitor accrued liabilities and accrual accounts related to salaries and wages, vacation pay, and payroll taxes.
- B. Reconciliation of the Subsidiary Schedules with the General Ledger Control Account - On a periodic basis, reconciliation is performed between the subsidiary schedule and the General Ledger control account.

### *1703 Procedures*

1. An accrual subsidiary schedule is established and maintained by the CFO or the Director of Finance for each type of accrual.
2. FLS records liability accruals on a monthly basis and salaries and wages, vacation pay, and payroll taxes at fiscal year end or when determined necessary by the Director of Finance.
3. A General Ledger entry is prepared at year-end to record all accruals.

## **1800 Management Reporting Procedures**

This section covers procedures for supporting the annual budget, financial reporting, and tax compliance.

### ***Annual Budget***

#### *1801 Control Objective*

Effectively support the preparation of the annual budget and its periodic review.

#### *1802 Major Controls*

- A. Budget Process - The Director of Finance, CFO, and the Finance Committee work with the Treasurer of the Board to prepare the annual operating and capital budgets and cash flow projection, with input from the CEO, School Directors, SOMs, school staff, and the community. The budgets and projections are submitted to the Board for approval.
- B. Internal Accounting Controls - Accuracy and completeness of the budget and projections.

#### *1803 Procedures*

1. To develop the annual operating and capital budgets and cash flow projection, the CFO (with input from others) prepares a preliminary budget and projection. The CEO, School Directors, and the Finance Committee review these.
2. To support budgets and projection estimates, the CFO (in cooperation with the Director of Finance) prepares current year-to-date financial data with projections of year-end totals.
3. The School Directors and the Finance Committee review the budgets and projection for completeness and reasonableness.
4. The Board approves and adopts the final budgets and projection.

5. The CFO or his/her designee enters the adopted budgets for the new fiscal year into the General Ledger in order to prepare budget to actual reports.

### ***Financial Reporting***

#### ***1804 Control Objective***

Ensure the accuracy, completeness, and timeliness of financial reporting to support decision-making.

#### ***1805 Major Controls***

- A. Schedule - Monthly managerial reports are prepared based on a schedule.
- B. Review and Approval - Financial reports are reviewed for accuracy and completeness.
- C. Audit - The annual financial statements of FLS are audited by a certified public accounting firm.

#### ***1806 Procedures***

1. The CFO and the Finance Director prepare monthly budget vs. actual financial reports on the status of each fund, the consolidated school fund, and the cash flow projection for the Board Finance Committee meetings. These include:
  - a. Review of the year-to date budget-to-actual fund balances with projections for year-end fund balances
  - b. Review of the FLS 6-12 month cash flow projections highlighting adjustments to reflect any material differences in the FLS cash position.
2. The Finance Committee reviews the monthly reports noting significant variances, and the Treasurer of the Board makes recommendations to the full Board, if necessary, for extra-budgetary expenditures that exceed the annual operating, capital, or other approved budgets.
3. The Board approves or declines to approve the Finance Committee's recommendation, and notes the decision in the minutes of the Board meeting.
4. If approved, the Finance Director or designee adjusts the General Ledger budget and fund balances to reflect the decision.
5. FLS submits to an audit of its financial statements by a qualified certified public accounting firm, in accordance with the requirements of Louisiana

State Education Law and consistent with *Guidelines for Audits of the Financial Statements of Schools* and Government Auditing Standards.

**Payroll Tax Compliance**

**1807 Control Objective**

To accurately prepare and file required tax documents on a timely basis.

**1808 Major Controls**

- A. Preparation - Retain a Payroll Service Bureau to assist in the preparation of its periodic payroll tax filings.
- B. Approval of Tax Returns - Payroll tax documents are reviewed and approved by the CFO or his/her designee.

**1809 Procedures**

- 1. FLS maintains a schedule of required filing due dates for:
  - a. IRS Form W-2 - Wage and Tax Statement.
  - b. IRS Form W-3 - Transmittal of Income and Tax Statements.
  - c. IRS Form 940 - Employer's Federal Unemployment (FUTA) Tax Return.
  - d. IRS Form 941 - Employer's Quarterly Federal Tax Return for Federal Income Tax Withheld from Wages and FICA Taxes.
  - e. IRS Form 1099 MISC (also 1099-DIV, 1099-INT, 1099-OID) - U.S. Annual Information Return for Recipients of Miscellaneous Income.
  - f. Quarterly and annual state(s) unemployment tax return(s).
- 2. Before submission, all payroll tax documents and the supporting schedules are reviewed and approved by the CFO or his/her designee for accuracy and completeness.

