



**Instilling Accountability, Responsibility, Respect**

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## FISCAL AND AUDITING POLICY

C.S. Lewis Academy hereby establishes this Fiscal and Auditing policy in accordance with R277-113 to set forth a process for producing necessary fiscal and auditing policies. C.S. Lewis Academy will follow all rules and regulations in finance, auditing and reporting requirements for the state of Utah.

This policy sets forth C.S. Lewis Academy's fiscal responsibilities which fall to the LEA's administrative team and Board of Directors. An annual audit will be conducted by an independent contracted party that shall be hired through the Finance and Audit Committee.

It is the responsibility of C.S. Lewis Academy's Board of Directors to put into place the following policies: cash handling, expenditure, fundraising, donation and gift; and financial reporting. The standards for these policies are included in this policy and may be referred to when writing and reviewing these documents.

### **LEA Fiscal Responsibilities**

An LEA shall develop and implement written fiscal policies and shall review these annually. The LEA shall also develop a plan for annual training of LEA and public school employees on policies enacted by the LEA specific to job function. These policies shall be available at the main office and on the LEA's website. The Board of Directors shall have the following responsibilities:

1. Ensure that LEA management properly develops and adheres to a sound system of documented internal controls consistent with R277-113-6.
2. Develop a process to regularly review;
  - a. LEA management's budget and financial reporting practices;
  - b. financial statements;
  - c. LEA financial position; and
  - d. LEA and individuals school records;
3. Make monthly reports on the fiscal position of the LEA to the LEA board;
4. Monitor LEA contract services by:
  - a. Determining the appropriate scope of contracts with management companies that provide business services and student services;
  - b. Managing the procurement process through written school policy;
  - c. Making recommendations to the LEA board on the results of the procurement process;
  - d. Assessing the performance of management companies; and



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- e. Ensuring management implements sufficient internal controls over the functions of management companies;
- f. Monitor procurement and use of systems and software applications for compliance with financial and student privacy laws; and
- g. Monitor LEA expenditure of restricted funds to ensure compliance with applicable laws and grant terms and conditions.

### **LEA Audit Responsibilities**

An LEA governing board shall designate board members to serve on an audit committee, consistent with Section 53A-30-102(1).

An LEA audit committee shall:

1. If required by Section 53A-30-103, establish an internal audit program that provides internal audit services for the programs administered by the LEA;
2. Receive a report of the risk assessment process undertaken by the LEA management in collaboration with the internal audit department;
3. Monitor the internal and external audit process by:
  - a. Determining the appropriate scope of the independent external audit
  - b. Determining the appropriate scope of non-audit services to be performed by the independent auditor;
  - c. Managing the audit procurement process in compliance with Title 63G, Chapter 6a, State Procurement Code and the school's Procurement Policy;
  - d. Making recommendations to the LEA board on the results of the procurement process;
  - e. Facilitating regular direct communication with independent external auditors;
  - f. Receiving independent external audit report and financial statements
  - g. Ensuring management implements corrective actions;
  - h. Assessing performance of the independent auditors;
  - i. Reviewing disagreements between independent auditors and management;
  - j. Prioritizing the internal audit plan based on risk;
  - k. Receiving audit reports from internal auditors, contractors providing internal audit services, and other regulatory bodies; and



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- l. Providing an independent forum for internal auditors, internal audit contractors, and other regulatory bodies to report findings of fraud, waste, abuse, non-compliance, or control weaknesses, particularly if management is involved;
4. Conduct or advise the LEA board in an annual evaluation of internal audit personnel or contractors providing internal audit services;
5. Ensure that issues and exceptions report by internal auditors, or other regulatory bodies are resolved in a timely manner;
6. Present the audit reports of external auditors, internal auditors or other regulatory bodies to the LEA board;
7. Receive reports of reviews or audits conducted by the Director and ensure appropriate corrective actions is taken in a timely manner; and
8. Advise the local LEA board in the appointment of an audit director or in contracting services for internal audit services in accordance with Subsection 53A-30-103(3).

An LEA shall follow the internal auditing requirements of Title 54A, Chapter 30, Internal Audits. An LEA internal audit director may not have responsibilities for management or operations of the LEA. If an LEA internal audit director contracts with a consultant, any contractual agreement with the consultant shall comply with the LEA's procurement policy. An LEA shall obtain all audits and financial reports required by Section 51-2a-201.

### **Required Fiscal Policies**

An LEA shall ensure that the LEA's fiscal policies address all applicable Utah Code references or Board Rules. The requirements set for in this section are minimum requirements. An LEA may include other related items, provide LEA specific policy and guidance, and set policies that are more restrictive and inclusive than the minimum provisions established by Board rule.

