Financial Controls Policy

Purpose: To ensure compliance with the laws and best practices in School's financial management.

I. USE OF FUNDS Voyager and its Board of Directors adopt the following financial and fiscal management policies and procedures applicable to its use of state and federal funds.

Voyager is subject to the financial audits, the audit procedures, and the audit requirements adopted by the State Board of Education for charter schools.

Voyager shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System or any other system required by law or regulation.

The School shall report at least annually to the chartering entity and the State Board of Education the information required by the chartering entity or the State Board.

II. SCHOOL FINANCE OFFICER OR CONTRACT FINANCIAL SERVICES PROVIDER There shall be a School Finance Officer or Contract Financial Services Provider ("CFSP") designated by the Managing Director and approved by the Board, in accordance with the provisions of state law. The duties of the School Finance Officer shall be as set forth below, prescribed by law, and assigned by the Board or Managing Director.

III. DUTIES OF SCHOOL FINANCE OFFICER OR CFSP The School Finance Officer or CFSP shall be responsible to the Managing Director and the Board for:

A. Keeping the accounts of the school in accordance with generally accepted principles of governmental accounting, the rules and regulations of the State Board of Education, the Local Government Commission, and any other applicable governmental oversight agencies;

B. Giving the pre-audit certificate required by law;

C. Processing all checks, drafts, and state warrants by the school, receiving and depositing all moneys accruing to the school in accordance with all applicable laws, rules and policies;

D. Preparing and filing a statement of the financial condition of the school as often as requested by the Managing Director or the Board; and

E. Performing such other duties as may be assigned by law, by the Managing Director or the Board, or by rules and regulations of the State Board of Education or any other applicable government oversight agencies.

IV. ANNUAL BUDGET The Managing Director, in consultation with the School Finance Officer or CFSP shall prepare an annual budget and submit it with his/her budget message to the Board not later than April 1. The budget shall comply in all respects with the requirements imposed by law.

Budget planning shall be an integral part of program planning so that the budget may effectively express and implement all programs, related services, and activities of the school. Budget planning shall be a year-round process involving broad participation by administrators, teachers, other personnel throughout the school, and citizens.

The Managing Director's budget message shall contain a concise explanation of the educational goals fixed by the budget for the budget year, set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, and shall explain any major changes in educational or fiscal policy.

Upon receiving the budget from the Managing Director, the Board shall consider the budget, and make such changes therein as it deems advisable. The Board may hold a public hearing on the proposed budget prior to final action.

A. ADOPTION OF BUDGET RESOLUTION The Board shall adopt a budget resolution making appropriations for the budget year in such sums as the Board deems sufficient and proper.

The budget resolution shall be adopted in accordance with the provisions of state law. The budget resolution shall conform to the uniform budget format established by the State Board of Education. The budget resolution shall be entered in the Board minutes.

B. BUDGET TRANSFERS AND AMENDMENTS The Board shall have the right to make budget transfers or amendments to the budget resolution for the reasons prescribed by state law and in accordance with the adopted budget resolution and state law.

C. INTERIM BUDGET In case the adoption of the budget resolution is delayed until after July 1, the Board shall make interim appropriations for the purpose of paying salaries and the usual expenses of the school for the interval between the beginning of the fiscal year and the adoption of the budget resolution. Interim appropriations so made and expended shall be charged to the proper appropriations in the adopted budget resolution.

V. ACCOUNTING SYSTEM Voyager shall establish and maintain a financial accounting and reporting system designed to show the School's assets, liabilities, equities, revenues, and expenditures. The system shall be designed to show appropriations and estimated revenues as established in the budget resolution as originally adopted and subsequently amended.

VI. FINANCIAL REPORTS AND STATEMENTS Voyager shall prepare a comprehensive annual financial report that encompasses all the funds and account groups of the school. The comprehensive annual financial report shall contain the general-purpose financial statements as well as combining statements by fund type and individual fund statements.