## Appendix A

Public Bid Law

Revised 08/09/2012

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### The Legislative Auditor's Summary of Public Bid Law

#### I. Introduction

State and local governmental entities must follow various laws and rules when expending public funds to make purchases. The objective of the Public Bid Law is to increase the public's confidence in the government's ability to contract for the construction of public works and purchase goods and services for the best price and to ensure that all persons who are involved with the procurement are treated fairly.

This summary identifies the key sources of the Public Bid Law that include: statutes, case law, and Attorney General Opinions. It also highlights some of the major topics such as the bid process and contracting procedures.

#### Sources of Law

The Public Bid Law is one set of laws that govern the purchase of public works, materials and supplies by most public entities. The legal requirements are found in statute (R.S. [38:2211](#), *et seq.*). The Public Bid Law must be strictly followed. No substantive elements may be waived by the public entity.

#### Subject and Exempt Public Entities

Generally, all public entities must follow the Public Bid Law for contracts related to public works. It applies to all political subdivisions for the purchase of materials and supplies.<sup>2</sup> State agencies of the executive branch, however, are governed by the Louisiana Procurement Code (LPC) when making purchases of materials and supplies. (See the LLA's Summary of the LPC for detailed guidance). Political subdivisions are authorized to adopt all or any part of the LPC and its accompanying regulations for the procurement of supplies, services, and major repairs.

The LPC is different from the Public Bid Law (R.S. [38:2211-2296](#)) that governs the purchase of public works (R.S. [38:2212](#)) and materials and supplies by political subdivisions (R.S. [38:2212.1](#)). Political subdivisions, however, may choose to opt into all or part of the LPC.

#### Select Definitions

R.S. [38:2211](#)

- "Emergency" means an unforeseen mischance bringing with it destruction or injury of life or property or the imminent threat of such destruction or injury or as the result of an order from any judicial body to take any immediate action which requires construction or repairs absent compliance with the formalities of this Part, where the mischance or court order will not admit of the delay incident to advertising as provided in this Part. In regard to a municipally owned public utility, an emergency shall be deemed to exist and the public entity may negotiate as provided by R.S. [38:2212\(D\)](#) for the purchase of fuel for the generation of its electric power where the public entity has first advertised for bids as provided by this Part but has failed to receive more than one bid.

**Public Bid Law**

*Revised 08/09/2012*

- "Extreme public emergency" means a catastrophic event which causes the loss of ability to obtain a quorum of the members necessary to certify the emergency prior to making the expenditure to acquire materials or supplies or to make repairs necessary for the protection of life, property, or continued function of the public entity.
- "Negotiate" means the process of making purchases and entering into contracts without formal advertising and public bidding with the intention of obtaining the best price and terms possible under the circumstances.
- "Public contract" or "contract" means any contract awarded by any public entity for the making of any public works or for the purchase of any materials or supplies.
- "Public entity" means and includes the state of Louisiana, or any agency, board, commission, department, or public corporation of the state, created by the constitution or statute or pursuant thereto, or any political subdivision of the state, including but not limited to any political subdivision as defined in [Article VI Section 44](#) of the Constitution of Louisiana, and any public housing authority, public school board, or any public officer whether or not an officer of a public corporation or political subdivision. "Public entity" shall not include a public body or officer where the particular transaction of the public body or officer is governed by the provisions of the model procurement code.
- "Public work" means the erection, construction, alteration, improvement, or repair of any public facility or immovable property owned, used, or leased by a public entity. Public work includes labor and materials. (See R.S. [38:2212 A](#)).
- "Operation" which was added by Act 134 of the 2011 Regular Session, eff. date 06/24/11 was deleted from the definition by [Act 655 of the 2012 Regular Session](#), effective 8/1/12.
- "Materials and supplies" are not defined in the statutes. *Black's Law Dictionary* does not define the phrase "materials and supplies." However, it defines material as "of or relating to matter; physical (material goods)"; and defines supplies as "means of provision or relief ...."



**II. Public Works**

R.S. [38:2212](#)

**A. Definition**

1. R.S. [38:2211](#) defines public work as "the erection, construction, alteration, improvement, or repair of any public facility or immovable property owned, used, or leased by a public entity."
2. R.S. [38:2212\(A\)\(1\)\(a\)](#) provides that public work includes labor and materials.

