

EXHIBIT A



FAME Public Charter School

Fiscal Policies Manual

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1. GOVERNANCE

POLICY: 1000.1

SUBJECT: Overall Board Fiscal Policy Statement

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

Charter schools are required to meet generally accepted standards of fiscal management. Ultimately, the primary responsibility for the overall financial condition of the school and adherence to such standards, including maintenance of proper accounting controls, rests with the governing board.

Accordingly, it is thus the Board of Director's role to ensure that a set of fiscal policies are in place to provide direction to staff and other individuals. The policies shall reflect the current Board position, and shall be updated, amended, and/or supplemented as needed by approving updated policies. These policies are designed to provide reasonable assurance regarding the achievement and maintenance of the following standards:

1. Accounting records should properly and accurately reflect and account for all transactions, including cash and cash equivalents. Accounting information should be relevant, reliable, comparable and consistent and must be available for the preparation of reliable financial statements.
2. Full compliance with all applicable conflict of interest laws, including but not limited to a policy requiring Form 700 filing for all applicable parties.
3. Full compliance with ACOE, CDE and federal regulations, policies and procedures, where applicable.
4. Financial reporting documentation that supports its financial statements and that reflects its financial position/condition, results of operations or changes in net assets and, where appropriate, cash flows for any fiscal period/year.
5. Required independent audits are performed and submitted when due in a timely manner, as prescribed by the California Department of Education.
6. Initial and interim budgets that clearly define achievable goals as defined in the school's charter and approved by the Board of Directors in the form of a budget resolution.
7. Maintenance of documentation that evidences proper internal controls on business practices, including purchasing and personnel controls.
8. Transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on public funds.
9. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
10. All debt and similar obligations incurred by FAME are in the best interests of the school and are at the best available market rates and terms.

Note: Human Resources and Payroll policies of the School are not part of this Fiscal Policies Manual, except for specific guidance on Executive Director contracts and evaluation under "Administration".

1. GOVERNANCE

POLICY: 1100.1

SUBJECT: Financial Code of Ethics

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

All Governing Board members and employees of FAME Public Charter School shall:

- Act with honesty and integrity, including handling actual or apparent conflicts of interest between personal and professional relationships in an ethical manner;
- File complete, accurate, timely, and understandable disclosure statements as required by applicable laws, rules, or policies;
- Comply with applicable federal or state laws and local ordinances, and with other applicable rules;
- Act in good faith, responsibly, and with due care, competence and diligence, without misrepresenting material facts or allowing one's independence of judgment to be subordinated;
- Share knowledge and maintain skills important and relevant to job requirements;
- Respect the confidentiality of information acquired in the course of work and made confidential by law; and
- Proactively promote ethical behavior in all financial dealings and other activities within FAME Public Charter School.

1. GOVERNANCE

POLICY: 1200.1

SUBJECT: Conflicts of Interest

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

Employees of the School (as well as governing board members and candidates) who hold positions that involve the making or participation in the making, of decisions that may foreseeably have a material effect on any financial interest, shall be “designated employees” for purposes of conflict of interest determinations.

Each designated employee, including governing board members and candidates, shall file a Statement of Economic Interest (“Form 700”) at the time and manner prescribed below, disclosing reportable investments, interests in real property, business positions, and income required to be reported under the category or categories to which the employee’s position is assigned.

An investment, interest in real property or income shall be reportable, if the business entity in which the investment is held, the interest in real property, the business position, or source of income may foreseeably be affected materially by a decision made or participate in by the designated employee by virtue of his or her position.

Initial Statements. All designated employees employed by the School on the effective date of this Code, as originally adopted, promulgated and approved by the School, shall file statements within 30 days after the effective date of this Code. Thereafter, each person in a position that becomes by an amendment to this Code a “designated employee” shall file an Initial Statement within 30 days after the effective date of the amendment.

Governing Board Candidates. Candidates for election to the governing board shall file statements within 5 days after the final date for filing nomination petitions.

Assuming Office Statements. All persons assuming designated positions after the effective date of this Code shall file statements within 30 days after assuming designated positions.

Annual Statements. All designated employees shall file statements no later than April 1.

Statements Filed With the School. All Statements shall be supplied by the School. All Statements shall be filed with the School. The School’s filing officer is the Chief Operating Officer. The filing officer shall retain the original copy of the forms in the Newark Office.

Contents of Initial Statements. Initial Statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the Code and income received during the 12 months prior to the effective date of the Code.

1. GOVERNANCE

POLICY: 1200.1 (continued)

SUBJECT: Conflicts of Interest

Board Approval Date: June 18, 2009

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Contents of Assuming Office Statements. Assuming Office Statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office and income received during the 12 months prior to the date of assuming office.