VII GATE RECEIPTS AND ADMISSIONS Admission receipts of school events shall be adequately controlled. The principal or designee is responsible for the administration and supervision of all phases of school events for which an admission is charged. Admission to those school events for which an admission is charged shall be by serially numbered tickets only. However, persons presenting season, faculty or special passes will be admitted to all events. Adequate records shall be maintained to provide chronological and accounting data for subsequent review and analysis.

VIII - RECEIVING AND INSPECTING Personnel responsible for purchasing shall establish and maintain a receiving procedure for all supplies, materials, and equipment as appropriate. Personnel responsible for receiving items delivered shall inspect them and have ready access to specifications. Receiving personnel shall be responsible for determining that the items received are in good quality condition and shall be responsible for entering in the receiving document an actual count of quantity delivered. Personnel responsible for receiving shall be responsible for acting on deficiency and complaint reports.

IX - MAINTENANCE OF INVENTORY AND FIXED ASSETS Administrative personnel shall be responsible for taking a physical count of all equipment items and stock supplies at least once each year.

Administrative personnel shall be responsible for all fixed assets assigned to their site or department, and shall account for each item at least once per fiscal year according to procedures established by the finance officer.

X. PURCHASING AND PROCUREMENT GENERALLY

A. ***Comingling of Charter & Non-Charter Business Prohibited***. Voyager shall ensure that its business activities are not directly related to the management and operation of Voyager and are kept in a separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of Voyager.

B. ***Board Approval Required.*** The Board is required to review and approve all contracts or procurements of goods or services valued above $20,000.00. The Managing Director does not have authority to bind the Board or Voyager to any contract for goods and/or services valued above $20,000. Any contract or purchase valued above this amount that is not approved by the Board is null and void. For the purpose of this policy, the calculation of the value of any goods or services contracted or procured shall not include any related sales tax or other taxes that are refundable under federal, state, and/or local statutes.

C ***Interested Transactions/Conflicts of Interest*** **1.** Each member of the Board shall comply with all conflict of interest policies, laws and rules applicable to affected Board members as set forth herein. The Managing Director shall ensure that employees of Voyager shall comply with all conflict of interest policies, laws and rules applicable to affected employees as set forth herein.

2. Definitions for the purposes of this policy

a. ***Interested Person.*** Any director, officer, member of a committee of the Board of Directors or employee who has a direct or indirect financial interest, as defined below, is an interested person. Interested persons shall also include individuals and organizations that have a direct or indirect organizational interest as defined below.

b. ***Financial Interest***. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

i. An ownership or investment interest in any entity with which Voyager has a transaction or arrangement, ii. A compensation arrangement with the School or with any entity or individual with which Voyager has a transaction or arrangement, or iii. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Voyager is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists.

c. ***Organizational Interest***. An organizational interest means that because of the relationship with a parent entity, affiliate entity, subsidiary, or benefactor entity (i.e., foundation), Voyager, its directors, officer, members of a committee of the Board of Directors or employees are unable or appear to be unable to be impartial in conducting a procurement action involving a related organization.

D. Procedures:

1 ***Duty to Disclose.*** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest or organizational interest and be given the opportunity to disclose all material facts to the Board of Directors or members of a committee with governing board delegated powers considering the proposed transaction or arrangement.

2. ***Determining Whether a Conflict of Interest Exists.*** After disclosure of the financial interest or organizational interest and all material facts, and after any discussion with the interested person, s/he shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. ***Procedures for Addressing the Conflict of Interest***

a. An interested person may make a presentation at the Board of Directors or committee meeting, but after the presentation, s/he shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the Board of Directors or committee shall determine whether Voyager can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in Voyager's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement

E. ***Violations of the Conflicts of Interest Policy***

1. If the Board of Directors or committee has reasonable cause to believe an individual has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.

2. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

F. ***Records of Proceedings*****:** The minutes of the Board of Directors and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest or organizational interest in connection with an actual or possible conflict of interest, the nature of the financial interest or organizational, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

G. ***Compensation*****.** A voting member of the Board of Directors who receives compensation, directly or indirectly, from Voyager for services is precluded from voting on matters pertaining to that member's compensation.

1. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Voyager for services is precluded from voting on matters pertaining to that member's compensation.

2. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Voyager, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

H. ***Annual Statements*****.** Each director, principal officer and member of a committee with Board of Directors delegated powers shall annually sign a statement, which affirms such person:

1. Has received a copy of the conflicts of interest policy,

2. Has read and understands the policy,

3. Has agreed to comply with the policy, and

4. Understands the School is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

I. ***Periodic Reviews*****.** To ensure Voyager operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining,
2. Whether partnerships, joint ventures, and arrangements with management organizations conform to Voyager's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

J. *Use of Outside Experts.* When conducting the periodic reviews as provided for in this policy, Voyager may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

K. *Professional Services.* The Board and Managing Director shall ensure that professional service providers are selected in accordance with the applicable law.

L. *Cooperative Purchasing Programs*. The Managing Director shall ensure full compliance with all applicable law and rules if Voyager to enter into a cooperative purchasing program provided such programs are permitted under its charter or Voyager amends its charter to allow for such programs.

M. *Attorney Review Required.* For all contracts for goods or services with a term of more than one year or where the value of such contract is greater than $20,000.00, legal counsel must review the contract unless the Board votes to waive the requirement of such review and documents the reason waiving such requirement.

XI Use of State Funds

A. The Board and Managing Director shall ensure compliance by Voyager employees, officers, and agents with all applicable federal and state procurement standards and policies. Violations of applicable laws or policies may lead to disciplinary consequences including and up to termination of employment or removal from any officer and/or Board position if applicable.

B. The Managing Director shall develop procedures that ensure compliance with the following provisions:

1. The purchase of unnecessary items is prohibited;
2. The solicitation of bids or offers must provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed including the minimum acceptable standards, specific features of brand name or equal descriptions that bidders are required to meet, the acceptance of products and services dimensioned in the metric system of measurement, a preference, where economically feasible, for products that conserve natural resources, protect the environment, and are energy efficient;
3. Positive efforts shall be made to enter into business and other transactions that are of the highest quality for Voyager, at the lowest cost;
4. The type of procurement instruments used (e.g. purchase orders) must be appropriate for the particular procurement;
5. Contracts are made only with responsible and financially sound contractors who possess the ability to perform successfully under the terms and conditions of the proposed procurement;
6. Procurement documents shall be made available, upon request, to appropriate government officials when:

a. Procurement procedures fail to comply with the standards in this section;
b. The procurement is expected to exceed the small purchase threshold (currently $5,000) and is to be awarded without a competitive bidding process or there is only one bid received in response to a solicitation;
c. The procurement which is expected to exceed the small purchase threshold, specifies a brand name product;
d. The proposed award over the small purchase threshold is to be awarded to a bidder under a sealed bid procurement; or
e. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.

C. *Open, Full, and Free Competition*. Voyager shall ensure that all procurement transactions are conducted in a manner that provides open, full, and free competition. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to Voyager, considering price, quality, ability of the supplier to deliver the product and/or service, and other relevant factors deemed appropriate by the Board and Managing Director.

D. *Conflicts of Interest*. In accordance with Voyager policy 7400.3 Interested Transactions/Conflicts of Interest set forth herein, Voyager shall ensure that no employee, officer, or agent of Voyager, who has a real or apparent conflict of interest, participates in the selection, award, or administration of a contract supported by Voyager funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

E. *Record Documentation.* Voyager shall ensure there is a cost or price analysis made and documented with every procurement action. Voyager shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract. Procurement records for purchases over the small purchase $20,000.00 shall also contain the following information:

1. The basis for contractor selection;
2. The justification for lack of competition when competitive bids or offers are not obtained;
3. The basis for award cost or price; and 4. Written assurance from the contractor that there are no conflicts of interest that they are reasonably aware of that could materially negatively affect Voyager.
5. Written assurance from the contractor that it does not directly or indirectly do business with Iran in accordance with North Carolina law.