**B. Contract Amounts**

R.S. [38:2212A\(1\)\(d\)](#)

1. General Rule

Public Bid Law

Revised 08/09/2012

- a. The contract limit shall be equal to **\$150,000** per project including labor, materials, and equipment. Public works contracts cannot be broken down so as to avoid the Public Bid Law.
- 2. Some Exceptions
  - a. When the Department of Corrections uses inmate labor for projects which occur on the grounds or to the buildings located on grounds of the prison, the contract limit shall be \$50,000 per project plus a factor increase provided for in subparagraph (i).
    - o This provision does not apply to local government inmate labor such as sheriffs. There is no value to the inmate labor used by a sheriff in computing the \$150,000 for a public work. However, if the sheriff uses materials and supplies that are on hand, the value of the materials must be used in computing the total of the public work.
  - b. When a political subdivision that did not have flood insurance at the time Hurricane Katrina or Hurricane Rita struck Louisiana is repairing damage caused by those storms, the contract limit shall be \$300,000 per project including labor, materials, and equipment according to rates referenced in subparagraph (iv). **This provision was effective until July 31, 2008.**
  - c. The contract limit for any contract by a public entity for any project to restore or rehabilitate a levee which is not maintained with federal funds shall be \$1 million dollars provided that the project is undertaken by the public entity with its own resources and employees. This provision is effective until December 31, 2014.
  - d. The contract limit for any public works project undertaken by the Bossier Parish Policy Jury by its own employees shall be \$130,000\*. This provision was effective as of September 1, 2005. \*The police jury can raise this amount each February based on changes in Consumer Price Index, but must announce any increase in their official journal. The current contract limit for this exception is \$151,305.85 as of Feb 2009.
  - e.  [Act 344 of the 2012 Regular Session](#), effective 8/1/12, enacted R.S. 23:1726(B) which prohibits any employer against whom an assessment or penalty has been levied regarding unemployment compensation from submitting a bid or proposal for any public contract until full payment of the amount due under the assessment is made.
  - f.  [Act 786 of the 2012 Regular Session](#), effective 8/1/12, enacted R.S. 23:1711(G) which prohibits an employer or any officer, agent, superintendent, foreman, or employee of the employer determined to knowingly or willfully fail to properly classify an individual as an employee in accordance with the law and who failed to pay required contributions, then, in addition to the penalties provided, the employer shall be prohibited from contracting, directly or indirectly, with any state agency or

Public Bid Law

Revised 08/09/2012

political subdivision of the state for a period of three years from the date upon which the determination becomes final.

The division of administration shall maintain and place the employer on a list of such employers and make that list available to state agencies and political subdivisions of the state.

C. Procedures

R.S. [38:2212](#)

1. There are no statutes governing public work contracts that are less than **\$150,000**. However, the Legislative Auditor recommends that for any public works project in excess of \$25,000, the governmental entity use a RFP process and/or solicit at least three bids.
2. Public works, which are estimated to cost less than the contract limit, may be undertaken by the public entity with its own employees.
3. All public works contracts over **\$150,000** (or over the established contract amount for the Bossier Parish Police Jury for contracts when undertaken by their own employees) including labor and materials (or if inmate labor, \$50,000 per project) by a public entity shall be:
  - a. Advertised
    - i. Advertised and let by contract to the lowest bidder who had bid according to the contract, plans, and specifications as advertised;
    - ii. The advertisement shall be published once a week for 3 different weeks in a newspaper in the locality; the first advertisement shall appear at least 25 days before the opening of bids;
    - iii. The first publication of the advertisement shall not occur on a Saturday, Sunday or legal holiday;
    - iv. If at the end of the contract document phase, it is determined that the designer's estimate is more than the funds budgeted by the public entity for the project, the project shall not be advertised for bid. The designer's estimate shall be read aloud upon opening bids.\* Note: effective 8/15/2008 under Act No. 726 of 2008 Regular Session;
    - v. Plans and specifications shall be available to bidders on the day of the first advertisement and until 24 hours before the bid opening date;
    - vi. When attendance by bidders is mandated at a pre-bid conference, the date, place, and time of the pre-bid conference shall be stated in the first advertisement; and
    - vii. If political subdivisions are required or elect to allow for electronic

**Public Bid Law**

*Revised 08/09/2012*

submission of bids, the advertisement shall contain the electronic address of the public entity and shall establish the specific times for public access to the electronic interactive environment for purposes of submission of bids;

b. Bidder Information

- i. Bidder's signature required;
- ii. Bids shall be hand delivered by the bidder or his agent, who shall be given a written receipt;
- iii. Bids shall be sent by registered or certified mail with return receipt requested;
- iv. Bids shall not be accepted, either by mail or hand delivered, on holidays recognized by the U.S. Postal Service; and
- v. Political subdivisions must allow for the electronic submission of bids.\* See R.S. [38:2212A](#) (1)(f).

