

Humble Christian School

Control & Governance Improvement Plan



Adopted April 28th, 2008

Determination



Based on the findings of the Financial Review Committee process and subsequent efforts to implement the recommendations of that committee the BOD has determined the school needs to **implement a comprehensive plan to establish standard Internal Controls, Procedures and Processes.**

Sources



Steps of this plan and specific content of the final Controls & Procedures have been developed based on the following:

- Consultation with the Financial Review Committee
- Review of the Evangelical Council Financial Accountability Standards
- Review of the BBB Wise Giving Alliance Standards
- Consultation with Blazek & Vetterling, LLP - Tax Compliance Authorities
- Consultation with Tax Attorney, Pamela Schavey, CPA, J.D.



Purpose of Plan

- Ensure IRS tax and state law compliance
- Financial Integrity, Accountability and Transparency to all school stakeholders
- Governance and Oversight Integrity
- Good Stewardship of Fundraising Activities and Donations
- Ensure school maintains appearance of integrity to all stakeholders and third parties

2 Corinthians 8:21

“For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men.”

Benefits



- Establishes strong financial and operational foundation to enable future growth and realization of the school's long-range vision
- Protects Humble Christian School's interest and appearance when it is contemplating entering into a transaction, contract or arrangement that might benefit the private interest of an officer, director or employee.
- Fosters confidence of parents in the operation and governance of the school
- Ensures that all resources are used in conformity with applicable federal and state laws/regulations to accomplish the exempt purpose of the school
- Fosters confidence of donors in the use of donated funds for the Mission of the school and/or the donor intent
- Establishes accepted financial and operational practices required to obtain grants and other donations
- Protects the school staff and BOD members from accusations and mistakes made due to lack of controls and procedures
- Removes temptations and opportunity for wrong-doing by establishing proper check and balances
- Delivers the BOD more sound and robust information to make more timely and well-informed decisions

Plan



1. Implement Controls & Procedures to ensure IRS tax compliance, federal and state law compliance, financial integrity and operational control
 - Implement Governance Controls & Procedures
 - Implement Conflicts of Interest/Related Parties Transactions Controls & Procedures
 - Ensure all approved Related Party transactions are being properly reported to the IRS
 - Obtained signed COI statement from BOD members and employees this year and each succeeding year
 - Implement a benevolence policy
 - Implement bylaw changes that limits the number of voting BOD members who are directly or indirectly compensated by the school
 - Open BOD meeting procedures to ensure efficient and effective conducting of business
 - Authorization Matrix to clearly delineate levels and areas of approval authority and limits

Plan



- Implement Accounting Controls & Procedures
 - Implement procedures to ensure all contract work payments are being properly recorded, reported to the IRS and 1099s sent to providers
 - Implement procedures to prohibit tuition discounts as payment for services as outlined in IRS publication 970 and all other barter transactions. Include policy of allowable tuition discounts to employees and related parties as outlined in IRS publication 970.
 - Separation of duties
 - Clear guidance on paying or reimbursing employee expenses
 - Personal use of school asset controls
 - Implement vendor selection control & procedures
 - Documentation of roles, responsibilities, timing and activities
 - Other foundational policies (payroll, T&E, employee reimbursement, cash collection, A/R, etc.)

- Implement Fundraising Controls & Procedures
 - Establish guiding principles and purpose of school fundraising
 - Tracking and proper disposition of restricted funds
 - Communication guidelines
 - Guidelines for individual royalties or benefit from fundraising activities
 - Use of funds for school Mission and not other activities
 - Documentation of roles, responsibilities, timing and activities

Plan



2. Implement and maintain Generally Accepted Accounting Principle based financial statements
4. Develop Strategic Plan that includes a school Vision, Mission and Objectives and the plans to meet them. Outline an annual process to assess effectiveness of the plan and update the plan.
5. Hire a full-time, well qualified bookkeeper or outside accounting firm to record transactions, report results and forecast financials to the BOD on a GAAP basis and with more robust operational performance reporting
6. Develop monthly/quarterly cash flow forecasting capabilities and enable staff to report these to the BOD
7. Replace Financial Review Committee with independent CPA GAAS Review of the financial statements
8. Obtain annual independent GAAS/GAAP audit of the financial statements and share statements with stakeholders
9. Become accredited by the Evangelical Council on Financial Accountability

Phased Plan Implementation



ID		2007				2008												2009																							
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep															
1	Implement Control & Governance Plan	9/3/2007	★																								9/4/2009														
2	Implement GAAP Financials	◆																								7/29/2008															
3	Implement Controls and Procedures	1/7/2008				◆																								12/18/2008											
4	Implement Conflict of Interest Policy	1/7/2008				2/15/2008																																			
5	Implement employee and contractor "other earnings" policies (i.e. barter)	1/7/2008				6/30/2008																																			
6	Implement vendor selection policies	1/8/2008				4/24/2008																																			
7	Implement benovolence policy	1/7/2008				4/24/2008																																			
8	Implement authority approval matrix	1/7/2008				6/30/2008																																			
9	Implement fundraiser policies	6/2/2008										12/18/2008																													
10	Implement other accounting and governance policies	2/4/2008				7/2/2008																																			
11	Implement BOD Independence Bylaw changes	4/18/2008								8/29/2008																															
12	Develop Strategic Plan	1/11/2008				8/1/2008																																			
13	Hire and Train New Bookkeeper	7/8/2008										10/3/2008																													
14	Implement periodic cash flow forecasting	6/3/2008								9/11/2008																															
15	Obtain GAAS review of Financial Statements	8/18/2008										1/22/2009																													
16	Become accredited by the ECFA	1/29/2009															5/13/2009																								
17	Obtain GAAP Audit of Financial Statements	6/2/2009																				9/4/2009																			