

# **HX CHINESE SCHOOL AT PLAINSBORO**

## **FINANCIAL REGULATIONS**

April 2014

### ***CONTENTS***

- 1. Purposes**
- 2. General Rules**
- 3. Funding**
- 4. Funds**
- 5. Budget**
- 6. Income and receipts**
- 7. Disbursements**
- 8. Banking and checking**
- 9. Fixed assets management**
- 10. Loan**
- 11. Bookkeeping and reporting**
- 12. The Accountant**
- 13. Financial audits**
- 14. Implementation**

## **1 Purposes**

- 1.1 Under The Bylaws of *HX Chinese School at Plainsboro* (the “Bylaws”), the *HX Chinese School at Plainsboro Financial Regulations* (the “Regulations”) are set forth to establish general rules, control policies, administrative procedures, and accountabilities of financial matters of the HX Chinese School at Plainsboro (the “School”).

## **2 General Rules**

- 2.1 The School’s funds and other assets shall only and all be used to serve the School under the objectives defined in the Bylaws.
- 2.2 The School management’s decisions on financial matters shall be made in the best interests of the School as a whole.
- 2.3 The School’s financial operation shall be transparent to its members.
- 2.4 The Principal has the full responsibility to manage the School’s financial activities in accordance with the Bylaws and the Regulations.
- 2.5 The Principal is responsible to implement control policies and administrative procedures provided in the Regulations
- 2.6 The Board of Trustees (the “Board”) shall approve plans and actions on the School’s major and important financial matters.
- 2.7 The Board has the responsibility to enforce and attest the compliance of the Regulations.
- 2.8 The Board may make decisions on financial matters that are not explicitly covered by the Regulations.
- 2.9 Functions of authorization and review, cash receipts and disbursements, and record-keeping shall be segregated from each other. No overlapping of these functions is allowed in job assignment within the school administration.

## **3 Funding**

- 3.1 Sources of funding to the School’s operation include, but not limited to, tuition, membership dues, donations, surplus from the School’s auxiliary activities and any money raised through any fund-raising activities by the School.
- 3.2 Tuition rates shall be proposed by the Principal and approved by the Board.

- 3.3 The School accepts donations or private grants that are not conditioned by any political, religious, or other requirements that are contradictory to the School's general objectives and well-being.
- 3.4 All auxiliary activities shall not be conducted for profit-seeking purposes.
  - 3.4.1 Auxiliary activities include any cultural, social, and non-curriculum activities organized, conducted, or participated by the School.
- 3.5 The Principal shall assume the lead to organize any fund raising activities. All fund raising activities should be pre-approved by the Board.

## **4 Funds**

- 4.1 All funding shall be categorized as Current Fund, Reserved Fund, Auxiliary Fund, and Special Fund.

### **4.2 Current Fund**

- 4.2.1 Current Fund is the amount of funding appropriated for the budgeted expenditures of current school year operation, members' activities, and other expenditures under Special Fund and Reserved Fund approved by the Committee.
- 4.2.2 Sources of the Current Fund include
  - 4.2.2.1 All tuition and dues collected for the current school year and the amount of funding from Reserved Fund appropriated for current school year operation.
  - 4.2.2.2 Funding appropriated from Auxiliary Fund for current school year general members' activities.
  - 4.2.2.3 Funding appropriated from Special Fund or Reserved Fund for expenditures proposed by the Principal and approved by the Board for current school year special expenditures.
  - 4.2.2.4 Donation or grants received and approved by the Board for current school year spending.
  - 4.2.2.5 Interest income generated from bank deposits approved by the Board for current school year spending.
- 4.2.3 Budgeted spending of Auxiliary Fund, Reserved Fund, and Special Fund shall be appropriated and transferred to Current Fund before expending.
- 4.2.4 The balance of the Current Fund, after closing the book of the school year, shall be transferred to
  - 4.2.4.1 Reserve Fund for the balance from school operation,
  - 4.2.4.2 Auxiliary Fund for the balance from members' activities, or
  - 4.2.4.3 Special Fund for the balance from special expenditures.