The following are exempted from this requirement:

- Public entities that are currently without available high speed internet access, until high speed internet access is available.
- Any Parish with a police jury form of government and a population of less than twenty thousand (<20,000).
- Any city or municipality with a population of less than ten thousand (<10,000).
- Any special service district created by a police jury form of government currently unable to comply with the provisions of [38:2212\(A\)\(1\)\(f\)\(i\)](#) without securing and expending additional funding.
- Public entities shall have the option to require that all bids be submitted electronically for any competitive bid let out for public bid.
- Public entities must include all bid documents as defined in [R.S. 38:2211\(A\)\(1\)](#), on the electronic website accepting the electronic bids.

c. Bid Form

The bid form shall contain the following:

- i. Bid Security or Bid Bond,
- ii. Acknowledgement of Addenda,

Public Bid Law

Revised 08/09/2012

- iii. Base Bid,
- iv. Alternates,
- v. Bid Total,
- vi. Signature of Bidder, Name, Title and Address of Bidder,
- vii. Name of Firm or Joint Venture Corporate Resolution and Louisiana Contractors License Number, and
- viii. Unit Prices, when utilized, for public works projects.



Other documentation, including but not limited to the low bidder's attestation pursuant to R.S. 38:2212.10 and 2227 shall be furnished by the low bidder within 10 days after the bid opening. See also [AG Op. No 12-0065](#). The ten-day period shall not be altered or waived by any public entity except the governing authority of any publicly owned commercial aviation airport, the Sewerage and Water Board of New Orleans, and all agencies of the City of New Orleans, including but not limited to the Regional Transit Authority and the New Orleans Aviation Board, who shall require that the documentation required be furnished by the two lowest bidders three days after the bid opening. Added by [Act 823 of the 2012 Regular Session](#), effective August 1, 2012.

The Bid Form and documentation requirement does not apply to bid forms of the DOTD pursuant to Title 48 of the Louisiana Revised Statutes of 1950.

A copy of the bid form can be found here.

Public entities must use the uniform bid form established by the Department of Administration and State Office of Facility and Planning for all contracts for **public works** that require bidding under the Public Bid Law. AG Op. 09-0304 states that the bid form is mandatory after 8/20/2009.

d. Escalation and De-escalation Clauses

The bid specification may include a fixed escalation or de-escalation in accordance with the Consumer Price Index or other recognized industry indexes. R.S. [38:2212A\(2\)](#).

Escalation and de-escalation clauses operate to allow for unexpected fluctuations in costs, such as rising costs following hurricanes or for inflation, during performance of the contracts.

e. Change Orders

- i. All change orders shall be in writing;



Public Bid Law

Revised 08/09/2012

(b) A copy of the addendum shall be sent by regular mail to all prime bidders who have requested bid documents.

g. Documentation

- i. Written confirmation of the accepted offer shall be obtained and made a part of the contract file; and
- ii. Records of all elements of the public bid process shall be retained for a minimum of 6 years following the purchase or completion of the public work.



iii. Verification of employees, R.S. 38:2212.10. [Act 142 of the 2012 Regular Session](#), effective 08/01/12, adds Paragraph F that states that the verification system related to illegal immigrants found in R.S. 38:2212.10 applies only to contracts for public works.

h. Alternates

No more than 3 alternates shall be included in any proposal; alternates, if accepted, shall be accepted in the order in which they are listed on the bid form. Determination of the low bidder shall be on the basis of the sum of the base bid and any alternates accepted.

i. Publicly owned utility

A publicly owned utility may undertake a public works project, other than the construction of a building, for the contract limit or less by either:

- A. Entry into contracts with or without public bid; or use of the employees of the public entity owning the utility;
- B. The public entities are prohibited from owning or operating manufacturing plants that manufacture construction materials, excluding such facilities owned and operated prior to September 11, 1981; or
- C. Public entities shall not be prevented from using their regular maintenance employees for labor necessary in the maintenance, construction, or extension of publicly owned and operated electric public utilities. In the construction or extension of all other public utilities, public entities are not prevented from using their regular maintenance employees when the cost of the work per project does not exceed **\$150,000** including labor and materials.

j. Brands and Open Specifications

Public entities may specify a particular brand, make, or manufacturer in the specifications let out for public bid, if it is clearly in the public interest. The model and catalog number shall be specified in the bid. However, the bid documents must also state that equivalent products are acceptable.