Contents of Annual Statements. Annual Statements shall disclose any reportable investments, interest in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an employee's first Annual Statement shall begin on the effective date of the Code or date of assuming office, whichever is later. The statement shall include any reportable investment or interest in real property, partially or wholly acquired or disposed of during the period covered by the statement, with the date of acquisition or disposal.

Disqualification. No designated employee shall make, participate in making, or try to use his/her official position to influence any School decision which he/she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

- A. Any business entity or real property in which the designated employee has a direct or indirect investment or interest worth one thousand dollars (\$1,000) or more.
- B. Any source of income totaling two hundred fifty dollars (\$250) or more provided or promised to the designated employee within twelve months prior to the decision.
- C. Any business entity in which the designated employee is the director, officer, partner, trustee, employee, or any kind of manager.
- D. Any donor of gifts totaling \$250 or more in value provided or promised to the designated within twelve months prior to the decision; any intermediary or agency for such a donor.

No designated employee shall be prevented from making or participating in any decision to the extent that his/her participation is legally required for the decision to be made. (The need to break a tie vote does not make the designated employee's participation legally required.)

Manner of Disqualification - Non-Governing Board Member Designated Employees.

When a non-Governing Board member designated employee determines that he/she should not make a decision because of a disqualifying interest, he/she should submit a written disclosure of the disqualifying interest to his/her immediate supervisor. The supervisor shall immediately reassign the matter to another employee and shall forward the disclosure notice to the School Director, who shall record the employee's disqualification. In the case of a designated employee who is head of an agency, this determination and disclosure shall be made in writing to his/her appointing authority.

1. GOVERNANCE

POLICY: 1200.1 (continued)

SUBJECT: Conflicts of Interest

Board Approval Date: June 18, 2009

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Manner of Disqualification - Governing Board Member Designated Employees. Governing Board members shall disclose a disqualifying interest at the meeting during which consideration of the decision takes place. This disclosure shall be made part of the Board's official record. The Board member shall then refrain from participating in the decision in any way (i.e., the Board member with the disqualifying interest shall refrain from voting on the matter and shall leave the room during Board discussion and when the final vote is taken) and comply with any applicable provisions of the School bylaws.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2100.1

SUBJECT: Financial Accounting and Reporting

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

The School's accounting system will be in conformance with the California School Accounting Manual. Accounting will be SACS-based or non-SACS-based, at the discretion of the Director of Finance, and will follow Financial Accounting Standards Board (FASB) guidelines for nonprofit accounting. All budgets and financial reports will be presented using full accrual accounting in alignment with annual audited financial statements.

The School's financial records will provide the following information:

1. For each income account: the current budget estimate, the receipts to date, and the remaining balance anticipated.
2. For each expenditure account: the current budget estimate, year-to-date expenditures, encumbrances, and remaining available balance.
3. For each purchase order: the name of vendor, description of the item involved, and amounts.
4. For each purchase: the purchase order information above, plus the record of receipt and condition of goods, the invoice and the record of payment.

The Board shall receive monthly financial reports and statements showing the financial condition of the School, including a cash flow statement (see "Budget Policy").

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2150.1

SUBJECT: Internal Controls

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

The internal controls for the FAME Public Charter School shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, and imprudent actions by employees of the School.

The internal control process of the School is made up of five components: control environment, risk assessments, control activities, information and communication, and monitoring. Each component is important and all have to function to make an effective control structure.

1. **Control Environment** - requires that administration and employees establish and maintain an environment throughout the School that sets a positive and supportive attitude toward internal control and conscientious management. Management needs to assure that it is well designed and operated, appropriately updated to meet changing conditions, and provides reasonable assurance that the objectives of the School are being achieved.
2. **Risk Assessments** - the establishment of clear, consistent goals and objectives at both the administrative level and the department (school site) level. The School will identify the risks that could impede the efficient and effective achievement of those objectives. Our internal control will provide for an assessment of the risks the School faces from both internal and external sources.
3. **Control Activities** - the structure, policies and procedures that the School establishes so that identified risks do not prevent the School from reaching its goals and objectives. They are essential for proper accountability for government resources and for achieving effective and efficient program results. They include a wide range or diverse activities, such as approvals, authorizations, verifications, reconciliation, performance reviews, security activities, and the production of records and documentation. Examples of control activities include physical control to secure and safeguard valuable assets, performance measures, proper segregation of duties, assuring that authorizations are received prior to an action occurring.
4. **Information and Communication** - is to obtain reliable information to determine the risks of fraud and to communicate policies to those that need it. Communication helps enable staff to carry out their duties and responsibilities more effectively.
5. **Monitoring** - this assesses the quality of performance over time, and ensure that the findings of audits and other reviews are promptly resolved. Ongoing monitoring should always occur during normal operations and include regular management and supervisory activities, comparisons, and reconciliations that other people take in performing their duties.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2200.1

SUBJECT: Bank Accounts and Petty Cash

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

MAIN OPERATING BANK ACCOUNT

In addition to the required School account at the Alameda County Treasury, the School shall maintain an external bank account which shall serve as the School's primary operating account. This account shall be non-interest-bearing in order to guarantee full FDIC protection even when balances exceed \$250,000. At the discretion of the Director of Finance, the School may open an affiliated "sweep" money market interest-bearing account linked to the main checking account in order to realize interest earnings on unused balances.

