

## **ARTICLE 10, FINANCIAL MANAGEMENT**

Annual Operating and Capital Budget	10.000
Board Responsibility	10.101
Fiscal Year	10.102
Denomination	10.103
Balanced Budget	10.104
Operating Budget Preparation and Approval	10.105
Capital Budget Preparation and Approval	10.106
Monthly Financial Reporting and Budget Reconciliation	10.107
Line-Item Transfer Authority	10.108
Year-End Reconciliation	10.109
Disposal of School Property	10.110
Responsibilities	10.111
Sale Process	10.112
Accounting	10.120
Fiscal Year	10.121
Denomination	10.122
Accounting Method	10.123
Inventories	10.124
Fixed Assets	10.125
Taxes	10.126
Audits	10.127
Insurance	10.130
Reserve Fund	10.200
Funding	10.201
Use and Responsibility	10.202
Investments	10.300
Student Fees	10.400
Tuition	10.401
Late Payment	10.402
Tuition Refunds	10.403
Other Student Fees: Application Fee	10.404
Other Student Fees: Registration Fee	10.405
Other Student Fees: Special Assessment Fee	10.406

<b>Capital Levy Fee</b>	<b>10.407</b>
Miscellaneous Income and Fees	10.500
Special Fees	10.501
Grant and Donation Income	10.502
Fundraising	10.600
Cash Management & Treasury	10.700
Depository of Funds	10.701
Transfer of Funds	10.702
Resolution Regarding Authorized Signatories	10.703
Bank Reconciliation	10.704
Borrowing Authority	10.705
Credit Card	10.706
Cash on School Premises	10.707
Petty Cash	10.708
Foreign Currency Conversion	10.709
Fidelity Guaranty	10.710
Expenditure and Disbursement	10.800
Salaries	10.801
Expense Reimbursements	10.802
Approval of Bills	10.803
Purchasing	10.900
Requisitioning	10.901
Vendor Relations	10.902
Bid and Quotation Process	10.903
Deliveries	10.904

**Policy**  
10.100

**ANNUAL OPERATING AND CAPITAL BUDGET**

**Board Responsibility**

10.101

The School Board is empowered to establish policy pertaining to the annual School budget and financial practices. The Board recognizes that sound fiscal practices are fundamental to the health of the school.

ADOPTED MAY 23, 2006  
(Replaces 1.800, 1.801, 1.804 & 1.805)

**FISCAL YEAR**

The fiscal year of the School will begin on August 1 each year to the following July 31<sup>st</sup>. The budgets and all financial reports, including the audited financial statements will be prepared using this fiscal year calendar.

**DENOMINATION**

All budgets are prepared in US dollars although transactions are recorded in the accounting ledgers in both US dollar and Nigerian Naira amounts. An annual conversion rate is established by the Business Manager for conversion of naira-based accounts to US dollars.

**BALANCED BUDGET**

The School Board requires that the School maintain a balanced budget and in any given year, budgeted expenditures should not exceed budgeted revenues.

ADOPTED MAY 23, 2006

## **OPERATING BUDGET PREPARATION AND APPROVAL**

The Superintendent is responsible for preparing a balanced Operating budget which best meets the needs of the school's programs for the coming year. The Operating Budget includes all current year operating income: tuition, application fees, registration fees, grants and donations, and miscellaneous income, as well as current year operating costs, included but not limited to: salaries and benefits, plant operation and maintenance, and instructional materials and supplies.

The Superintendent in conjunction with the Business Manager will present a preliminary Operating Budget for the next school year to the Board no later than March Board meeting.

- Enrollment estimates must be detailed as part of budget package.
- Justification analysis for spending increases AND analysis of cost-savings opportunities must be detailed as part of budget presentation.

The Board Treasurer may ask the Superintendent and Business Manager for additional analyses as needed. The Board may constitute a subcommittee, to include the Superintendent and Business Manager, in order to study the proposed budget in detail.

Board votes to approve Operating budget, including tuition and fee levels (Application Fee, Registration Fee) applicable to the Operating Budget, no later than the April Board Meeting.

## **CAPITAL BUDGET PREPARATION AND APPROVAL**

The Superintendent is responsible for preparing a balanced Capital budget which best meets the needs of the school's facility and programs for the coming year. The budget will include income from the Special Assessment fees paid by certain companies and current year capital expenditures, included but not limited to: furniture and equipment, information technology, vehicles and new construction or improvement projects which will be capitalized. .

The Superintendent in conjunction with the Business Manager will present a preliminary Capital Budget to the Board no later than the April Board meeting.

- Capital projects must be prioritized relative to 3-year Capital Improvement Plan.
- Justification for projects recommended in current budget must be included as part of budget package.

The Board Treasurer may ask the Superintendent and Business Manager for additional analyses as needed. The Board may constitute a subcommittee, to include the Superintendent and Business Manager, in order to study the proposed budget in detail.

Board votes to approve Capital budget, including fee levels applicable to the Capital Budget (Special Assessment Fees), no later than the May Board meeting.

## **MONTHLY FINANCIAL REPORTING AND BUDGET RECONCILIATION**

The purpose of this reporting is to reconcile the budget in actuality throughout the school year.

Management reports prepared by the Business Manager will be submitted to the Board by the Superintendent prior to monthly Board meetings. Included are:

- Operating Income and Expenditure Report
- Capital Income and Expenditure Report
- Bank Balances Report (to be accompanied by Bank Reconciliation Report for Treasurer)

Income and Expenditure reports will highlight any variance incurred and/or projected relative to the original budget in each budget line item.

- Explanation of the variance must be included.
- For budget categories with greater than or equal to a \$10,000 variance, Superintendent must submit an addendum to the Management Report which analyzes and discusses the variance(s) in the month that the variance first occurs.

In the event of an overall projected budget surplus/deficit, the Superintendent is responsible for recommending to the Board action that should be taken in order to re-balance the budget. The Board is responsible for approving these recommendations.

In no case is the Superintendent permitted to authorize expenditures that exceed the total approved budget amount, including use of surplus funds, without prior Board approval.

**LINE-ITEM TRANSFER AUTHORITY**

The Superintendent is authorized to transfer funds, as required, within the approved budget from a budget category to another provided that the transfer does not exceed \$10,000. Any transfer over this amount requires Board approval. All transfers must be noted in the Monthly Financial reports.

Transfers may not be made between income and expense categories, unless presented to the Board by the Superintendent for prior approval. In these cases, an amended Budget may be proposed.