Public Bid Law

Revised 08/09/2012

k. Disqualification

To disqualify any bidder on grounds that bidder is not a "responsible bidder," the public entity shall:

- i. Give written notice to the bidder of the proposed disqualification and all reasons for disqualification; and
- ii. Give the bidder the opportunity to be heard at an informal hearing to refute the reasons for disqualification.

R.S. [38:2212.5](#) allows an exception to the general rule against prequalification for historic restorations that are not constructions or repairs of bridges or roads.



iii. [Act 598 of the 2012 Regular Session](#), effective 08/01/12, made changes to R.S. [38:2227\(A\)](#), requiring an attestation from the **lowest** bidder, if he is a sole proprietor, that he has not been convicted of or pled guilty or nolo contendere to certain crimes. The **lowest** bidding entity shall also submit an attestation for other individuals in the business.

l. No third party financing.

No public entity shall enter into a public works contract with a contractor who finances the project.

m. Mentor- protégé.

Any public entity may include bid selection provisions in bid documents relative to participation in a mentor-protégé program for any contract exceeding \$15,000 to be paid out of public funds.

n. Bonds.

- i. Bid. 5% bid bonds or other forms of bid security are required. R.S. [38:2218](#).
- ii. Performance. Not less than 50% of contract for public works contracts of \$50,000 or more are required. R.S. [38:2216](#).

o. Written Contract.

When any public works bid is accepted, the public entity and bidder shall enter into a written contract. R.S. [38:2216A\(1\)](#).

p. Time Limit

R.S. [38:2215](#)

- i. Upon receipt of bids for a public work the State or State Agency has 30 days upon the conclusion of to either accept the lowest responsible bidder or reject all bids;

Public Bid Law

Revised 08/09/2012

(b) A copy of the addendum shall be sent by regular mail to all prime bidders who have requested bid documents.

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- C. Public entities shall not be prevented from using their regular maintenance employees for labor necessary in the maintenance, construction, or extension of publicly owned and operated electric public utilities. In the construction or extension of all other public utilities, public entities are not prevented from using their regular maintenance employees when the cost of the work per project does not exceed **\$150,000** including labor and materials.

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Public Bid Law

Revised 08/09/2012

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- ii. Performance. Not less than 50% of contract for public works contracts of \$50,000 or more are required. R.S. [38:2216](#).

o. Written Contract.

When any public works bid is accepted, the public entity and bidder shall enter into a written contract. R.S. [38:2216A\(1\)](#).

p. Time Limit

R.S. [38:2215](#)

- i. Upon receipt of bids for a public work the State or State Agency has 30 days upon the conclusion of to either accept the lowest responsible bidder or reject all bids;

Public Bid Law

Revised 08/09/2012



- ii. Upon receipt of bids for a public work a political subdivision has 45 days upon the conclusion of to either accept the lowest responsible bidder or reject all bids;
- iii. [Act No. 647 of the 2012 Regular Session](#), effective July 1, 2012, added [R.S. 38:2215](#), Paragraph C which states that if the contractor has provided all necessary documents to the public entity within ten days of the opening of bids and no bid challenge has been submitted to the public entity, the contractor and the public entity shall execute the contract not later than 45 days from the public entity's acceptance of the lowest responsible bid.
- iv. Upon execution of the contract, the public entity, within 30 days thereafter, shall issue to the contractor a notice to proceed with the project. However, upon mutual consent by both parties, the notice to proceed may be extended.
- v. The time limit is not applicable when:
  - The contract is to be financed by bonds which are required to be sold after receipt of bids on the contract; or
  - When the contract is to be financed in whole or in part by federal or other funds which will not be readily available at the time bids are received; or
  - On contracts which require a poll of the legislature of Louisiana before funds are available to fund the contract; and
- v. If the time limit is not applicable because of one of the exceptions outlined above, the fact that the limit does not apply and the exception that is applicable shall be mentioned in the specifications for the project and in the official advertisement for bids required in accordance with R.S. [38:2212](#).