### **4.3 Reserved Fund**

- 4.3.1 Reserved Fund is established to supplement insufficient tuition and dues funding to the School operation and any special non-budgeted spending approved by the Board.
- 4.3.2 Reserved Fund is funded by surplus from previous years' Current Funds and any unexpended general donations and grants whose usages are not restricted by donors or grantors.
- 4.3.3 Spending and Appropriation of Reserved Fund shall be proposed by the Principal and approved by the Board.
- 4.3.4 The Reserved Fund shall in no case be allowed to be used for any commercial or business investment.
- 4.3.5 The Reserved Fund shall be saved in bank deposits with least financial risk.

#### **4.4 Auxiliary Fund**

- 4.4.1 Auxiliary Fund includes surplus or residual money of the fund pooled (other than the amount of fund appropriated for the current school year operation) for special school events or general members' activities (event ticket sales).
- 4.4.2 Auxiliary Fund is established to subsidize the general members' activities.
- 4.4.3 Appropriation of Auxiliary Fund should be reported to the Board.

#### **4.5 Special (or Restricted) Fund**

- 4.5.1 Special Fund includes donations and grants for activities, project, assets expenditure specified by donors or grantors.
- 4.5.2 Spending of the Special Fund shall be in conforming to the donor's request, but not to the donor's personal benefit.
- 4.5.3 Disbursement of the Special Fund shall be directed by special resolutions of the Board.

#### **4.6 Transfer between Funds**

- 4.6.1 Unless otherwise specified by the Regulations, Funds and fund surplus within each category cannot be diverted into a different category without approval from the Board.

## **5 Budget**

- 5.1 Budget proposal, approval, rejection, and revision shall be conducted under the guidance of the Bylaws.
- 5.2 Tuition collection is conducted annually. It can be collected semi-annually if deemed appropriate and necessary by the Principal.
- 5.3 Budget should include estimated tuition and dues income, proposed appropriation of other Funds for the current year (or semester), projected payroll and stipend expenses, rental and facility expenses, general

members' activity expenses, proposed equipment purchases, other estimated administrative expenditures, and estimated curriculum and non-curriculum activity expenditures.

- 5.4 Compensation rates and fixed stipend shall be reviewed and adjusted periodically by the Principal, with approval of the Board.
- 5.5 An amount of the Current Fund not less than \$1,000 should be set aside for each semester as a contingency reserve for unexpected fluctuation of expenditures.
- 5.6 Total expenditures shall not exceed the total amount of funds available for the budget period unless approved by the Board with a two-thirds (2/3) or more majority "yes" vote.
- 5.7 Explanation and justification shall be presented in the budget with any proposed major purchase of equipment or assets.
- 5.8 Explanation and justification shall be presented in the budget with any significant increase of pay rates.
- 5.9 The Principal may propose budget amendment if key operating factors change significantly beyond the control of the school administration. Any such significant changes in budget shall require approval from the Board with a two-thirds (2/3) or more majority "yes" vote.
- 5.9.1 Procedures for amending budget shall follow the regular budgeting procedures.

## **6 Income and receipts**

- 6.1 All tuition and other fees or deposit payments are due at the time of registration.
  - 6.1.1 Delinquency or default in payment may cause suspension or termination of membership.
- 6.2 Tuition shall be collected only by Cashier.
- 6.3 Tuition received or refunded shall be logged into the student registration file (i.e. student enrollment for the year or semester) by the Cashier.
- 6.4 Total tuition and fee income shall be reconciled to the total students admitted for the year or the semester by the Registrar and the Accountant.
- 6.5 Collected tuition checks shall be deposited by the cashier within two weeks.
- 6.6 A copy of bank deposit slip for the tuition and fees deposits shall be handed over to the Accountant to retain for record.
- 6.7 Subsections 6.1 through 6.6 also apply to collection of all other fees and deposits (e.g. membership fee, parents on duty deposits, etc.)

- 6.8 Any contributions or donations to the School shall be recorded by the Accountant in the book and deposited by the Cashier before its disbursement.
- 6.9 The Accountant shall provide valid receipts or letters of acknowledgement to donors or grantors.
- 6.10 All large auxiliary activities (such as Chinese New Year Celebration Performance and scholarships) need dedicated personnel to maintain a separate information sheet to record detailed cash receipts, and disbursements. For those who donate \$250 or more, the names and addresses of donors shall be obtained.
- 6.11 All cash receipts and disbursement records with residual funds from auxiliary activities shall be submitted to Accountant for bank deposit and bookkeeping.
- 6.12 School shall maintain donor information record including donor's name, address, donation date, donation description, and donor's restricted purpose where applicable.
- 6.13 Tuition refund shall be approved by the Registrar.
  - 6.13.1 In case the student applying for refund is a family member or relatives of the Registrar, the review and approval procedures shall be conducted by the Principal or Vice Principal.