ADOPTED MAY 23, 2006  
(Replaces 1.805)

## YEAR-END RECONCILIATION

A year-end or final reconciliation of both Budgets will be presented by the Superintendent and Business Manager to the Board no later than the September Board meeting. The reconciliation will represent the final year-end position subject to adjustments made during the financial audit (conducted in October).

Reports should be accompanied by recommendation from the Superintendent on disposition of surplus or deficit.

Surplus/deficit may be:

- 1) carried over to next budget year
- 2) added to/taken from reserve fund

The Board will approve disposition of the previous year surplus/deficit.

**DISPOSAL OF SCHOOL PROPERTY**

**RESPONSIBILITY**

10.111

The Business Manager and Superintendent are responsible for reporting all property/assets being considered for disposal to the Board on a regular (no less than annual) basis.

The disposal of real property of the School requires the prior approval of the School Board. The Board must determine that the property is no longer required to accomplish the objectives of the School as the first criterion for approving the sale. Real property and capitalized equipment must be removed from the School's inventory prior to being considered for disposal. Proceeds from the sale of real property will be treated as Capital income in the year of the sale.

The disposal of surplus or obsolete equipment (capital and non-capital), materials and supplies which are no longer required by the School requires the approval of the Superintendent. The disposal of items with an estimated fair market value exceeding \$1,000 requires prior Board approval. The same or similar items for disposal may be grouped together in a sale "lot". Proceeds from the sale of equipment, materials and supplies will be treated as Operating income in the year of the sale.

## **SALE PROCESS**

All sales of items to be disposed must be advertised publicly.

Items with an estimated fair market value less than \$1,000 can be advertised internally (by bulletin board posting). It is the responsibility of the Superintendent to determine if a closed bid system should be used in order to obtain the most advantageous price for the School. If a closed bid system is not used, it is understood that the value set for the items will be assessed at competitive market levels.

If the item(s) has an estimated fair market value exceeding \$1,000, the item(s) approved for sale will be advertised in at least one newspaper of general circulation and sold to the highest bidder using a closed bid system.

The Superintendent is responsible for overseeing the bid process. For property/assets with values than \$5,000 a Board member should be appointed to work with the Superintendent and, together, will report the results of the bidding process to the Board for approval prior to the bid acceptance.

The School shall reserve the right to reject all bids.

In all cases of disposal, the most advantageous price for the School will be sought.

**ACCOUNTING**

The School Board recognizes that sound accounting practices and systems are essential to ensuring the financial health of the School. At all times, it is an expectation of the Board that the Business Office, under the supervision of the Business Manager and Superintendent, follows the generally accepted accounting principles for a non-profit educational institution operating in Nigeria.

ADOPTED MAY 23, 2006  
(Replaces 1.803, 1.807 & 1.808)

**FISCAL YEAR**

The fiscal year of the School will begin on August 1 each year to the following July 31<sup>st</sup>. The budgets and all financial reports, including the audited financial statements will be prepared using this fiscal year calendar.

ADOPTED MAY 23, 2006

**DENOMINATION**

Accounting transactions are recorded in the ledgers in both US dollar and Nigerian Naira amounts. Audited financial reports are prepared in Nigerian Naira while Budgets and Management reports are prepared in US dollars. An annual conversion rate is established by the Business Manager for conversion of naira-based accounts to US dollars.

ADOPTED MAY 23, 2006

**ACCOUNTING METHOD**

The School shall prepare accounts under the historical cost convention and use the accrual method of accounting.

ADOPTED MAY 23, 2006

## **INVENTORIES**

A centralized inventory control system will be maintained to ensure the proper accounting of all supplies and materials. Cyclic physical verification of inventory records shall be conducted on a regular basis and scheduled such that all major items will be covered within a given year.

The School records as expense the cost of the supplies and materials and does not maintain any value for stock in the accounts.

ADOPTED MAY 23, 2006  
(Replaces 1.807)

## **FIXED ASSETS**

A Fixed Assets Register is maintained by the Business Manager for the purpose of asset control. The Register shall list all assets of the school, including building (including major renovations and repairs), equipment and furnishing (ex: air conditioners, desks) which have a life span of at least three years but excluding incidental supplies, motor vehicles.

An independent count of fixed assets is conducted and reconciled against the accounting records on at least an annual basis.

Depreciation of assets shall be calculated from the month of acquisition with the following life:

- Building: over the life of the lease
- Equipment: 3 years
- Vehicles: 3 years

**TAXES**

The School shall take necessary actions to ensure compliance with relevant tax laws and regulations including the retention of competent and experienced tax consultants.

ADOPTED MAY 23, 2006

**AUDITS**

No later than the September Board meeting, the Business Manager will recommend a independent audit firm to conduct an annual financial audit. The Board will vote to approve the selected firm.

The annual audit will commence no later than the end of November. The audit findings will be presented to the Business Manager, Superintendent, Board President and Board Treasurer no later that the end of January. The audited Financial Statements and Audit Recommendations (along with Business Manager comments/replies) will be presented to the Board by the Superintendent and Business Manager no later than the February Board meeting.

The Board has the authority to engage an independent auditor to conduct a special audit at any time during the school year.

**RESERVE FUND**

The Superintendent shall manage the Budgets so that the balance of the unrestricted reserve fund shall not be less than is necessary to pay for the salaries and benefits (less the “overseas premium” and “cost of living” adjustments) of certificated staff for 180 calendar days after the school is closed, any minimal operating costs for the facility during the period of closure, and start-up costs following the closure. The amount required to pay the salaries and minimal facility expenses less the insurance proceeds will determine the unrestricted reserve fund balance minimum.

ADOPTED MAY 23, 2006

## **FUNDING**

The reserve account was built up over a period of 10+ years using the Building Assessment Fee (renamed Registration Fee in 2004/5) revenue. In 1997/8, this revenue was diverted to the Operating Budget as it was thought that no further major building projects would be required.

Since that time, regular funding of the reserve account has been limited to annual additions from interest income and exchange rate gains. In years which have ended with an operating budget surplus, this surplus is added to the reserve fund.

## USE AND RESPONSIBILITY

The intended use for reserve funds include:

- Uninsured expenses related to Force Majeur evacuation/closure
- Major building projects – land purchase, new construction, expansion, infrastructure improvements
- Unplanned and irreconcilable budget deficits

There may be occasion when the reserve funds are needed to cover critical and necessary, unbudgeted capital and/or operating expenditures during the school year. However, the Board discourages this practice in favor of developing sound and accurate projections during the annual budget preparation process.

In all cases, the Board must vote to authorize use of funds from the reserve account. In no case, may the Superintendent or Business Manager authorize expenditure of the reserve funds without prior Board approval.

