



FISCAL POLICY MANUAL

7159 South Peoria, Chicago, Illinois 60621-1731

HOPE Network of Schools

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Introduction

This manual documents the internal accounting procedures for HOPE Network of Schools. Its purpose is to ensure that assets are safeguarded, financial statements are in conformity with generally accepted accounting principles, and finances are managed with responsible stewardship.

Personnel charged with fiscal management are expected to uphold the policies in this manual. This accounting manual serves as a commitment to proper and accurate financial management and reporting.

The mission of the H.O.P.E. (Honor. Opportunity. Purpose. Endurance) Network of Schools is to provide an academic foundation and experience which holistically develops and empowers students to become global and community leaders while supporting their families with vital services to increase economic and social viability.

HOPE Network of Schools is an Illinois, Not-For-Profit Corporation:

- Internal Revenue Service (IRS) - (501(c)3 – Pending Approval - Submitted)
- Office of Attorney General/Illinois Charitable Trust (In Process)
- State of Illinois - Employer Identification Number (EIN: 82-0740355).

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Division of Duties

The following is a list of personnel, who have fiscal responsibilities. HOPE Network of Schools employs professionals with years of experience, education, and applicable certifications required for positions held. All fiscal personnel are required to take annual vacation that does not interfere with fiscal procedures.

Board of Directors:

1. Execute polices within the parameter of the Articles of Incorporation, Bylaws, and federal, state, and local law.
2. Approve the Accounting Firm engaged for annual audits.
3. Perform regular and thorough review of financial statements and annual budget.
4. Approve the opening of all bank accounts and signers.
5. Conduct 10 monthly meetings in addition to teleconferences as needed.

Chief Executive Officer & Board President: (Sherida V. Morrison and Dr. Kariem Watson)

1. Approves all financial reports required by funding sources.
2. Approves annual budget.
3. Reviews and approves payroll.
4. Reviews and approves all invoices.
5. Approves all check request forms and signs checks.
6. Reviews and approves all contracts.
7. Receives unopened bank statements.
8. Approves all cash and check disbursements.
9. Reviews monthly financial statements.

Principal: (Dr. Franchion Blumenberg)

1. Reviews first draft of program budgets and works with the Chief Executive Officer, Chief Financial Officer, Senior Accountant and Operations Manager to finalize.
2. Approves program purchases within designated limit.
3. Signs check request forms.

Chief Financial Officer: (To Be Determined)

1. Develops the annual budget.
2. Reviews all financial reports required by funding sources.
3. Provides input on annual budget.
4. Provides support on annual audit process.
5. Receives incoming mail.
6. Mails all checks for payments.
7. Collects cash receipts.
8. Processes all receipts and disbursements.
9. Processes the payroll.
10. Reviews and Reconciles third party payroll report.
11. Maintains and reconciles the general ledger monthly.
12. Reconciles all employee reimbursement requests against receipts provided.
13. Operates as liaison between organization and vendors.
14. Performs Human Capital functions; benefit allocation and employee relations

Senior Accountant: (To Be Determined)

1. Develops the annual budget.
2. Prepares all financial reports.
3. Reviews bank reconciliation prepared by other accounting staff.
4. Coordinates and manages the annual audit process.
5. Maintains assets register.
6. Performs annual asset inventory.

Office Assistant: (To Be Determined)

1. Collects cash receipts.

Cash Receipts Procedures

Funds Received by Mail:

1. The Principal receives all incoming mail. All checks received by the Principal are reviewed by the Chief Executive Officer. The Principal gives the checks to the Chief Financial Officer, who endorses the checks (For Deposit Only) and records the cash receipts in the accounting system. The Chief Financial Officer makes two copies of the check with one copy filed with the deposit file and the other copy filed in the customer or vendor file.
2. The Chief Financial Officer prepares a deposit slip and deposits the funds into the operating account. The validated deposit slip is attached to the copy of the check and filed.
3. A deposit not forwarded to the bank is locked in the file cabinet located in the Chief Financial Officer office. No deposit should be locked in the file cabinet for more than 24 hours.
4. No single bank account should contain more than the amount that the FDIC insures, for over three days.

Funds Received by Wire Transfer:

1. The Principal receives email communications from Chicago Public Schools. The funds are automatically sent by the funding source, the proof of deposit is received by the Principal and given to the Chief Financial Officer and Senior Accountant to record in accounting system.
2. All funds received by HOPE Network of Schools for each program will be segregated into separate funds in the general ledger to avoid any possibility of categorical funds. HOPE Network of Schools utilizes a computerized ledger accounting system (QuickBooks).