F. *Board Approval.* For all procurement/contracts under this section that exceed $20,000.00, the Managing Director shall endeavor to obtain three bids. In the event that three bids are not obtained, the Managing Director must present the Record Documentation, set forth above, to the Board and the Board must approve such procurements/contracts. Under these circumstances, the Managing Director does not have authority to bind the Board or Voyager to any contract for goods and services valued above $10,000.00. Any contract or purchase valued above this amount that is not approved by the Board is null and void.

G. *State Indebtedness Provision.* Voyager shall ensure, through the following policies and procedures, that it uses state funds in accordance with all applicable laws, rules and regulations. No indebtedness of any kind incurred or created by Voyager shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of Voyager shall involve or be secured by the faith, credit or taxing power of the State or its political subdivisions.

H. ***Mandated Contract Provisions***. The Managing Director shall ensure that all legally mandated provisions are included in each procurement contract. The Managing Director shall ensure the school's compliance with all federal and state rules governing purchasing and procurement.

XII. State Fiscal Compliance

A. Voyager shall ensure that it fully complies with generally accepted accounting principles, and all applicable federal and state standards for financial management systems.

B. ***Financial Reporting***. Voyager shall make an accurate, current, and complete disclosure of financially assisted activities in accordance with financial reporting requirements for all funds received.

C. ***Accounting Records***. Voyager shall maintain records that adequately identify the source and application of funds provided for activities assisted with state or federal funds.

D. ***Internal Control***. Voyager shall maintain effective control and accountability of all cash, real and personal property, and other assets obtained with public funds. Voyager shall safeguard all such property and assure that it is used solely for authorized purposes.

E. ***Grant Management Standards***. If Voyager receives a grant directly from a state or federal agency, it shall ensure that Voyager is in compliance with the grant requirements of that state or federal agency. If a Voyager employee's compensation is funded by any grant, Voyager shall ensure that the employee maintains a time sheet on which he or she records the time spent during the work day along with a description of the service he or she performed during that time. Voyager shall ensure that the time sheets will contain the signatures of the employee that completed the time sheet, a school official, and the Voyager grant manager.

F. ***Annual Audit of Financial Statements.*** Annually, the Voyager Board shall the engage a qualified certified public accountant ("CPA") to audit the financial and programmatic operations of Voyager. Voyager shall select and contract only with CPAs that are licensed and in compliance with all federal and North Carolina rules and regulations. The Managing Director and Board shall ensure that it files a copy of the annual audit report with the North Carolina regulatory body(s) responsible for school financial audits, on a timely basis. The Board or Managing Director shall ensure that all persons with a substantial interest in a management company are separately disclosed in the annual audit.

G. ***Annual Financial Statement.*** The Managing Director or designee shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

1. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;
2. the total disbursements of the fund, itemized by the nature of the expenditure; and
3. the balance in the fund at the close of the fiscal year.

H. ***Annual Financial Management Report.*** The Managing Director shall ensure that it complies with the reporting procedures required by the State of North Carolina for charter holders to prepare and distribute the school's annual financial management report.

I. ***Attendance Accounting***. The Managing Director shall ensure that it complies with all laws and rules concerning charter school students attending accounting, reporting, and record keeping. The Managing

Director, chief campus leaders, and teachers of Voyager will be responsible to the Board and to the state to maintain accurate, current student attendance records. Attendance at Voyager will be determined by taking attendance by 10:00a.m. Eastern Time each regular school day. Voyager will not change the established period in which absences are recorded during the school year.

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