The balance of the Reserve Fund must never be less than the minimum required to cover the uninsured expenses in the event of evacuation/school closure. (See Policy 7.150 on Force Majeur and Policy 10.130 Insurance).

## **INVESTMENTS**

### **I. PURPOSE**

The purpose of this policy is to set forth the investment objectives and parameters for the management of funds of the American International School of Lagos (AISL). These policies are designed to ensure the prudent management of funds, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.

### **II. SCOPE**

This investment policy applies to all cash and investments held or controlled by the School and shall be identified as "Pooled Funds" of the School with the exception of pension funds and funds related to the issuance of debt where there may be other existing policies or indentures in effect for such funds. Pooled funds shall include internal accounts of the school, including advance payments, operating surplus and reserve fund balances, as well as funds held in trust that elect, by mutual agreement, to have the School invest funds on their behalf.

### **III. INVESTMENT OBJECTIVES**

**Safety of Principal.** The foremost objective of this investment policy is the safety of the principal of those funds within the portfolios. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. All transactions shall be strictly limited to those stipulated in Section X.

From time to time, securities may be purchased at a premium or traded for other securities to improve yield, maturity or credit risk. For these transactions, a loss may be incurred for accounting purposes to achieve optimal investment return, provided any of the following occurs with respect to the replacement security:

- A. The yield has been increased, or
- B. The maturity has been reduced or lengthened, or
- C. The quality of the investment has been improved.

#### **Maintenance of Liquidity**

The second highest priority is liquidity of funds. The portfolios shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements in an orderly manner. Periodical cash flow analyses will be completed in order to ensure that the portfolios are positioned to provide sufficient liquidity.

#### **Return on Investment**

The third highest priority is investment income. Investment portfolios shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and

liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

## INVESTMENTS

### IV.DELEGATION OF AUTHORITY

In accordance with the School's administrative policies, the responsibility for providing oversight and direction in regard to the management of the investment program resides with the Board Treasurer, Superintendent, School Business Manager and as periodically established, the investment committee. The management responsibility for all School funds in the investment program and investment transactions is delegated to the Business Manager and Superintendent.. The School may employ an investment manager to assist in managing all or part of the School's portfolios. Such investment manager, if domiciled in the United States of America (USA), must be registered under the Investment Advisors Act of 1940. Proposed contracts between an investment manager and the school board shall be reviewed by the Board Treasurer, Superintendent and School Business Manager and/or investment committee as may be established, prior to submission to the school board for approval. Any such contract shall include a stipulation that the investment manager is designated as a fiduciary.

### V.STANDARDS OF PRUDENCE

The standard of prudence to be used by the Business Manager and Superintendent shall be the "prudent person" standard and shall be applied in the context of managing the overall investment program. The "prudent person" rule states the following: Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by the Business Manager and Superintendent is the "prudent person" standard, any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "prudent expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the contractor shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

### VI.ETHICS AND CONFLICTS OF INTEREST

School employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the School any material financial interests in financial institutions that conduct business with the district, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the district's investment program.

## VII.INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The Board Treasurer, Superintendent, School Business Manager, and as periodically established, the investment committee, shall establish a system of internal controls and operational procedures that are in writing and made a part of the School's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation, by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, bonding, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts and collateral/depository agreements. No person may engage in an investment transaction except as authorized under the terms of this policy. Independent auditors as a normal part of the annual financial audit to the School shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

## INVESTMENTS

### VIII.AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized School staff and investment advisors shall only purchase securities from financial institutions, which are qualified as public depositories, or institutions designated as "primary securities dealers" by a regional Federal Reserve Bank or in the case of Nigeria, the Central Bank of Nigeria (CBN). Qualified public depositories, if domiciled in the USA, may provide the services of a securities dealer through a Section 20 subsidiary of the financial institution or from direct issuers of commercial paper and bankers' acceptances. Qualified public institutions, if domiciled in Nigeria, may provide similar services in accordance with Nigerian law.

### IX.MATURITY AND LIQUIDITY REQUIREMENTS

#### **Operating Funds**

To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds and reserve funds shall have maturities of no longer than twenty-four (24) months.

#### **Capital Funds**

Investments of reserves, project funds, debt proceeds and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with applicable debt covenants, but in no event shall exceed five (5) years and the average duration of the funds as a whole may not exceed three (3) years.

### X.AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

Investments should be made subject to cash flow needs and such cash flows are subject to revisions as market conditions and the School's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, the Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may sell the investment at the then-prevailing market price and place the proceeds into the proper account.

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the School for US Dollar domiciles funds. The Board Treasurer, Superintendent, School Business Manager, and as periodically established, the investment committee, shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

## **INVESTMENTS**

### **A. United States Government Securities**

1. The Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the United States government. Such securities will include, but not be limited to the following:

Cash Management Bills

Treasury Securities - State and Local Government Series ("SLGS")

Treasury Bills

Treasury Notes

Treasury Bonds

Treasury Strips

2. Portfolio Composition

A maximum of one hundred percent (100%) of available funds may be invested in the United States government securities.

3. Maturity Limitations

The maximum length to maturity of any direct investment in the United States government securities is five (5) years from the date of purchase.

### **B. Commercial Paper**

1. the Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in commercial paper of any United States company that is rated, at the time of purchase, "Prime-1" by Moody's and "A-1" by Standard & Poor's (prime commercial paper).

2. Portfolio Composition

A maximum of thirty five percent (35%) of available funds may be directly invested in prime commercial paper.

3. Limits on Individual Issuers

A maximum of ten percent (10%) of available funds may be invested with any one issuer.

4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be one hundred eighty (180) days from the date of purchase.

## **C. Corporate Notes**

1. The Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States that have a long term debt rating, at the time of purchase, at a minimum "Aa" by Moody's and a minimum long term debt rating of "AA" by Standard & Poor's.

### **2. Portfolio Composition**

A maximum of fifteen percent (15%) of available funds may be directly invested in corporate notes.

### **3. Limits on Individual Issuers**

A maximum of five percent (5%) of available funds may be invested with any one issuer.

### **4. Maturity Limitations**

The maximum length to maturity for corporate notes shall be three (3) years from the date of purchase.

## **INVESTMENTS**

### **D. Bankers' Acceptances**

1. The Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, provided at the time of purchase, the short-term paper is rated, at a minimum, "P-1" by Moody's Investors Services and "A-1" Standard & Poor's.

### **2. Portfolio Composition**

A maximum of thirty five percent (35%) of available funds may be directly invested in bankers' acceptances

### **3. Limits on Individual Issuers**

A maximum of ten percent (10%) of available funds may be invested with any one (1) issuer.