III. **Materials and Supplies**

A. **Definition**

No definition of materials and supplies in the statutes. In *Black's Law Dictionary* the term "materials and supplies" is not defined; however, it defines material as "of or relating to matter; physical (material goods)"; and defines supplies as "means of provision or relief; ...."

B. **Contract Amounts**

R.S. [38:2212.1](#)

There are different procedures for purchases of different types of items for various amounts. Although there are no statutory requirements for purchases that are less than

**Appendix B**  
**FirstLine Schools Contractor / Vendor Selection Criteria for Evaluation of RFP And RFQ**  
**Applicant Proposals and Responses**

<i>Component</i>	<i>Scoring Scale</i>	<i>Evaluation Criteria</i>
Proposal Quality	5 points	Award of a purchase order or contract is based on the best value to FirstLine: quality, availability, delivery, specifications, terms, conditions, and fitness for the particular purpose.  When a solicitation requires an oral presentation or submission of test samples or inspection of facilities or place business the factors are part of the component evaluation.
Price	1 - 3 points for each	Lowest bid(s) will receive 3 points; Highest bid(s) will receive 1 point; all other bids will receive 2 points.  The total cost may include unit price, delivery and installation, maintenance and cost of operation, as defined in the solicitation. If there is a discrepancy between a unit price and its extension, the unit price will prevail.
Executive Resumes	The highest score is 3 points; however, applicants failing to address a component entirely will receive a score of zero.	Relevant professional experience, but no expertise in project subject; between 5 and 10 years of specified expertise in project subject; more than 10 years of expertise in specific project subject
Professional References		Consideration is also given to the applicants' potential ability to successfully perform under the terms and conditions, and the applicants' past performance record.
Company Financials		Three most recent years of company financials are requested.
Headquartered in Orleans Parish		Principal of Business and Registered Office in Orleans Parish as listed with the Louisiana Secretary of State.
State & Local Disadvantaged Business Enterprise	1 point for each	Listed in the SLDBE Directory on the City of New Orleans website.
Community Involvement		Demonstrated organizational commitment to programs or public service initiatives serving the youth of New Orleans.
Innovation		Demonstrated organizational commitment to business practices and methodologies that: 1. Promote continuous professional development and technical training of employees, 2. Promote the health, safety, and wellness of employees, or 3. Promote sustainable and responsible environmental and community relationships.
	Applicant can successfully demonstrate the component as described by the Evaluation Criteria	

## Travel FAQs: Frequently Asked Questions

- **Who approves travel expenses?** Approvals must be from Supervisors or the COO. The CEO can approve expenses for the COO/CFO, and the CFO/COO can approve expenses for the CEO.
- **When should I expect to be reimbursed for my expenses?** While the timing can vary, employees should expect to be reimbursed for expenses approximately 15 days of the submission of an approved expense report. In many cases, expense reimbursements are processed more quickly. Our goal is to process expense reports on a weekly basis.
- **What are the caps on travel costs?** All out-of-pocket and travel reimbursement requests must include original detailed receipts (not summary receipts) and be presented in a form acceptable. While traveling, you are reimbursed up to a maximum of \$12 for breakfast, \$20 for lunch and \$39 for dinner. Alcoholic beverages will not be reimbursed.
- **I have expenses for more than one entity; can I include them all on one form?** Unfortunately, separate forms must be used for each school or program. If an expense needs to be split between two programs or schools, please submit two expense forms, and attach a copy of the receipt with each indicating the breakdown of charges between the schools.
- **Should I be paying sales tax on purchases?** All purchases should be Louisiana State tax-exempt. Therefore you should do your best to save the school money by bringing with you the tax-exempt forms for the entity for which you are making the purchase. The SOM and the Finance Department can provide you with these forms.
- **Will I be reimbursed for sales tax?** If there is a good faith effort to have the vendor not charge sales tax and the vendor refuses, then sales tax will be reimbursed. If this is the case, please indicate that the vendor refused to accept the tax-exempt information on the receipt being submitted.
- **Can I be reimbursed for tips?** Yes, reasonable tips will be reimbursed. Employees should tip in accordance with standard practice (i.e., consistent with what you would tip if you were paying for the item yourself and not being reimbursed by FLS). To be reimbursed, please indicate on the respective receipt the tip amount and the total. Please circle the total.
- **I lost the receipt; can I still be reimbursed?** If you paid by credit card, we will accept a copy of the credit card statement as proof of purchase. Unfortunately, we are not able to reimburse under any other circumstances.
- **Do I need to use this form or can I use my own?** This form must be used for all reimbursement requests.
- **What items are eligible for reimbursement?** Expense reimbursements are intended for items that cannot be purchased through standard purchasing systems such as taxis, food for a trip, fundraising meals, books that are not available through typical vendors, etc. Under no