Both the County Treasury account and the external bank account shall be reconciled monthly against the statements provided by the County and external bank, respectively.

Every effort shall be made to minimize insufficient funds charges on all accounts of the School.

PETTY CASH ACCOUNT

The Director of Finance will administer a secondary petty cash account to provide for on-site incidental expenses. The current petty cash revolving balance is hereby set at \$3,000, and may be changed at any time by vote of the Governing Board. Use of the petty cash account for other than incidental expenses should be discouraged, and every effort to utilize the standard purchasing/AP system should be used whenever possible.

1. The Petty Cash account shall be maintained by the Director of Finance, who is responsible for review and authorization of all petty cash transactions.
2. No purchase will be reimbursed through a petty cash account unless authorized by the Director of Finance, accompanied by a receipt and noted on the petty cash register.
3. The petty cash account shall be reconciled monthly. When the petty cash account is reconciled, the appropriate expense account will be charged in the School's general ledger. Once reconciled, the Director of Finance may withdraw funds from the School's main operating account to replenish the petty cash account to the current Board-approved balance.
4. Cash received by the School for various purposes must not be put directly into petty cash. This money must be turned in to the business office and deposited into the School's main bank account. The only funds deposited into the petty cash account shall be the replenishment amounts discussed in #3 above.
5. Under no circumstances shall the petty cash account be used for personal reasons, even if immediately reimbursed.
6. The petty cash account may not be used to cash payroll checks or other personal checks.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2200.1 (continued)

SUBJECT: Bank Accounts and Petty Cash

Board Approval Date: June 18, 2009

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7. Small expense reimbursement requests totaling less than \$250 may, in the discretion of the Director of Finance, be paid directly from the petty cash account, but must otherwise conform to the Expense Reimbursement Policy in all respects.
8. No payments to day laborers may be made from the petty cash account. All payments for labor must be processed through the payroll system to insure that all applicable IRS regulations and labor laws are followed.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2300.1

SUBJECT: Budget Policy

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

ANNUAL BUDGET

Prior to June 1 of each year, the Board will hold a special Budget Planning meeting specifically for budget review and planning, in which the draft budget, prepared by the Director of Finance in conjunction with staff, is presented to the Board, and each area of the budget is discussed in depth by staff and Board members.

Alternatively, the Board may instead designate members of a Finance Committee that will hold a separate budget planning meeting in place of a meeting of the entire Board. In the case of a separate Finance Committee meeting, the results of this meeting will be presented to the Board at its next regular or special Board meeting.

Following the Budget Planning Meeting or Finance Committee meeting, the Director of Finance will then revise and adjust the draft budget as directed by the Board and/or the Committee, to create the final operating budget for the coming fiscal year. Additional budget planning meetings may be scheduled if necessary to discuss any further revisions prior to finalizing the budget.

Prior to July 1 of each year, the final budget will be presented to the Board for final approval. Once approved, the final budget will be submitted to the Alameda County Office of Education by July 1, as required by the Education Code.

INTERIM BUDGETS

On or before December 15 and March 15, the Director of Finance will develop and present an updated interim annual budget to the Board for approval at a regular or special Board meeting. The interim budget shall reflect adjustments or revisions to the original budget made in response to changing financial conditions or needs of the school. The Board may elect to hold one or more budget planning meetings, or name a Finance Committee to hold such budget planning meetings, if deemed necessary prior to approval of each interim budget. Once approved, the First and Second Interim Budgets will be submitted to the school's sponsoring entity by December 15 and March 15, respectively, as required by the Education Code.

MONTHLY UPDATES

Each month, at either the regularly scheduled or a special meeting of the Board, the Director of Finance will provide to the Board as an information item a monthly update of year-to-date revenues and expenditures, including a cash flow statement, comparing budgeted vs. actual amounts and providing a brief explanation of significant deviations from the original budget. A copy of this monthly report will be submitted to ACOE. The Board is not required to approve these monthly updates; however, the Board may elect to approve any additions, revisions, or modifications to the annual or interim budgets that it deems necessary to allow the school to adapt to changing financial conditions.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2400.1

SUBJECT: Fixed Asset Policy

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

PURPOSE AND SCOPE

The purpose of this Policy is to establish standard procedures for capitalizing fixed assets to facilitate the identification, reporting and safeguarding of FAME assets in compliance with generally accepted accounting principles and financial reporting requirements.