### **4. Maturity Limitations**

The maximum length to maturity for bankers' acceptances shall be one hundred eighty (180) days from the date of purchase.

### **E. State and/or Local Government Taxable and/or Tax-Exempt Debt**

1. The Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in state and/or local government taxable and/or tax exempt debt, general obligation and/or revenue bonds, rated at least "Aa" by Moody's and "AA" by Standard & Poor's for long-term debt, or rated at least "MIG-1" by Moody's and "SP-1" by Standard & Poor's for short-term debt.

### **2. Portfolio Composition**

A maximum of twenty percent (20%) of available funds may be invested in taxable and tax-exempt debts.

### **3. Maturity Limitations**

A maximum length to maturity for an investment in any state or local government debt security is three (3) years from the date of purchase.

## **F. Registered Investment Companies (Money Market Mutual Funds)**

1. The Business Manager with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in shares in open-end, no-load funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with Title 17

Code of Federal Regulations. § 270.2a-7, which stipulates that money market funds must have an average weighted maturity of ninety (90) days or less. The prospectus of the funds will indicate that the share value shall not fluctuate.

### **2. Portfolio Composition**

A maximum of fifty percent (50%) of available funds may be invested in money market funds.

### **3. Limits of Individual Issuers**

A maximum of twenty five percent (25%) of available funds may be invested with any one (1) money market fund.

### **4. Rating Requirements**

The money market funds shall be rated "AAm" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency.

### **5. Due Diligence Requirements**

A thorough investigation of any money market fund is required prior to investing, and on a continual basis. A current prospectus must be obtained and be on hand at all times.

## **INVESTMENTS**

The following are the investment requirements and allocation limits on security types, issuers, and maturities as established by the School for Nigerian domiciled funds. The Board Treasurer, Superintendent, School Business Manager and, as periodically established, the investment committee, shall have the option to further restrict investment percentages from time to time based on market conditions, risk and diversification investment strategies. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment. Investments not listed in this policy are prohibited.

### **G.Nigerian Government Securities**

1.The Business Manager, with the concurrence of the Superintendent, and approval of approval of the Board Treasurer or designee, may invest in negotiable direct obligations, or obligations the principal and interest of which are unconditionally guaranteed by the Nigerian government. These would include, but not be limited to Treasury Bill Backed investments (TBBI), supported by a Central Bank of Nigeria (CBN) pledge of the investing institution.

### **2. Portfolio Composition**

A maximum of fifty percent (50%) of available funds may be invested in Nigerian government securities.

### 3. Maturity Limitations

The maximum length to maturity of any direct investment in the Nigerian government securities is five (5) years from the date of purchase.

## H. Bank & Money Market Instruments

1. The Business Manager, with the concurrence of the Superintendent, and approval of approval of the Board Treasurer or designee, may invest in bank deposits, negotiable certificates of deposit (NCDs), and in shares in open-end, no or low-load money market instruments, with a tenor ranging from call to 90 days. For collateralized funds, institutions with an “A” rating are considered. The School will rely on the ratings compiled by Agosto & Co., a leading Nigerian credit ratings company, or equivalent. Institutions considered for non-collateralized fund placement must have a minimum credit rating of “Aa”. Different financial institutions may be used, provided they meet the stipulated quality criteria.

2. A maximum of one hundred percent (100%) of available funds may be invested in bank deposits, negotiable certificates of deposit or money market instruments.

### 3. Limits of Individual Issuers

A maximum of twenty five percent (25%) of available funds may be invested with any one (1) money market instrument.

## I. Commercial Paper

1. The Business Manager, with the concurrence of the Superintendent, and approval of approval of the Board Treasurer or designee, may invest in commercial paper of the companies listed in Attachment A. Additions to, or deletions from, the list shall be reviewed and approved semi-annually by the Board Treasurer, Superintendent, School Business Manager and, as periodically established, the investment committee. In the event that the list has not been reviewed by the Business Manager by the expiry date listed in Attachment A, no further investments in Commercial Paper will be allowed until such review has been completed and approval of the Board Treasurer or designee has been secured.

### 2. Portfolio Composition

A maximum of thirty five percent (35%) of available funds may be directly invested in commercial paper.

### 3. Limits on Individual Issuers

A maximum of ten percent (10%) of available funds may be invested with any one issuer.

## INVESTMENTS

### 4. Maturity Limitations

The maximum length to maturity for prime commercial paper shall be ninety (90) days from the date of purchase.

### XI.PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolio's performance, the Business Manager will use performance benchmarks. The use of benchmarks will allow the School to measure its returns against other investors in the same markets.

### XII.REPORTING

The Business Manager shall provide timely transaction data as necessary to record and document investment activity. The Business Manager shall produce a monthly report including the listing of holdings in the portfolio at market value to the Superintendent, and as periodically established, the investment committee and other members of the Board and Administration as may be required. On a quarterly basis, the Business Manager shall provide the Superintendent and Board with investment reports.

Schedules in the quarterly report should include, but not be limited to the following:

- A.A listing of individual securities held at the end of the reporting period
- B.Percentage of available funds represented by each investment type
- C.Coupon, discount or earning rate
- D.Average life or duration and final maturity of all investments
- E.Par value and market value

On an annual basis, the Business Manager shall prepare and submit to the board a written report on all invested funds. The annual report shall provide, but is not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested the maturity date, income earned, the book value, the market value and the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis and will compare the results to comparable financial performance benchmarks.

### XIII. CHANGES TO INVESTMENT POLICY

This Policy will be reviewed annually to ensure its consistency with the objectives of income, growth and safety, and changes in applicable laws and financial trends. Any proposed amendments to the Investment Policy will require approval of the Board.

ADOPTED MAY 23, 2006  
REVISED 22 MAY 2007

## **Attachment A – Board Policy 10.300**

The Business Manager, with the concurrence of the Superintendent, and approval of the Board Treasurer or designee, may invest in Commercial Paper of the following companies as of 22 May 2007, for a period of approximately 6 months ending 30 November 2007, subject to the conditions stipulated in Section XI, Sub-Section I, Paragraphs 2-4.

