Title: **General Accounting & Finance** Effective Date: 8/18/17

References:

Utah Administrative Rule, R277-417-3(4), Prohibiting LEAs and Third Party Providers from Offering Incentives or Disbursement for Enrollment or Participation

Purpose

The Board of Directors of IEA is responsible to establish, monitor and oversee implementation of policies regarding financial management and accounting practices consistent with applicable laws, regulations and sound business practices.

Policy

1. Basis of Accounting. IEA will maintain its accounting records and related financial reports in accordance with generally accepted accounting principles on the modified accrual basis of accounting, with accruals taking place at least annually.

   The annual audited financial statements of IEA will be presented on the full accrual basis of accounting.

2. Fiscal Year. The fiscal year of IEA is July 1st through June 30th. The same accounting period is used for all adjusting entries and accruals.

3. Board Authority. The Board of Directors is responsible for the operation of IEA in accordance with state and federal laws. The Board of Directors is also responsible for ensuring that the school is operated in accordance with the representations made in its charter. Specifically, the Board of Directors shall have sole authority to approve, and will incorporate into its own minutes, such matters as:
   a. change of the School's name, with the charter authorizer's approval,
   b. adoption of the annual operating and capital budgets,
   c. selection and termination of the Chief Operating Officer/Director and Chief Financial Officer/Business Manager,
   d. incurrence of debt, mortgages, leases or other encumbrances and their covenants and restrictions, within the terms of the charter,
   e. investment policies, and
   f. review and approval of the annual financial audit conducted by an independent audit firm.

4. Signature Authority. To properly segregate duties within the finance and accounting functions, the Board Chair/President, the Board Treasurer, and the Chief Operating Officer/Director shall have signatory authority over all bank and investment accounts. Signature authority may be granted to others as approved by the Board.

5. Security of Financial Data.

a. IEA's accounting software will include general and application controls to prevent unauthorized access to data (i.e., proper password protection and user authorizations to initiate, modify or delete transactions and data.)

b. The system's accounting data shall be backed up regularly by the Business Administrator to ensure the recoverability of financial information in case of hardware failure. Any physical backup should be stored in a fire safe area and properly secured.

c. All other financial data, petty cash box, unused checks and unclaimed checks will be secured by the Business Administrator from unauthorized access.

6. Internal Control. IEA, under the direction of the Board of Directors, shall establish and maintain adequate internal control policies and procedures. Internal control consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring.

   Internal control policies provide IEA with the foundation to properly safeguard its assets, implement management's internal policies, provide compliance with state and federal laws and regulations and produce timely and accurate financial information.

   The Board of Directors and administration of IEA are responsible for preventing and detecting instances of fraud and related misconduct and for establishing and maintaining proper internal controls that provide security and accountability of the resources of the school. Administration is also responsible for recognizing risks and exposures inherent to these areas of responsibility and for being aware of indications of fraud or related misconduct.

   Any employee with reasonable basis for believing fraudulent or related misconduct has occurred should report such incidents to the designated authorities within IEA.

7. Record Retention and Disposal. Accounting and financial records shall be maintained for the following minimum periods (the disposal date determined under this policy is the end of the fiscal year, or the date of final payment of government grants):

Record Description	Retention Period
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, employee timesheets and other public documents	As per state law and the guidance of the Utah Division of Archives and Records Service
The following records supporting federal contracts as required by U.S. Office of Management and Budget:	

• general ledger, trial balance, accounts payable and accounts receivable ledger, payroll register, and petty cash book, check register and checks, invoices	Three years after submission of any final report of expenditures except that 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
• Records for real property and equipment acquired with Federal funds	Three years after final disposition of such property
All records not supporting government grants or otherwise covered by rules of the Internal Revenue Service	Three years from the end of the fiscal year in which such records were originally prepared
Audit reports, annual corporate reports, charter, board minutes, tax and legal correspondence, labor contracts, insurance claims and policies, and retirement and pension records	Retained permanently

In connection with the disposal of any records, a memorandum of record disposal shall be prepared by the Business Administrator listing the record or the class of records disposed of.

8. Audits. IEA will cause to be performed an annual audit of its financial statements in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, 2003 Revision (GAS) and, if applicable, the *U.S Office of Management and Budget's Circular A-133* by a qualified independent certified public accounting firm. The selected audit firm must be familiar with these standards and related State of Utah regulations in order to properly conduct the audit engagement.

9. Audit Committee. The Board of Directors shall establish an audit committee, which shall:
    a. be responsible for the appointment, compensation, retention, and oversight of the work of any independent accountants engaged to prepare or issue an independent audit report or perform other independent audit, review, or attest services;
    b. periodically review this policy, no less than once every five years, to assess its continued adequacy;
    c. be made up entirely of members of the Board and possess, as much as possible, knowledge of and experience in finance, auditing, or accounting; and
    d. review the annual audit and any other work performed by a contracted auditor, prior to its submission to any outside party or authority, and report to the Board that it has discussed the financial statements with management, with the independent auditors in private, and privately among committee members, and believes that they are fairly presented, to the extent such a determination can be made solely on the basis of such conversations.

10. Assets, Liabilities, and Net Assets. IEA's financial condition and operations are classified, recorded and reported using generally accepted accounting principles and are comprised of assets, liabilities, net assets, revenues and expenditures. Methods and criteria for which there are several acceptable options are as follows:
    a. Criteria for Capitalizing and Depreciating Property and Equipment

       Under the modified accrual basis of accounting, all tangible personal property is expensed in the year of purchase. Under the full accrual basis of accounting, which is used for the annual financial statement subject to audit and income tax reporting, those items of tangible personal property with a useful life exceeding one year and having a unit acquisition cost of more than $2,500 shall be capitalized and depreciated.

11. Safeguarding of Assets.
    a. No item of property or equipment shall be removed from the premises without prior approval of the Director and/or the Business Administrator.
    b. IEA assets may not be used for the personal use of any IEA employee, contractor or board member without prior approval of the Director.
    c. Detailed records of all capitalized tangible personal property, regardless of the method of acquisition, shall be maintained. A physical inventory of such property and a reconciliation to the detailed property records shall be made annually and reported to the Director.
    d. Equipment that is purchased or lease by IEA, or a third-party provider to IEA, and that is provided to a student or a student's parent/guardian shall remain the property of IEA, subject to IEA's asset policies.

12. Other Accounting and Financial Policies. The Board of Directors shall adopt policies regarding, at a minimum, the following areas:

Fundraising	Insurance and Bonding	Budgets
Cash Receipts	Cash Disbursements	Payroll
Employee Benefits	Human Resources	Procurement
Travel		

Date originally approved: August 8, 2017

Amended November 14, 2017