## 7 Disbursements

- 7.1 The Principal has the overall responsibility and authority
  - 7.1.1 to execute the budget,
  - 7.1.2 to authorize spending, and
  - 7.1.3 to ensure that spending is within the budget.
- 7.2 The Principal may approve non-budgeted spending during the school year for **an amount not to exceed five hundred dollars (\$500)** for any single item and a total not to exceed three thousand dollars (\$3000) for the entire school year,
  - 7.2.1 such spending can be covered by the funds available for the current budget period, and
  - 7.2.2 such spending can be justified by reasonable school operation needs.
- 7.3 Payroll and compensation expenses shall not exceed the budgeted amount without approval of the Board.
  - 7.3.1 Compensation related to the services that are performed under the School's detailed instruction and supervision shall report to taxing authority with W-2 form.

- 7.3.2 Compensation for independent contractual service shall report to taxing authority with 1099 form.
- 7.4 The Principal has the responsibility to control expenditures of general members' activities within the scope of appropriated fund in the budget.
- 7.5 Authorization of disbursement and reimbursement procedures
  - 7.5.1 All non-routine disbursement shall be pre-approved by the Principal or Vice Principal.
    - 7.5.1.1 Non-routine disbursements are expenses other than routine disbursements that include pre-determined stipend to school administrative personnel, wages to teachers, rents for school facilities, and other fixed, determinable and periodical payments for the school ordinary operation.
  - 7.5.2 Non-routine disbursement shall be generally handled on a reimbursement basis.
  - 7.5.3 It is the responsibility of the approving person (i.e. the Principal, or his/her designees) to check the availability of the fund before he/she approves any purchases or disbursement.
  - 7.5.4 The Accountant shall not issue a reimbursement payment unless the reimbursement voucher is completed as follows:
    - 7.5.4.1 The purpose of the purchase is provided.
    - 7.5.4.2 The applicant's name is indicated in the voucher; the date of spending is indicated in the voucher.
    - 7.5.4.3 The reimbursement application is reviewed and signed by the Principal or Vice Principal. The original receipt is attached.
    - 7.5.4.4 The reimbursement amount is indicated.
    - 7.5.4.5 The applicant signs the voucher when he or she receives the payment.
  - 7.5.5 The Accountant shall review and sign off the voucher with the date of disbursement before issuing the reimbursement payment.
  - 7.5.6 The Principal shall sign all disbursement checks, except the reimbursement and stipend check for himself or herself.
  - 7.5.7 In case the Principal is absent, the Vice Principal should have the authority to sign checks except the reimbursement and stipend check for him or herself.
  - 7.5.8 Any non-routine disbursement check in an amount of three hundred dollars (\$300) or more should be signed by both the Principal and the Vice Principal.
  - 7.5.9 The Accountant may reject an approved reimbursement application based upon his/her judgment of appropriateness of the disbursement. After the

rejection, the Accountant should return the voucher to the approving person for reconsideration. If the Accountant and the approving person cannot resolve the issue, either one of them can bring the issue to the Board for final decision.

- 7.6 Teacher attendance sheets should be maintained by the Academic Dean as an evidential document for payroll purposes
- 7.7 The Principal has full discretion to determine bonus or award payment to teachers and administrative staff provided that the total amount of such payments for the semester (or the school year) is within the budget.
- 7.8 Awards or bonus to school officers shall be approved by the Board.