CHEVRON NIGERIA LIMITED

ELF PETROLEUM NIGERIA LIMITED

MOBIL PRODUCING NIGERIA UNLIMITED

PROCTER AND GAMBLE NIGERIA LIMITED

SHELL PETROLEUM DEVELOPMENT COMPANY

TEXACO OVERSEAS PETROLEUM COMPANY OF NIGERIA

FLOUR MILLS OF NIGERIA PLC

NIGERIAN BREWERIES PLC

TRACTOR AND EQUIPMENT NIG LTD (Approval for GCP only)

SAIPEM CONTRACTING NIGERIA LIMITED

MTN NIGERIA COMMUNICATION

UNILEVER NIGERIA PLC

PANALPINA WORLD TRANSPORT NIGERIA LIMITED

GUINNESS NIGERIA PLC

NIGERIAN BOTTLING COMPANY

BETA GLASS

A.G. LEVENTIS PLC

TOTAL NIGERIA PLC

TEXACO NIGERIA PLC

SAIPEM NIGERIA LTD

NAMPAK CARTONS NIG LTD

NAMPAK PROPERTIES NIG LTD

SEVEN UP BOTTLING COMPANY

WEMPCO GROUP

## STUDENT FEES

The Board makes every effort to avoid tuition and/or fee increases or, if an increase is necessary, to keep the increase to a minimum. However, the Board reserves the right to raise the tuition and/or fee levels on an annual basis as program considerations and financial conditions require.

In addition to tuition, the school assesses the following fees:

Application Fee (applicable to all students)

Registration Fee (applicable to all students)

Special Assessment Fee (applicable only to Companies who have agreed to pay this fee for their sponsored students)

Tuition rates, Application and Registration Fee levels are set by the Board at the conclusion of developing the Operating Budget (see Policy 10.105). The rates for the coming school year are communicated to the community no later than the end of April of the previous school year.

Special Assessment Fee level is set by the Board at the conclusion of developing the Capital Budget (see Policy 10.106). The rate for the coming school year is communicated to the community no later than the end of May of the previous school year.

All fees including tuition are denominated in US dollars.

## TUITION

There are different tuition rates depending on the grade that the child is enrolled. The rate structure is:

- Pre-Kindergarten
- Elementary (K-5)
- Middle School (6-8)
- High School (9-12)

### Tuition Payment Terms and Deadlines

1. Tuition payments may be made in US dollar cash, US dollar checks, wire transfer to the School's US bank, or direct deposit to the School's domiciliary accounts. Any fees incurred by the School on transfers and checks drawn on non-US banks will be charged to the payer. Payment in Naira is accepted for "private-pay" individuals at a conversion rate equal to the current Bureau de Change rate. The school will establish the conversion rate at the time of payment.
2. For returning students (those who have indicated on the Survey of Intent that they are returning), tuition and fee bills are prepared by the Business Office and sent to the designated party responsible no later than the first working day of May, with payment due no later than June 1<sup>st</sup>.
3. For pre-enrolled new students, tuition and fee bills are prepared by the Business Office upon notification by the Admissions Office of the students' acceptance and sent to the designated party responsible. Payment is due no later than 2 weeks after the billing date.
4. All pre-enrolled students are billed for the full year's tuition on the initial bill.
5. For those students whose tuition is paid by their parents' employer/company, the full payment (100% of the tuition and other relevant fees) is payable by the due date.
6. For those students whose tuition is paid by parents ("private-pay"), as indicated on the enrollment form, the tuition may be paid by term: 1/3 of full year tuition in 3 installments for Pre-K through Grade 5; ½ of full year tuition in 2 installments for Middle School and High School. The payment deadline for the 1<sup>st</sup> term tuition installment (plus full payment of other relevant fees) does not change (as outlined above in paragraph 1 and 2). Subsequent term payments

will be due no later than 14 days before the start of the next term. A letter outlining the 2<sup>nd</sup> and/or 3<sup>rd</sup> term payment due dates will accompany the initial fee bill. Parents electing this payment option must sign and return a copy of the letter with the 1<sup>st</sup> term installment. The Business Office will send a notice for the 2<sup>nd</sup> and/or 3<sup>rd</sup> term payments one month prior to the start of the next term.

7. For any student enrolling after the beginning of the first term, tuition will be billed for all terms in which the student will attend in that school year. All relevant fees and tuition (either in full or for the initial term based on the provision above) will be due immediately and must be paid prior to the student being allowed to attend School.

8. Tuition is not pro-rated for partial attendance during a term. Attendance for one day of the term requires full payment for that term. Students starting after the beginning of any term and/or students leaving before the end of the any term will pay the full-term tuition.

9. Payment schedules for the US Embassy and Companies paying the Special Assessment fee may differ from those outlined above due to the authorization process and bill-paying cycle for these organizations.

10. Any request for a special exception regarding tuition payments should be submitted in writing to the Business Manager and the Superintendent. If the Superintendent recommends for the exception, he/she will bring the recommendation to the Board of Directors. The Board of Directors will consider and vote on the request.

ADOPTED MAY 23, 2006

REVISED MAY 22, 2008

REVISED MAY 26, 2009

## **LATE PAYMENT**

Failure to pay tuition billed by the due date will result in the assessment of a late penalty fee of 10% of the total fee bill. This fee will be assessed retroactively for any returned checks.

Failure to pay fees prior to the beginning of any term will result in the student being denied a place in the school until fees are paid. When a 2<sup>nd</sup> and/or 3<sup>rd</sup> term tuition payment is not paid, the previous term report card for the student(s) will not be released until payment is made. The School reserves the right to offer this place to another prospective student one week before the start of the term.

## **TUITION REFUNDS**

Tuition may be refunded if the student does not attend school during a term or terms in the school year for which tuition has been pre-paid.

If a student attends a minimum of one school day of a term, tuition for that full term is not refundable. The tuition refund is not pro-rated within a term.

Written notification of the withdrawal of a student for whom tuition has been prepaid must be given no later than 2 weeks before the beginning of the term. Failure to provide this notification will result in the forfeiture of the tuition refund for this term.

The parent and/or sponsoring company is responsible for requesting the tuition refund for any student who has withdrawn from the School.

Requests for tuition refund must be made no later than two months after the beginning of the term(s) for which the refund is applicable. Refund requests received after two months will not be considered.

Student tuition payments are non-transferable except to students within the same Organization or Company. Sponsoring employers/companies may assign the unused tuition (available for refund) to other students being sponsored by that company within the same school year. Carry-over of unused tuition to the next school year is not permitted.

**OTHER STUDENT FEES: APPLICATION FEE**

This is a non-refundable fee that must accompany the Application for Admission for each prospective new student. This is a non-recurring fee. However, if a former student re-enrolls in the School, a new application is required and the fee will be charged again unless the re-enrollment occurs within the same school year.

**REGISTRATION FEE**

This is a non-refundable fee that is charged in the first year that the student is enrolled in the School. Full payment is due with the first tuition payment. This fee is charged per student, not per family. This is a non-recurring fee.