Funds Received by Cash:

1. The Office Assistant collects all cash and records amounts received in a pre-numbered, duplication receipt book.
2. The Office Assistant submits cash collected and the receipt book to the Chief Financial Officer on a daily basis.
3. The Chief Financial Officer reconciles cash collected to the receipt book, post transaction into the accounting system, prepares the deposit slip, and deposits the funds into the operating account.

Cash Disbursements Procedures

1. Incoming invoices are opened by the Chief Executive Officer and reviewed by the Principal. The Principal delivers the invoices to the Chief Financial Officer, who enters the invoices into the accounting system. All invoices are verified for accuracy.
2. A check request form is completed and attached to the original vendor invoice, and/or any other supporting documentation. Approval for an expense by the Chief Executive Officer and Principal must be indicated on the check request form.
3. Semi-Monthly, the Chief Financial Officer is responsible for preparing disbursements. All disbursements are made by electronic check.
4. The checks, along with the check request form, are attached to the invoice and other supporting documentation, being paid and submitted for signatures. A check register is ran monthly and filed together with the disbursement transmittal form.
5. Any checks in excess of \$500 are signed by both Chief Executive Officer & Board President. After the checks are signed, the entire payment packet is forwarded to the Chief Financial Officer. The Chief Financial Officer cancels the invoice(s) by stamping PAID on it in red ink, and passes the checks to the Office Assistant for mailing.
6. Once monthly, the Senior Accountant will check the accounts payable ledger to determine if there are any outstanding invoices. If so, the Chief Financial Officer investigates the nonpayment of these invoices.

Bank Reconciliations:

1. Bank statements are received unopened by the Chief Executive Officer for review. The bank statement is forwarded to the Principal. The principal delivers the bank statements to the Chief Financial Officer, who reconciles the bank accounts using the approved computerized software.
2. The Chief Financial Officer will reconcile each account promptly upon receipt of the bank statements. All accounts are reconciled no later than 10 days after receipt of the monthly bank statements. In the event it is not possible to reconcile the bank statements in this period of time, the Chief Executive Officer is notified in writing from the Chief Financial Officer.
3. When reconciling the bank accounts, the following items are included in the procedures:
 - A. A comparison of dates and amounts of daily deposits as shown on the bank statements with the cash receipts journal.
 - B. A comparison of inter-organization bank transfers to be certain that both sides of the transactions have been recorded on the books.
 - C. An investigation of items rejected by the bank, i.e., returned checks or deposits.
 - D. A comparison of wire transfers dates received with dates sent.
 - E. A comparison of canceled checks with the disbursement journal as to check number, payee and amount.
 - F. An accounting for the sequence of checks both from month to month and within a month.
 - G. An examination of canceled checks for authorized signatures, irregular endorsements, and alterations.
 - H. A review and proper mutilation of void check.
 - I. Investigate and write off checks which have been outstanding for more than six months, with the approval of the Chief Executive Officer.
4. Completed bank reconciliations are done by the Chief Financial Officer and reviewed by a Senior Accountant.
5. Copies of the completed bank reconciliations along with the bank statements are filed in a binder.

Petty Cash Fund

1. The petty cash fund is limited to \$2,000.00.
2. A single disbursement from petty may not exceed \$350.00.
3. The petty cash recipient must sign the petty cash disbursement sheet to indicate receipt of funds. The paid receipt is attached to the sheet. All paid information remains in the petty cash binder until it is time to replenish the fund. At that time, the Petty Cash Fund Reconciliation Sheet and associated receipts are attached to the check request form.
4. HOPE Network of Schools utilizes a computerized ledger accounting system (QuickBooks).

Purchases/Procurements

To Prompt a Purchase:

1. An approved pre-numbered purchase order is required to purchase any goods or services.
2. All purchases must meet the requirements of the funding source.
3. The Principal is authorized to purchase items, within their approved program budget. These purchases may not exceed \$500.
4. All program purchases in excess of \$500 require the Chief Executive Officer approval.
5. All non-program purchases require the Chief Executive Officer approval.
6. All other employees must obtain approval from their supervisor to make purchases on behalf of the agency. If prior approval is not obtained, the employee is personally responsible for that expense.
7. A copy of the purchase order, invoice, and/or receipt is forwarded to the Chief Financial Officer. The Chief Financial Officer follows check disbursement policy for check preparation.
8. The Chief Executive Officer or Principal cannot approve a check request for a check that will be made payable in their names.