DESCRIPTION AND CAPITALIZATION THRESHOLD

Assets with a value of \$5,000 or more and a useful life of three (3) years or more are considered "fixed assets," meaning they are included as assets on the school's balance sheet (rather than as expenses, such as books and supplies), and the cost of these assets is spread out over the useful life of the asset. This process is called "capitalization," and involves including the value of the asset on the school's balance sheet at acquisition, and charging a portion of the item's value as "depreciation" each year over its useful life. In order to properly account for capitalized assets, a Fixed Asset Register must be maintained for all capitalized assets, and shall include asset description, location, ID tag/serial number, acquisition date, cost, accumulated depreciation and useful life. The Director of Finance is responsible for maintaining the Fixed Asset Register.

ASSET VALUE

Capital assets are valued at their historical cost. In the absence of historical cost information, the asset's estimated historical cost will be used. Donated assets are reported at fair market value on the date the asset is donated.

GROUPED OR NETWORKED ASSETS

IT/Technology equipment acquisition and leasehold facility improvements may be considered "system assets" that operate as part of a network system (in the case of IT) or as part of an aggregate installation (in the case of leasehold improvements). Such IT acquisition and leasehold improvement costs are capitalized at combined costs of \$5,000 or more with a blended useful life of three or more years. A network is determined to be where individual components may be below normal capitalization thresholds but are interdependent and the overriding value to the School is on the entire network/facility and not the individual component assets.

DEPRECIATION METHOD

Capitalized assets are depreciated using the straight line method.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2500.1

SUBJECT: Debit and Credit Cards

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

The purpose of issuing a debit and/or credit card is to increase flexibility for key staff members. The card is not intended to be used as a replacement for normal purchasing simply for convenience.

In order to maintain proper accounting controls as well as benefit from bulk discounts and other cost savings, every attempt should be made to use FAME's standard purchase-order-based purchasing system whenever possible. The Board recognizes that there are certain instances where the use of purchase orders (POs) is not feasible. These instances include but are not limited to:

- a. Travel related expenses (airfare, hotel, rental car, etc),
- b. Meeting/conference expenses,
- c. Online purchases where POs are not accepted,
- d. "Emergency" spending when time is of the essence (locksmith, etc.)

1. The Director of Finance is the individual responsible for review and authorization of all debit/credit card transactions and approvals.
2. All debit cards shall be linked to the School's petty cash account, and debit card charges shall be included in the monthly petty cash reconciliation (see "Bank Accounts and Petty Cash").
3. The individual named on each card will be responsible for documenting and justifying all expenditures made from it, and should keep it under their direct control at all times. By August 30, 2009 (allowing time for the bank to process new cards) cards should have either (a) only the name of the school on the card, or (b) both the name of the school and the name of the individual cardholder on the card.
4. Each charge to the debit/credit card must be supported by a physical receipt (or printout of receipt in the case of online purchases) of the expenditure and a concise description of the cost or activity and its school-related purpose. The actual receipt MUST contain detail of the item or items purchased. A credit charge receipt showing only the amount of the charge is not sufficient even when accompanied by a narrative description.
5. NO FAME DEBIT/CREDIT CARD MAY BE USED FOR CASH ADVANCES OR WITHDRAWALS AT ANY TIME, even if the cash is to be used for a company-related purpose.
6. No FAME debit/credit card shall be used to make PayPal payments.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2500.1 (continued)

SUBJECT: Debit and Credit Cards

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

7. All receipts or other evidence of credit/debit card purchases for each month MUST be provided to the Director of Finance within seven (7) business days of the expense. In the case of a business trip, this date shall be seven (7) business days from the date the employee returns to the office.

8. FAME debit/credit cards may not be used for either personal expenses or to purchase prohibited items from the listing below. If an employee desires to purchase such items while on company business, it must be paid for separately from the employee's own funds. If it is not possible to separate eligible and prohibited expenses for a particular transaction, the employee must pay for the combined charge themselves and then submit a reimbursement claim for the eligible portion (see "Expense Reimbursement" policy). Employees may under no circumstances use the FAME card for prohibited or personal expenses and then pay the school for the personal/prohibited portion. Prohibited items include:

- a. Alcohol
- b. Tobacco
- c. Hotel minibar, in-room movies, video games, or other similar hotel charges
- d. Traffic fines and citations, including parking and speeding tickets

9. If these processes are not strictly adhered to, the employee will be subject to disciplinary action and/or debit/credit card privileges being revoked.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2600.1

SUBJECT: Expense Reimbursement

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

The Board wishes to institute and endorse an accountable plan to reimburse school personnel for reasonable expenses incurred on behalf of the school.