ADOPTED MAY 23, 2006

**SPECIAL ASSESSMENT FEE**

The School assesses this fee to certain Companies who sponsor large numbers of students in the school. The fee is assessed annually for each student enrolled. The full fee is charged for students who enroll at any time during the school year. The fee structure is different for US-based companies and non-US based companies, as well as for students who are US citizens and those who are non-US citizens. The fee is non-refundable.

By accepting this fee payment, the School guarantees a place in the school at any time during the school year to students who have met the admission requirements from these sponsoring companies.

Policy  
10.407

CAPITAL LEVY FEE

WRITE NEW POLICY

Policy  
10.500

## **MISCELLANEOUS INCOME AND FEES**

Policy  
10.501

### **SPECIAL FEES**

In addition to regular tuition fees, application fees, and registration fees charged to each student as described in Policy 10.400 Student Fees, special fees may be charged for certain programs and activities. These fees may include but are not limited to:

- Band equipment rental
- Library fines
- Yearbook and Year-end dvd
- Individual and class photographs
- After-school activities
- Field Trips
- International Trips

Fees will be set by the appropriate faculty and/or administrator and approved by the Superintendent.

Fees collected may be used to directly offset the cost of the activity (i.e. payments to after-school activity instructors, field trips), may be directed to the PTO Budget, or may be directed to the Annual Operating Budget, as appropriate.

ADOPTED MAY 23, 2006

**GRANT AND DONATION INCOME**

The School accepts funds from governmental, foundation and private sources, as long as any conditions or requirements connected to such funding does not compromise the School's objectives and/or policies. Except for regular US State Department grants, the School Board must approve the conditions and requirements connected with the grant or donation prior to acceptance of the funds.

## **FUNDRAISING**

Fundraising may be undertaken by a variety of groups within the School.

All student and/or staff-based fundraising activities must have a clearly stated goal either to benefit a specific school activity, department or external group or organization. All such fund-raising activities must have the prior approval of the Superintendent.

The Parent-Teacher Organization may seek to raise funds through its activities. All internal fundraising done by the PTO must be approved in advance by the Superintendent. Any external fundraising must be approved in advance by the School Board. Collection, accounting and disbursement of these funds will be handled by the PTO. Funds may be deposited in the School's bank accounts.

The School Board may seek funding for special capital projects and expenditures from appropriate governmental agencies, foundations, business and private sources. In all cases, the School Board must approve in advance any external fund-raising program or the individual solicitation of funds for these projects. The Board may authorize the Superintendent, selected administration/faculty, and/or members of the School community to represent the School with a given fundraising effort. In addition, the Board may elect to hire on a temporary basis, a person responsible for leading a specific fundraising program.

Policy  
10.700

**CASH MANAGEMENT/TREASURY**

(Replaces 1.806, 1.810, 1.811, 1.812, 1.816 & 1.505)

10.701

**DEPOSITORY OF FUNDS**

Designated banks will serve as official depositories for school funds. The Business Manager and Superintendent are responsible for recommending banks in Nigeria and the US which serve the best needs of the School. All designated banks must be FDIC- insured or the federal equivalent in Nigeria.

Any change in depository designation requires prior Board approval, including: establishing a depository account in a new institution, opening of a new depository account with a previously designated institution, and the closing of any account.

For operating funds, the School maintains: Naira-denominated account(s) at Nigeria International Bank (Citibank Group), Zenith Bank and Diamond Bank; US dollar-denominated account(s) at Nigeria International Bank (Citibank Group) and Zenith Bank; and US dollar-denominated account(s) at Rainier Pacific (Tacoma, WA).

The School will also maintain investment account(s) to invest Reserve Funds and/or any revenue not immediately needed for the operation of the School. Presently, investment accounts are held at Rainier Pacific (Tacoma, WA) and Piper-Jaffray (US).

All monies belonging to the School shall be deposited in the name of and to the credit of the School in such depositories.

ADOPTED MAY 23, 2006  
(Replaces 1.806)

**TRANSFER OF FUNDS**

Transfers may be made from the School's investment account into the US dollar denominated accounts with Rainier Pacific or vice-versa depending on the level of our reserves. Similarly transfers may be made from the School's US dollar denominated account(s) to the US Dollar Domiciliary account(s) held in Nigeria to facilitate the exchange of dollars into Naira to cover our local Naira Operating and Capital Expenditures (see Policy 10.709 Foreign Currency Conversion).

Authorization for transfer of funds follows the same conditions as defined in Policy 10.703 Resolution Regarding Authorized Signatories.

## **RESOLUTION REGARDING AUTHORIZED SIGNATORIES**

The Resolution below constitutes the official School policy regarding Authorized Signatories and authorization limits. Any change in the signatory responsibilities and/or authorization limits requires prior Board approval.

Prior to the end of the school year, the specific individuals in the Administration and on the School Board who will be vested with signatory authority (according to their position in the coming school year) will be identified on an Addendum to this Resolution. The current year designation supercedes any prior year designation. The Business Manager will be responsible to ensure that the appropriate signature cards are completed and returned to the Banks on a timely manner.

### **Resolution of Board of Directors of American International School of Lagos Regarding Bank Signatories**

*Resolved first, that the transactions from the accounts held in Nigeria will have the AISL Superintendent, or other authorized AISL Administrator (“designee”) as the authorized signatory. Except for previously approved salary payments, any transaction being over Naira equivalent of US\$3,000 will require a second signatory by the Board Treasurer, or other authorized Board Officer.*

*Resolved secondly, that transactions from the Primary Checking account held with Rainier Pacific (Tacoma) will have any two signatures of the following designation: Superintendent, Assistant Superintendent or Business Manager. Except for previously approved salary payments (and other approved recurring expenses), any transaction being over \$5,000 will require a third signatory by the Board Treasurer, or other authorized Board Officer. It is noted that communication with Rainier Pacific regarding authorization for all transactions from this account will be the sole responsibility of the AISL Business Manager and/or the AISL Superintendent, or other authorized AISL Administrator (“designee”).*

*Resolved thirdly, that transactions from the Secondary Checking account held with Rainier Pacific (Tacoma) will have the AISL Liaison Secretary or TPS/AISL Liaison as the authorized signatory. Individual transactions from this account should not exceed \$1,000 and the total account balance should not exceed \$10,000.*

*Resolved fourthly, that the Addendum to this Resolution shows the current valid signatories (Name, Title, and Signature) for all positions defined above. At any time during the year that a signatory vacates a position, the signatory of said person is immediately withdrawn as signatory and the new person holding the position will be added as signatory. The Addendum will be dated and will be revised each School Year and the current year Addendum supersedes any previous Addendum.*

ADOPTED MAY 23, 2006  
(Replaces 1.810, 1.811 & 1.505)

**BANK RECONCILIATION**

The Business Manager is responsible for reconciling all bank accounts each month, no later than 2 weeks after the end of each month. Any discrepancy must be immediately reported to the Superintendent and School Board Treasurer.