Capital Expenditures:

For all major expenditures such as computers, furniture, audit services, printing services, etc., three bids are obtained before a purchasing decision is made, if the amount exceeds \$1,000. All bids, including phone quotes, are recorded and kept on file. Once a vendor has been chosen, this vendor can be utilized for future projects, without the bidding process, for similar priced jobs.

Consultants:

All professional services require a contract agreement form. Only the Chief Executive Officer may enter into a contractual agreement on behalf HOPE Network of Schools. Contracts with consultants will include rate, schedule of payments, time frame and work plan. A consultant must show proof of insurance with HOPE Network of Schools named as the certificate holder. The consultant must show proof of applicable licenses or certifications.

Fixed Asset Management

1. A permanent property log or database is maintained for all fixed assets purchased by HOPE Network of Schools.
2. The log should contain the following information:
 - a. date of purchase
 - b. description of item purchased
 - c. received by donation or purchased
 - d. cost or fair market value on the date receipt
 - e. donor or funding source, if applicable
 - f. funding source restrictions on use or disposition
 - g. identification/serial number (if appropriate)
 - h. depreciation period
 - i. vendor name and address
 - j. warranty period
 - k. inventory tag number (all fixed assets should be tagged with a unique identifying number)
 - l. number of the HOPE Network of Schools check used to pay for the equipment
3. At least annually, a physical inspection and inventory is taken of all HOPE Network of Schools Academy's fixed assets.
4. All capital items costing more than \$500.00 are capitalized and depreciated.
5. Any donated item whose value exceeds \$50.00 is recorded in HOPE Network of Schools financial records.

Payroll

Personnel:

1. All personnel records are kept in a binder in the Chief Financial Officer's office.
2. Each personnel file contains the following information:
 - a. employment application or resume
 - b. a record of background investigation
 - c. date of employment
 - d. position, pay rates and changes therein
 - e. authorization of payroll deductions
 - f. earnings records for non-active employees
 - g. W-4 Form
 - h. I-9 Immigration Form
 - i. medical records
 - j. annual evaluation
 - k. termination data, if applicable

Payroll Preparation and Timekeeping:

1. The Office Assistant prepares the timesheets by downloading the time from the time-clock software. The time sheet is compared to the daily sign in sheet for accuracy. This occurs the day after the pay period ends.
2. The software generates timesheets showing employee's name, arrival and departure time for each day of the pay period, and missed punches. If an employee misses a punch, the employee completes an edit form explaining the reason for the missed punch.
3. The employee, time keeper, and supervisor sign the form. The edit form is attached to the timesheet. The Office Assistant calculates the employee's vacation and personal time balance in a benefit day tracking spreadsheet.
4. Once approved, the Office Assistant reports the information to the Chief Financial Officer for review before uploading payroll to the third party payroll service provider.
5. The Chief Executive Officer reviews the payroll summary page generated by the payroll service.
6. Paychecks are distributed by the Principal or designee. In the event a staff person requests someone to pick up their check, an Authorization to Pick-Up Paycheck Form should be filled out by that staff person in advance. Proper identification is requested from the party picking up the paycheck.

Financial Reporting

Monthly Reports:

The Senior Account and Chief Financial Officer prepare a set of monthly financial reports for distribution to the Board of Directors for review. The reports include: a balance sheet, a profit and loss statement, and a cash status and forecast report. The financial reports are reviewed and approved by the Chief Executive Officer and Treasurer of the Board, prior to distribution to the full board.

Annual Audit:

A Certified Public Accounting Firm is engaged to perform an annual financial audit and any other independent annual reports required by the funding sources.

Bids for an independent auditor to conduct the annual audit may occur every three to five years, between April 15 and May 15. The auditor selection is submitted to the funding sources by July 15.

Grant/Contract Compliance

1. When a new grant or contract is received or renewed, a copy of the executed grant or contract is forwarded to the Chief Financial Officer & Senior Accountant.
2. The Chief Financial Officer & Senior Accountant develop a permanent file for the grant or contract and maintains the contract along with any other financial correspondence regarding the grant or contract.
3. The Chief Financial Officer & Senior Accountant review the grant contract and extracts any fiscal items or deadlines which must be complied with by HOPE Network of Schools.

Computer System Backup Procedures

1. The Chief Financial Officer, Senior Accountant & Technology Coordinator are responsible for backing up the hard drive of the accounting system at the close of each month.
2. The backup file is stored on a separate on-line cloud back-up and a flash drive for safeguarding.