- circumstances should people be paid for work via expense reimbursement. In addition, employees should try not to be reimbursed for purchases for equipment or software that are over \$500 and last more than one year.
- ***Can I order a glass of wine or a beer with dinner when travelling?*** You can, but it will not be reimbursed with the rest of the cost of the meal. Alcoholic beverage purchases are not reimbursable with public funds.
  - ***What do I do if I have expenses for multiple periods?*** In order to ensure that employees are not accidentally double reimbursed for expenses, separate forms with the respective receipts attached are required for each period.
  - ***I incurred a financial penalty because I had to change travel plans. Is that fee reimbursable?*** If a ticket has to be changed due to illness, personal emergency, or business needs, and a penalty is incurred, the traveler may claim reimbursement.
  - ***Do I have to wait until the end of the period to submit my reimbursement?*** No, reimbursement requests can be submitted any time after the expense was made.
  - ***What is the latest date to submit a reimbursement request?*** All reimbursement requests must be submitted within 60 days of the period covered by the expense report, and no later than July 15 (for expenses between July 1 and June 30). If you are unable to meet this date, you will need approval from the Director of Finance.
  - ***What if I have additional questions?*** Email your questions to the Finance Department at [bhunt@firstlineschools.org](mailto:bhunt@firstlineschools.org)

### **Other Business Travel Information**

***Cancellation of Reservations*** – it is the responsibility of the traveler to cancel any reservations that will not be used. Charges or lost refunds from failure to cancel in a timely manner will not be reimbursed.

***Electronic or Ticketless Airfare*** – requires a printout receipt or credit card statement for reimbursement.

***Entertainment*** – is generally considered a personal expense and not reimbursable. However, exception is made for business meals or networking events (meetings where official business is conducted) and conference banquets. Approval by the CEO, CFO, or COO is required.

***Indirect Routes*** – if, for other than business reasons, the traveler takes an indirect route, reimbursement for airfare or mileage will be at the cost incurred by traveling directly to the intended business destination. Backup must be attached to the Travel Expense Voucher, justifying the cost you claim (i.e., for example, print out a copy of an Expedia.com travel itinerary to the business destination applicable to that travel date).

***Missing Original Receipts*** – require documentation. If an original receipt is lost, you should request a duplicate receipt. If you cannot obtain a duplicate receipt, then you should create and sign a lost receipt

memorandum. The lost receipt memo must indicate the item, cost, date, and a signed personal validation statement that the expense is accurate and not previously submitted for reimbursement.

*One-Day (Local) Travel* – in general, trips of less than 50 miles one way from FLS or the traveler’s home do not qualify for an overnight stay or per diem. For local travel or when an overnight stay is not involved, the IRS generally considers meal reimbursement and per diem taxable income. Conference and/or meeting fees are reimbursable, and mileage is reimbursable to the extent that it exceeds the normal home to work commute. In certain circumstances, business meals may be approved to the extent that official business is performed during the course of the meal and an otherwise acceptable time and place to meet could not be arranged.

*Passports* – the traveler normally pays for the cost of passports and legal documents required for travel, but on an exception basis the CEO may approve these for reimbursement.

*Personal Travel (non-business days)* – is sometimes requested before, after, or during a business trip. Personal travel is not reimbursable unless a demonstrated cost savings to the overall business trip can be documented. However, if weekends or holidays fall between travel days, additional costs may be allowable.

*Rental Cars* – should be refueled prior to return to the rental agency.

*Spouse/Partner Travel* – is not reimbursable unless the travel is integral to the business purpose of the trip. However, the cost of a shared hotel room need not be allocated between traveler and partner.

*Traffic and Parking Tickets* – are not reimbursable.

*Travel Days* – Normally, one travel day is allowed to arrive and return from your business destination. In the event of international travel, two days is allowed.