ADOPTED MAY 23, 2006

**BORROWING AUTHORITY**

The School Board has sole authority to authorize any loans taken out on behalf of the School.

ADOPTED MAY 23, 2006

**CREDIT CARD**

The School Board authorizes the following persons to hold debit and/or credit cards in the School's name: the AISL/Tacoma Liaison and/or Secretary, and the AISL Superintendent. The limit for the School's account will be no higher than \$10,000.

The debit/credit card can be used for expenses which are in line with previously approved budgetary allocations. Individual charges should not exceed \$1,000. Supporting receipts, along with completion of the required paperwork, must be submitted to the Business Office for all charges.

ADOPTED MAY 23, 2006

## CASH OF SCHOOL PREMISES

The School accepts cash payments for fees and activities. Written receipts are provided for all cash payments. Strict controls are maintained regarding cash-on hand (see Accounting Manual).

Naira cash receipts for school fees will be lodged into the appropriate depository account (as designated by the Business Manager) when the accumulated balance reaches N350,000 or at the end of the month (regardless of balance). Naira cash receipts for auxiliary organizations (PTO, Boy Scouts) will not be accepted. It is the objective of the School to keep Naira cash on hand to a minimum.

US dollar cash receipts will be held in the school safe rather than lodged into a US denominated depository account due to high exchange rate fees charged by banks as well as the risk of movement of large amounts of US dollar cash. The cash on-hand is reconciled each week at a minimum. This cash is used to pay a percentage of the dollar based salaries in cash in order to facilitate access to personal funds as well as to pay summer travel allowance for overseas hired staff.

Access to the safe requires the presence of keys held by 2 individuals who are designated by the Business Manager, with approval by the Superintendent. At no time, should any single individual be allowed custody of the 2 safe keys or to be given sole access to the safe.

## PETTY CASH

The School recognizes the need to make immediate payments for incidental purchases from the Petty Cash fund. The Petty Cash float is presently set at N350,000 and the expense limit/transaction is N25,000. Strict controls are maintained regarding the petty cash fund (see Accounting Manual).

The Business Manager has the authority to authorize petty cash disbursements. All expenditures should be itemized and recorded. Receipts are required for all expenditures.

ADOPTED MAY 23, 2006  
(Replaces 1.812)

**FOREIGN CURRENCY CONVERSION**

The Business Manager is responsible for maintaining adequate Naira Bank Balances to cover the local expenditures of the school. One source of Naira would be student fees paid in local currency as defined in Policy 10.401 Tuition. In addition, funds from the School's US Dollar Domiciliary accounts are converted at a rate agreed upon with the bank. In order to obtain a more favorable conversion rate for the School, the Business Manager is given the authority to convert US dollars with a reputable Bureau de Change (using excess US dollar cash) and/or an approved local Business Partner (wire transfer only). In no case, is the Business Manager authorized to exchange US dollar cash with a local Business Partner without prior approval of the School Board.

ADOPTED MAY 23, 2006

**FIDELITY GUARANTEE**

The School carries a blanket fidelity bond which covers the School "...on the loss of money or securities or property which the School might sustain through any fraudulent or dishonest acts in collusion with others by any of the School staff."

ADOPTED MAY 23, 2006  
(Replaces 1.806)

**EXPENDITURES/DISBURSEMENT**

The Annual Operating and Capital Budgets, as approved by the School Board, serve as the controlled spending plan for the school year. The Business Manager and the Superintendent are authorized to make expenditures and commitments on behalf of the School in accordance with the approved Budget. Any expenditure which is not included in the approved budget or exceeds the budgeted amount must first receive approval of the School Board. As necessary, the School Board may authorize expenditures not included in the original Budgets.

ADOPTED MAY 23, 2006  
(Replaces 1.813)

## SALARIES

The Board recognizes that salary expense is the largest routine financial obligation of the School.

No later than the end of September, the Business Manager will review all salary schedules for the school year with the Superintendent, Board Treasurer and Board President. At this time, the Board Treasurer and Board President will approve the salary payments; this approval constitutes signatory authority for salary disbursements for the school year. After Board approval, any variance from these schedules which results in higher salary costs (including step changes) must be reported to the Superintendent and to the Board Treasurer for approval prior to the salary disbursement. The Board Treasurer (or “designee”) has the authority to review the salary disbursements on a random basis at any time during the year.

It is the responsibility of the Business Manager to ensure that all salaries are prepared in compliance with Nigeria regulations, generally accepted accounting principles, School policy and the Personal Service Agreement for each employee.

## **EXPENSE REIMBURSEMENTS**

School Personnel and Board members who incur expenses while carrying out their authorized duties will be reimbursed for those expenses which are part of the approved Budget. Expenses which are not part of the approved budget or exceed the budgeted amount require the prior approval of the School Board. Personal expenditure made which do not meet these requirements may not be reimbursed.

Supporting receipts, along with completion of the required paperwork, must be submitted for all expense reimbursements.

No individual may approve any expenditure of which they are the beneficiary, included expense reimbursements. Reimbursable expenses incurred by the Superintendent and/or Board member as part of approved travel will be approved by the School Board Treasurer or School Board President.

**APPROVAL OF BILLS**

All invoices paid by the School will be reconciled to the requisition, purchase orders and/or contract that were approved prior to their payment. It is the responsibility of the Business Manager to report any discrepancy to the Superintendent.

ADOPTED MAY 23, 2006

## **PURCHASING**

The Business Manager and the Superintendent are authorized to direct the purchase of instructional materials/supplies, equipment and parts, services and products within the limits of the current budget. Any purchase which is not included in the approved budget or exceeds the budgeted amount must first receive approval of the School Board. As necessary, the School Board may authorize purchases not included in the original Budgets.

In all cases, it is the intention of the School Board that the purchasing and vendor selection process be transparent, free of favoritism and seeking the best quality/cost outcome for the School.

ADOPTED MAY 23, 2006  
(Replaces 1.814 & 1.815)

## **REQUISITIONING**

Requisitions for budgeted items shall originate from the personnel directly responsible for their use. The Superintendent or designee is responsible for reviewing and approving all requisitions (except for Petty Cash requisitions) to ensure that they are in line with the objectives of the school program and budget. Once approved, a purchase order will be established.