In order to maintain proper accounting controls as well as benefit from bulk discounts and other cost savings, every attempt should be made to use FAME's standard purchase-order-based purchasing system whenever possible. The Board recognizes that there are certain instances where the use of purchase orders (POs) is not feasible. These instances include but are not limited to:

1. Travel related expenses (airfare, hotel, rental car, etc),
2. Meeting/conference expenses,
3. Online purchases where POs are not accepted,
4. "Emergency" spending when time is of the essence (locksmith, etc.)

The Board requires that in order to be reimbursed, an employee must receive permission in advance from their supervisor, and once the expenditure is made, provide the following to the Director of Finance for review and authorization of reimbursement:

1. A concise description of the cost or activity being submitted for reimbursement, including a listing of participants where applicable;
2. A clear and specific school-related reason for the expense; AND
3. Verification of amount paid, through itemized receipt (or mileage log for mileage).
4. Signature of employee requesting reimbursement.

The Executive Director may expend up to \$5,000 per month on reimbursable expenses without prior Board approval. However, following such expenditure, all Executive Director expense reimbursement claims must be submitted in the same format described above for review and authorization by a member of the Governing Board as well as the Director of Finance. No reimbursement shall be paid to the Executive Director unless the reimbursement claim has been signed by both the Director of Finance and a member of the Governing Board.

School personnel on approved school business will be reimbursed for reasonable expenses. Prior supervisor approval must be received before incurring any reimbursable expense. It is the policy of FAME that each and every request for reimbursement must be accompanied by an itemized receipt. The only exception to this requirement is for mileage reimbursement. Credit card receipts showing only a total amount will not be sufficient. Any request for reimbursement that is not accompanied by an itemized receipt (excluding mileage) will be denied and returned.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2600.1 (continued)

SUBJECT: Expense Reimbursement

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

Reasonable expenses are defined as follows:

TRAVEL EXPENSES

Personal Car – Mileage will be paid at the IRS rate per mile. When traveling out of town, every attempt should be made to travel at least two people per car. Mileage may not exceed standard coach airfare for the trip. Mileage rate covers fuel, insurance, and repairs and, thus, these are not separately reimbursed. Mileage calculation begins at each employee's assigned workplace.

Rental Vehicles – When traveling by air on school business, a rental vehicle at the destination is allowable. Also in some circumstances, a truck or van is needed for a local school purpose (moving props for a school play, for example). Employees should exercise proper judgement in renting vehicles suitable for a public school employee (no off road vehicles, sports cars, etc). Insurance must be obtained for any rental vehicle, either under the school's liability policy, debit/credit card policy, or insurance provided by the rental location. The school will not reimburse the employee for mileage during the use of a rental vehicle. However, gasoline is reimbursable, provided receipts are submitted.

Airline Flight – When traveling on school business, employees should attempt to secure the lowest available commercial discount airfare. Otherwise, customary standard airfare costs are allowable. Any airfare costs in excess of the customary standard airfare are allowable only when approved in advance by the Executive Director or Board of Directors. An employee may choose to upgrade her/his flight, but the employee will be responsible for the excess costs incurred. In such a case, the cost of the coach airfare should be written on the receipt and the total adjusted.

Other Travel Expenses – Parking, cabs, buses, trains, and tolls will be reimbursed with receipt.

Lodging - Hotel accommodation for the days of the event and the final night and/or previous evening, if necessary due to distance, shall be provided. Accommodation shall be "single rate" and shall be provided at the hotel in which the event is taking place, if available, or at an equivalent hotel. If an employee chooses to lodge at a different, higher-priced hotel, the employee is responsible for paying for and documenting the difference in cost.

Travel Meals - FAME will pay the reasonable, actual expenses for meals when traveling, not to exceed \$100 per day except with specific management approval. These must be verified by an itemized receipt.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2600.1 (continued)

SUBJECT: Expense Reimbursement

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

Conference Fees - It is preferable, if time allows, for conference fees to go through FAME's purchasing system. Most educational conferences allow for this on their registration form. If paid directly by the employee, FAME will reimburse the cost of the conference if prior approval to attend the conference had been given and a receipt for the expenditure is provided.

Other Authorized Expenses - Internet expenses, reasonable tips for meals, taxi service, etc. not to exceed 20%, and work-related telephone calls are allowable with itemized receipt.

NON-TRAVEL RELATED EXPENSES

Business Meals - These are meals taken with colleagues, students, donors, vendors, or Board members in which specific school business discussions take place. Receipt must list date, place, purpose of meal, and persons in attendance. In addition, a one paragraph meeting summary must accompany the receipt. Alcohol is not a reimbursable expense. In cases where the meeting attendance is confidential in nature, staff member may write "Confidential" in place of attendees – in these cases, the request for reimbursement must be signed by a member of the Governing Board who has reviewed the actual list of attendees and approved the expense.