LEA fiscal policies shall include:

1. A cash handling policy, which shall address cash receipts (cash, checks, credit cards, and other items) collected at the LEA and individual public school and shall include:
  - a. Establishment of internal controls and procedures over the collection, deposit and reconciliation of cash receipts received; and
  - b. Compliance with Utah Code 51-4-2(2) regarding deposits.
2. An expenditure policy, which shall address all expenditures made by the LEA and shall include:



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- a. Establishment of internal controls and procedures over the initiation, approval and monitoring of expenditures, including:
  - i. Credit, debit, or purchase card transactions;
  - ii. Employee reimbursements;
  - iii. Travel; and
  - iv. Payroll
- b. Establishment of internal controls and procedures to record transactions when they occur in the proper program utilizing the following codes as established by the Board approved cart of accounts:
  - i. Fund;
  - ii. Function;
  - iii. Location;
  - iv. Program, and
  - v. Object or revenue code as applicable;
    1. Directives regarding the appropriate use of the LEA's tax exempt status number;
    2. Compliance with Section 63G-6a-1204 regarding length of multi-year contracts;
    3. Compliance with;
      - a. Title 63G, Chapter 6a;
      - b. Board rule regarding construction and improvements; and
      - c. Title IX;
    - i. Requirements for LEA contracts, including;
      1. Inclusion of specific scope of work language;
      2. Inclusion of federal requirements;
      3. Inclusion of language regarding data privacy and use where appropriate; and
      4. Legal review prior to LEA approval; and
        - a. Procedures and documentation maintained by the LEA if the LEA chooses to enter into exclusive contracts or arrangements consistent with state procurement law and the LEA procurement policy.



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3. A fundraising policy that:

- a. Establishes procedures for LEA and public school fundraising in general;
- b. Establishes an approval process for fundraising activities for school sponsored activities;
- c. Provides for compliance with school fee and fee waiver provisions; and
- d. Includes:
  - i. Specific designation of employees by title or job description who are authorized to approve fundraising, school sponsored activities, and grant fee waivers with appropriate attention to student and family confidentiality;
  - ii. Establishment of internal controls and procedures over the approval of fundraising and school sponsored activities and compliance with associated cash handling and expenditure policies;
  - iii. Directives regarding the appropriate use of the LEA's tax exempt status number and issuance of charitable donation receipts;
  - iv. Procedures governing LEA or public school employee interaction with parents, donors and non-school sponsored organizations;
  - v. Disclosure requirements for LEA and public school employees approving, managing, or overseeing fundraising activities, who also have a financial or controlling interest or access to bank accounts in the fundraising organization or company;
  - vi. Provisions establishing compliance with: Utah Constitution, Article X, Section 2, establishing a free public education system; R277-407, and Title IX.
    1. An LEA may include procedures governing:
      - a. Student participation and incentives offered to students;
      - b. Allowable types of fundraising activities; and
      - c. Participation in school sponsored activities by volunteer or outside organizations.

4. An LEA donation and gift policy that includes:

- a. An acceptance and approval process for;
  - i. Monetary donations;
  - ii. Donations and gifts with donor restrictions;
  - iii. Donations of gifts, goods, materials, or equipment; and
  - iv. Donation of funds or items designated for construction of improvements of facilities;



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- b. Establishment of internal controls and procedures over the acceptance and approval of donations and gifts and compliance with associated cash handling and expenditure policies;
  - c. Directives regarding the appropriate use of the LEA's tax exempt status number, and issuance of charitable donation receipts;
  - d. Procedures regarding the objective valuation of donations or gifts if advertising or other services are offered to the donor in exchange for a donation or fit;
  - e. Procedures governing LEA or public school employee conduct with parents, donors, and non-school sponsored organizations;
  - f. Procedures establishing provisions for direct donations or gifts to the LEA or LEA programs, individual public school or programs;
  - g. Provisions restricting donations from being directed at specific LEA employees, individual students, vendors, or brand name goods or services;
  - h. Compliance with Title 63G, Chapter 6a; state law and Board rule regarding construction and improvements; IRS regulations and tax deductible directives; and Title IX
  - i. Procedures for accepting donations and gifts through an LEA's legally organized foundation, if applicable; recognition of donors; or granting naming rights.
5. An LEA Financial Reporting policy, which shall include the following:
- a. An LEA Financial Reporting policy, which shall include a requirement that the LEA shall ensure financial reporting in accordance with GAAP and audits of LEA financial reporting in accordance with GAAS; a requirement that the LEA shall provide financial reporting in a manner consistent with the basis of accounting as a required by GAAP, as applicable to the entity; and if an LEA follows FASB standards, a requirement that the LEA shall provide reconciliation between the accrual basis of accounting and modified accrual basis of accounting; and a requirement that the LEA shall provide data and information consistent with budgeting, accounting, including the uniform chart of accounts for LEAs, and auditing standards for Utah LEAs provided online annually by the Superintendent.
    - i. The Superintendent shall maintain a School Finance website with applicable Utah statues, Board rules and uniform rules for budgeting; financial accounting, including a chart of accounts required for an LEA; student membership and attendance accounting; student membership and attendance accounting; indirect costs and proration; financial audits; statistical audits; and compliance and performance audits.