ADOPTED MAY 23, 2006  
(Replaces 1.814)

## VENDOR RELATIONS

The Business Manager in conjunction with the Administrator responsible for Facilities Management is responsible for maintaining the School's Approved Vendor list. The purpose of the list is to identify competent and reputable vendors/supplier who provide products and/or services regularly required by the School

In no case, shall an employee of the School and/or a School Board member take gifts with any real value, including free or subsidized products or services, or accept a commission, from any vendor or supplier. The acceptance of such a gift will result in immediate termination of the employee. Any offer of such a gift must be reported immediately to the Superintendent. This restriction does not include the acceptance of token gifts given during the holiday period.

## **BID AND QUOTATION PROCESS**

Any purchase/procurement for the ongoing provision of service or products and/or any agreement/contract related to specific capital expenditure/project which exceeds \$5,000 must be subject to a bid and quotation process. This process can only be waived with prior approval of the Board (i.e. if there is a sole source provider).

The Superintendent is responsible for appointing an Administrator to work with the Business Manager, in order to establish the product/service specifications, bid list and evaluation guidelines. In all cases, more than one member of the Administration will be involved in developing and conducting the bid and quotation process. The Superintendent will be responsible for approving the selection. In cases where the purchase/contract will exceed \$10,000, a Board member will be appointed to work with the administrative team and, together with the Superintendent, will recommend the preferred contractor/vendor/supplier to the Board for approval.

Although it is preferable, it is not necessary that the contractors who are identified for the bid list to be on the School's approved Vendor list. Persons with children enrolled in the school can be included in the Vendor list and/or may be included on the bid list for a particular purchase/project. Vendors who have personal or professional relationships with any employee of the School or member of the School Board are eligible for consideration but this disclosure must be made during the bid solicitation process. When the relationship is with a Board member, this member must excuse him/herself from any discussion and/or voting related to the selection decision.

**DELIVERIES**

As part of maintaining an accurate controls system, the Business Office is required to reconcile all goods received against the original purchase order, the packing slip and the invoice. Goods received in the US should be checked prior to shipment to Nigeria. It is the responsibility of the Business Manager to resolve discrepancies prior to disbursement.

ADOPTED MAY 23, 2006  
(Replaces 1.814)

DISPOSAL OF SCHOOL PROPERTY

RESPONSIBILITY

1

0.111

The Business Manager and Superintendent are responsible for reporting all property/assets being considered for disposal to the Board on a regular (no less than annual) basis.

The disposal of real property of the School requires the prior approval of the School Board. The Board must determine that the property is no longer required to accomplish the objectives of the School as the first criterion for approving the sale. Real property and capitalized equipment must be removed from the School's inventory prior to being considered for disposal. Proceeds from the sale of real property will be treated as Capital income in the year of the sale.

The disposal of surplus or obsolete equipment (capital and non-capital), materials and supplies which are no longer required by the School requires the approval of the Superintendent. The disposal of items with an estimated fair market value exceeding \$1,000 requires prior Board approval. The same or similar items for disposal may be grouped together in a sale "lot". Proceeds from the sale of equipment, materials and supplies will be treated as Operating income in the year of the sale.

ADOPTED MAY 23, 2006

## SALE PROCESS

All sales of items to be disposed must be advertised publicly.

Items with an estimated fair market value less than \$1,000 can be advertised internally (by bulletin board posting). It is the responsibility of the Superintendent to determine if a closed bid system should be used in order to obtain the most advantageous price for the School. If a closed bid system is not used, it is understood that the value set for the items will be assessed at competitive market levels.

If the item(s) has an estimated fair market value exceeding \$1,000, the item(s) approved for sale will be advertised in at least one newspaper of general circulation and sold to the highest bidder using a closed bid system.

The Superintendent is responsible for overseeing the bid process. For property/assets with values than \$5,000 a Board member should be appointed to work with the Superintendent and, together, will report the results of the bidding process to the Board for approval prior to the bid acceptance.

The School shall reserve the right to reject all bids.

In all cases of disposal, the most advantageous price for the School will be sought.

**ACCOUNTING**

The School Board recognizes that sound accounting practices and systems are essential to ensuring the financial health of the School. At all times, it is an expectation of the Board that the Business Office, under the supervision of the Business Manager and Superintendent, follows the generally accepted accounting principles for a non-profit educational institution operating in Nigeria.

ADOPTED MAY 23, 2006  
(Replaces 1.803, 1.807 & 1.808)

**FISCAL YEAR (CURRENTLY IN POLICY 1.8)**

The fiscal year of the School will begin on August 1 each year to the following July 31<sup>st</sup>. The budgets and all financial reports, including the audited financial statements will be prepared using this fiscal year calendar.

**DENOMINATION**

Accounting transactions are recorded in the ledgers in both US dollar and Nigerian Naira amounts. Audited financial reports are prepared in Nigerian Naira while Budgets and Management reports are prepared in US dollars. An annual conversion rate is established by the Business Manager for conversion of naira-based accounts to US dollars.

ADOPTED MAY 23, 2006

**ACCOUNTING METHOD**

The School shall prepare accounts under the historical cost convention and use the accrual method of accounting.

ADOPTED MAY 23, 2006

**INVENTORIES**

A centralized inventory control system will be maintained to ensure the proper accounting of all supplies and materials. Cyclic physical verification of inventory records shall be conducted on a regular basis and scheduled such that all major items will be covered within a given year.

The School records as expense the cost of the supplies and materials and does not maintain any value for stock in the accounts.

## FIXED ASSETS

A Fixed Assets Register is maintained by the Business Manager for the purpose of asset control. The Register shall list all assets of the school, including building (including major renovations and repairs), equipment and furnishing (ex: air conditioners, desks) which have a life span of at least three years but excluding incidental supplies, motor vehicles.

An independent count of fixed assets is conducted and reconciled against the accounting records on at least an annual basis.

Depreciation of assets shall be calculated from the month of acquisition with the following life:

- Building: over the life of the lease
- Equipment: 3 years
- Vehicles: 3 years

**TAXES**

The School shall take necessary actions to ensure compliance with relevant tax laws and regulations including the retention of competent and experienced tax consultants.

ADOPTED MAY 23, 2006

**AUDITS**

No later than the September Board meeting, the Business Manager will recommend a independent audit firm to conduct an annual financial audit. The Board will vote to approve the selected firm.

The annual audit will commence no later than the end of November. The audit findings will be presented to the Business Manager, Superintendent, Board President and Board Treasurer no later that the end of January. The audited Financial Statements and Audit Recommendations (along with Business Manager comments/replies) will be presented to the Board by the Superintendent and Business Manager no later than the February Board meeting.

The Board has the authority to engage an independent auditor to conduct a special audit at any time during the school year.

ADOPTED MAY 23, 2006  
(Replaces 1.809)