Staff "appreciation" gifts - This type of spending is governed according to FAME's "Bonuses, Incentives and Awards" Policy. In all cases, the aforementioned policy must be adhered to.

Other Authorized Expenses - Postage, copies, reasonable tips for special events (caterers at school events, etc.), advertising/marketing costs, are allowable to be expensed with itemized receipts and prior supervisor approval to make the purchase.

PROHIBITED EXPENSES

The following costs are not eligible for reimbursement:

- a. Alcohol (this may be included on a meal receipt that is otherwise reimbursable, but the alcohol portion will not be reimbursed)
- b. Tobacco
- c. Hotel minibar, in-room movies, video games, or other similar hotel charges (these may be included on a hotel receipt that is otherwise reimbursable, but the minibar/entertainment charges will not be reimbursed)
- d. Traffic fines and citations, including parking and speeding tickets – tolls are reimbursable

This is not intended to be a comprehensive list, and may be added to from time to time.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2700.1

SUBJECT: Bonuses, Incentives and Awards

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

GENERAL GUIDELINES

The Board believes that a positive school culture is vital for maximum student achievement. This school culture is built and maintained by the “above and beyond” efforts of employees, and these extra efforts should be recognized whenever possible.

Formal recognition programs including monetary bonuses and incentive plans, as well as non-monetary awards, offer mechanisms to effectively motivate and retain valued employees who provide exemplary performance and/or meet specified targets. These programs are intended to reward staff employees whose achievements have resulted in a particular benefit to the school, thus retaining high-quality employees and serving a public purpose.

The Board must officially authorize any monetary rewards. The two types of monetary rewards are:

1. A **lump-sum bonus** to recognize a specific achievement or cost-savings or;
2. An **incentive plan** with clearly defined goals, pre-established criteria, and regular payouts when goals are met or exceeded.

The Board also authorizes non-monetary awards in the form of de minimis recognition awards, career development opportunities, and attendance/travel/time off for special lectures, training programs, and conferences.

These programs are not intended to replace informal and spontaneous recognition or praise of staff achievements and work performance. Informal recognition or praise of employees should and does take place every day. Saying “thank you” to employees and complimenting an employee on a job well done are part of the responsibilities of managers and supervisors.

The Executive Director is tasked with ensuring that the budget allots funds for these expenditures and for overseeing the processes required to fairly and equitably provide bonuses, incentives, and awards.

No bonus, incentive, or awards may be granted to employees unless specifically reflected in this policy or as part of a Board-approved award program. The Board shall make every effort to clearly define the parameters of any award program to avoid situations of excessive or unintended employee compensation.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2700.1 (continued)

SUBJECT: Bonuses, Incentives and Awards

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

Lump-Sum Bonus

Lump-sum bonuses can be established in two ways:

1. Board establishes an Award Review Committee to determine award recipients as part of a Board-approved award program. This is most suitable for large-scale and/or across-the-board bonuses for multiple employees.
2. Managers have the discretion to propose an award for a specific employee to the Executive Director. If the award is within the parameters of a previously Board-approved award program, in which the Board granted authority to the Executive Director to award bonuses of a particular type, Executive Director approval of the award is sufficient. If the proposed award is not part of a previously Board-approved award program, any such proposed awards must be specifically Board-approved. Employees should not be informed of any possible bonus until approval from the Executive Director or Governing Board, as applicable, has been received.

All bonus award recipients must first meet the following general criteria:

1. The employee's accomplishments exceed the normal standards/expectations for the job.
2. The employee has fulfilled all normal job duties in addition to performing added duties to accomplish a special project or achieve a certain goal.
3. The employee serves as a role model for others, displaying desirable characteristics such as outstanding customer service, positive attitude, team leadership, etc.
4. Decisions about the amount of a lump-sum bonus should be dependent upon the nature and complexity of the accomplishment and the ability of the department to fund the award. Board-approved award program should provide guidance on appropriate amounts in specific cases.
5. Manager should clearly communicate to the recognized employee what outstanding achievements led to the award.

Incentive Plans

1. For incentive plans, the Board-approved award program must develop specific targets to be achieved. Goals, pre-established criteria, and regular payouts are essential under this type of plan.
2. Managers should clearly communicate to the employee what the expectations are and the outcome for the incentive period.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2700.1 (continued)

SUBJECT: Bonuses, Incentives and Awards

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

3. Any incentive plans must be approved in writing by the Governing Board prior to disclosure to staff.

Non-Monetary Rewards

Non-cash awards of de minimis value such as recognition awards cannot exceed a value of \$100 for employees. Non-cash awards for non-employees may exceed \$100 if specifically authorized by the Governing Board and have a valid business reason (i.e. a recognition plaque for a donor to the school). These one-time awards are non-taxable pursuant to IRS guidelines. Awards may NOT be in the form of gift cards that have a monetary value, as these are now considered taxable by the IRS. However, certificates to redeem a specific item/service and not convertible to cash are acceptable.

