

Reviewing and Updating the Fiscal Policies and Procedures Manual

By Gus Saliba, CPA, Partner

A charter school's Fiscal Policies and Procedures Manual (FPPM) provides management and the board of trustees with reasonable assurance that goals are being met, operations are efficient and effective, assets are safeguarded, laws and regulations are complied with, and accurate, timely and reliable financial data are maintained at all times.

Refresh and Revise

A financial audit does not cover internal controls, but controls have to be tested and most of the audit procedures come from the charter school's FPPM. As the charter school substantially grows, expands, and becomes more complex, certain policies and procedures become outdated and impractical, which could put more pressure and work on school personnel.

We recommend that management and the board of trustees periodically monitor, review and update their FPPM in order to achieve a sufficient and practical internal control structure and to reflect current practices.

Matters for Potential Update

We offer the following items to consider, among others:

- Communication
 - Make sure employees have a clear understanding of their duties and responsibilities as it relates to procedures in the FPPM
 - For smaller charter schools, consider compensating controls if segregation of duties are not practical
- Insurance Coverage
 - Review thresholds for property, employee dishonesty, and student accident policies to lower risk of being underinsured
- Competitive Bidding Policy
 - Consider increasing or modifying the threshold for competitive bids
- Credit/Debit Card Purchases
 - Consider establishing or modifying a threshold for required purchase pre-approval, receipts, and supporting documentation
 - Review and update list of authorized users and their credit limits
- Property and Equipment
 - Review and consider increasing the capitalization threshold based on significant increase in activity
 - Update the inventory/asset tracking system to reflect only assets that are currently in use
- Student/Employee Files
 - Review and update checklist of required documents to ensure records are complete and in compliance with laws and regulations

- Cash Management
 - Review and update a current authorized signature list with the banks
 - Review cost and adequacy of lines of credit
 - Ensure that escrow accounts are maintained in accordance with the charter agreement
- Investment Policy
 - Review investment guidelines, vehicles, performance, and risk tolerance
- Loans Payable
 - Periodically review and recalculate financial and non-financial covenants and restrictions to ensure compliance
- Related Party Transactions
 - Review and update list of related parties and types of transactions
 - Ensure that the school's conflict of interest is up to date and that conflict of interest questionnaires are being completed annually by board members and other officers and staff pursuant to the policy
- Federal Expenditures
 - Make sure that the charter school is in compliance with the most updated Office of Management and Budget (OMB) compliance supplement.
 - Update grant management expenditure schedules within the accounting software for each government grant
- Accounting Software and Information Technology
 - Consider upgrading accounting software to a more robust system to account for multiple charters, related parties, locations, and an integrated paperless system. Consideration should also be given to cloud based systems
 - Review passwords, authorizations, and formal backup and recovery plans

FPPM: Living Document

Your school's policies and procedures inevitably will change, new processes established and oversight mandated. The FPPM is the administrative infrastructure of your school and from time to time will need to be updated so that the overall goal of educating your students is supported.

Contact Us

Should you have any questions regarding this bulletin, please contact Gus Saliba, CPA, Partner in charge of PKF O'Connor Davies charter school practice at gsaliba@pkfod.com, or the partner in charge of your account.

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