1. Examples of areas to be rewarded include:

- a. Outstanding achievements and accomplishments - Demonstrated and sustained outstanding achievements that consistently exceed goals and job expectations.
- b. Teamwork - Acting as an exceptionally effective and cooperative team member, demonstrating superior interactions with the school community.
- c. Length of service - A commitment to the school through long-term service. Such awards should be pre-designated for reaching specific milestones (5 years, 10 years, etc.) rather than on an ad-hoc basis.
- d. Thank-yous - Staff who have volunteered for extra duties/assignments, or who should be rewarded due to completing a large project or assignment that exceeded job requirements.

2. In certain instances, staff gifts and treats are pre-authorized and do not require specific approval from the Executive Director if meeting the following specific guidelines. However, no state or federal funds will be used to pay for expenditures included in item "a." or "b.". Managers making such purchases may submit for reimbursement without pre-approval. Guidelines are as follows:

- a. Flowers may be sent by the manager in a case of bereavement of spouse /father/ mother/ child/ sibling (maximum \$100).
- b. Flowers may be sent by the manager if the employee is hospitalized with a serious illness/injury (maximum \$100).
- c. Managers may take their employees to lunch as a "staff appreciation event" once per year. This item DOES require approval from the CFO.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2800.1

SUBJECT: Contracts Policy

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

As specified by law, the power to contract is invested in the Governing Board. However, in order to ensure the smooth running of the school, the Board delegates the power to enter into certain smaller contracts on behalf of the School to the Executive Director, providing the following conditions are met:

1. The Executive Director is hereby granted the authority to sign contracts up to \$5,000 without prior Board approval. Any such contracts must be presented to and subsequently ratified by the Board subsequent to the Executive Director's execution of contract.
2. All contracts over \$5,000 must be approved by the Board prior to execution by the Executive Director. The Executive Director may not verbally or otherwise obligate the school prior to Board approval of such contracts.
3. All contracts between School and outside agencies shall conform to standards required by law and shall be prepared under the direction of the Executive Director and staff.
4. While charter schools are not bound by the Public Contracts Code requiring multiple bids, all contract decisions made on behalf of the School must be in the best interests of the School, and the Board/Executive Director shall solicit multiple bids in those situations deemed appropriate and with the potential to obtain substantially similar or identical goods or services at a lower cost.
5. In addition to complying with all conditions herein, all contracts involving federal grants or other federal programs shall also fully comply with all applicable federal procurement guidelines related to such programs.
6. The School upholds state nondiscrimination laws. All contracts made by the School shall contain a nondiscrimination clause in accordance with law.

2. BUDGET AND FINANCIAL CONTROLS

POLICY: 2900.1

SUBJECT: Risk Management

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

FAME shall maintain an insurance program to protect the School against unforeseen circumstances, events, and actions, including fraud, mistakes and errors of omission by employees. All policies shall protect the School against loss which may occur due to the many normal and usual hazards which a public school system faces and to carry additional insurance, when needed, to protect the School against specific and unusual hazards which may be incurred, from time to time, in the various operations of the School.

The insurance program shall include, but not be limited to:

- a. Property Damage Insurance (buildings and equipment)
- b. Vehicle Insurance (automotive, truck and other vehicles)
- c. Liability Insurance, including Errors and Omissions
- d. Workers Compensation Insurance
- e. Other insurance as deemed necessary by the Board.

Proof of all insurance, including but not limited to proof of vehicle insurance on any vehicles provided to staff members, must be kept on file in the School's administrative offices at all times under the control of the Director of Finance. Proof of vehicle insurance must also be kept within the insured vehicle(s).

As with any contract entered into by the School, staff shall ensure that insurance is obtained at the lowest reasonable cost for the services and coverage provided.

3. ADMINISTRATION

POLICY: 3100.1

SUBJECT: Executive Director's Contract

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

In approving employment contracts with the Executive Director, the Governing Board wishes to encourage the Executive Director's long-term commitment to the school and community while carefully considering the financial and legal implications of the contract in order to protect the school from any potentially adverse obligations. The Board shall designate a representative to negotiate with the Executive Director on its behalf and shall consult legal counsel to draft the contract document.

The Board shall deliberate in closed session about the terms of the Executive Director's contract. Terms of the contract shall remain confidential until the ratification process commences. The Board shall ratify the contract in an open meeting, which shall be reflected in the Board's minutes. Copies of the contract shall be available to the public upon request.

The Executive Director's contract shall include, but not necessarily be limited to, the term of the contract (no more than five years), conditions for termination of the contract, salary, benefits, and commitment to an annual evaluation. The contract should also include general responsibilities and duties of the Executive Director as well as termination/resignation provisions. The contract must include a requirement that the Executive Director notify the Board regarding planned vacations so that accurate vacation accrual records are kept.

All components of Executive Director compensation (including but not limited to stipends, bonuses, vacation accruals, pay in lieu of benefits, vehicles) shall be identified in the contract. Any modification or addition to Executive Director compensation shall be approved by the board as an Addendum to the contract. All payment authorizations for Executive Director compensation shall be signed by a member of the Board. Under no circumstances may the Executive Director be compensated as an independent contractor, and any compensation shall be paid through the payroll system and is subject to standard payroll taxes and reporting.

At the end of the Executive Director's term (maximum of five years), the Board may reemploy the Executive Director on those terms and conditions mutually agreed upon by the Board and Executive Director. The Executive Director's contract shall be automatically renewed in the absence of Board action to the contrary.

In the event that the Board determines not to reemploy the Executive Director, the Board shall provide written notice to the Executive Director at least 90 days in advance of the expiration of the term of the contract.

3. ADMINISTRATION

POLICY: 3200.1

SUBJECT: Evaluation of the Executive Director

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

The Governing Board may, at its discretion, annually conduct a formal evaluation of the Executive Director's performance in order to assess her/his effectiveness in leading the school toward established goals and objectives.

The Board and the Executive Director may establish an appropriate schedule for the annual evaluation process.

Evaluation criteria shall be based on school goals and objectives and agreed upon prior to the evaluation by the Board and Executive Director. The evaluation shall provide commendations in areas of strength, provide recommendations for improving effectiveness, and serve as a basis for making decisions about salary increases and/or contract extension.

The Board and the Executive Director may annually consider what evaluation method(s) will best serve the school and agree on the specific written instrument to be used. Prior to the evaluation, the Executive Director shall prepare and distribute to the Board a progress report toward school goals, the Executive Director's self-appraisal of accomplishments and performance, and a review of action taken to address any Board recommendations from the previous evaluation.

Each Board member shall independently evaluate the Executive Director's performance. The Board shall examine all Board members' evaluations and reach a consensus on the evaluation. The Board President or designee shall then develop a single evaluation representing the Board's collective judgment and provide a copy to the Executive Director. The Board shall meet in closed session with the Executive Director to discuss the evaluation. The Executive Director shall have an opportunity to ask questions, respond verbally and in writing to the evaluation, and present additional evidence of her/his performance or school progress.

The Board President and the Executive Director shall sign the evaluation as evidence that the evaluation has been discussed and shall place the evaluation in the Executive Director's personnel file. After each evaluation has been completed, the Board shall meet in open session to give the Board and the Executive Director an opportunity to jointly identify priorities for the next year.

4. DEBT MANAGEMENT

POLICY: 4100.1

SUBJECT: Debt Management Policy

Board Approval Date: June 18, 2009

Effective Date: June 18, 2009

The purpose of this policy is to enhance FAME's ability to manage its debt in a fiscally conservative and prudent manner. The effects of decisions regarding types of borrowing, covenants and terms, interest rates, and payment structure directly impact the School's continuing operation. The School has thus established this Debt Management Policy to provide goals and guidelines for the School's borrowings. The School's Debt Management Policy is as follows:

1. The Director is responsible for administering and maintaining the School's current obligations under direction of the Board. The Director of Finance will meet with the Executive Director and Board, as appropriate, regarding the status of the School's existing debt and to make specific recommendations.
2. No new debt shall be incurred without approval of the Board.
3. Advance written notification of all borrowings shall be provided to ACOE as per the current MOU requirements.
4. All approved annual budgets shall include timely repayment of all outstanding debt, or include a reasonable repayment plan for such debt if timely repayment is not possible.
5. Prior to incurring any new borrowing, the Finance Director shall prepare a financial analysis showing the effect of the borrowing on current and future operations. The School may not borrow if a reasonable financial analysis cannot show timely repayment of all obligations, including the planned borrowing.
6. The School will seek financing options that are at the lowest interest cost and in the best interests of the School. The School shall make every effort to use governmental loan sources when available, including but not limited to the State Revolving Fund Loan Program.
7. It is the Board's intent to avoid borrowing from individuals if any other method of financing is available. Staff shall make every effort to obtain financing from institutional lending sources, including banks, finance companies, and state and federal entities before seeking financing from private individuals.
8. If no alternate financing alternatives are available and financing must be obtained from private individuals, a report must be prepared by staff and presented to the Board detailing what efforts had been made to solicit institutional/public financing, and providing evidence that the rates proposed for private individual financing are market rates.
9. The School will take all practical precautions and proactive measures to avoid borrowing decisions that can negatively impact current or future operations.