## **8 Banking and checking**

- 8.1 Unless otherwise determined by the Board, at least two bank accounts shall be maintained at separate banks by the School: one for payroll and contingency reserve (Section 5.5 of the Regulations) and one for the rest of the funds.
- 8.2 Additional accounts might be opened as deemed necessary for special purposes.
- 8.3 The Principal shall inform the Board of the purposes and the benefits of opening or closing such additional bank accounts.
- 8.4 All tuition and fees should be deposited into one of the School's bank accounts within fourteen (14) calendar days after they are collected for the current school year. Allocation of the funds to the two separate accounts (per Section 8.1) should be completed by the start of the school year.
- 8.5 The accountant shall complete monthly bank statement reconciliation and prepare a reconciliation report before the bank's deadline for notification of fraudulence and discrepancy. The reconciliation report shall be reviewed and signed off by the principal or his/her designee other than the accountant.
- 8.6 The Principal and the Vice Principal shall register their signatures with each bank for authorization of withdrawal and disbursement of money from the bank and other banking activities.
  - 8.6.1 The Principal or the Vice Principal's signature is required for all disbursement checks, except the reimbursement and stipend checks to himself or herself.
  - 8.6.2 In no event the Accountant shall be allowed or designated to authorize and sign disbursement checks.
- 8.7 Online banking or phone transactions shall be limited to transfers between the School's checking and savings accounts at the same bank. Access to

online banking and phone transactions shall be limited to the signers of the accounts. Accountant shall be given online access to bank accounts to view transactions and bank statements.

- 8.8 In the event that Principal's term ends or is terminated, his or her authority in using School bank accounts shall immediately cease; his or her authority in bank accounts signature shall be terminated within 15 calendar days or by the terms of any resolution by the Board. The same provisions shall apply to the Vice Principal.

## **9 Fixed assets management**

- 9.1 Fixed assets include equipment, appliances, and tools, separately purchased computer software, storage media (including but not limited to portable hard drives, flash memory, tapes, and CDs), collection of books, textbook and supplies inventories, and other valuable assets of the School.
- 9.2 An asset log sheet for equipment, appliance, tools, and software shall be established.
- 9.2.1 The log sheet should include assets information, such as
- 9.2.1.1 date of purchase
  - 9.2.1.2 costs
  - 9.2.1.3 current condition (workable or with defects)
  - 9.2.1.4 the current users
  - 9.2.1.5 date of obsolescence or consumption.
- 9.3 All users must sign in the log sheet when he or she is assigned an asset used for school operation.
- 9.4 The user must return such assets to the School and sign off the log sheet when he or she no longer serves the duty.
- 9.5 All users of school assets shall exercise his or her due care to properly use and handle the assets.
- 9.6 All users shall report any damage or loss of the assigned assets to the School timely.
- 9.7 The Vice Principal or his/her designee shall be responsible for managing the school assets, control the log-in and log-out of school assets.
- 9.7.1 The Accountant shall keep a copy of the assets log sheet
- 9.7.2 The Vice Principal or his/her designee shall provide an updated copy of assets log sheet to the Accountant semi-annually.
- 9.7.3 The assets logged onto the log sheet shall be reconciled to the number of assets as recorded on accounting records once a year by the Vice Principal or his/her designee.

- 9.8 Disposition of obsolete assets shall be requested by the user with written explanations, and approved by the Vice Principal or his/her designee.
- 9.9 The Vice Principal or his/her designee shall maintain proper records and log sheet to track the use of school supplies and the inventory movement of the textbooks.

## **10 Loan**

- 10.1 Generally, the School should not borrow or assume any loan or debt for the School's operation.
- 10.2 If, under unusual circumstances, the Principal determines that borrowing is necessary to maintain the School's operation for a certain period of time, the borrowing must be approved by the Board with a two-thirds (2/3) or more majority "yes" vote.
- 10.3 In case a loan is deemed necessary, a loan agreement must be reviewed and approved by the Board prior to voting by General Members.
- 10.4 Borrowings shall be disclosed to all General Members in written notice and the loan agreement shall be approved by the affirmative vote of two-thirds (2/3) or more of General Members in a Special Meeting conducted per the procedure described in Section 5.02 of the Bylaws.
- 10.5 The loan agreement shall be signed and executed by the Principal after approval by General Members.

## **11 Bookkeeping and reporting**

- 11.1 The Accountant shall maintain complete and accurate records of its financial activities

### **11.2 Records**

- 11.2.1 The financial records include, but are not limited to
  - 11.2.1.1 General ledger and other financial statements
  - 11.2.1.2 Copy of cash receipts log and checks deposited;
  - 11.2.1.3 Disbursement vouchers and attached original receipts or other proof of disbursement;
  - 11.2.1.4 Payroll worksheets and related payroll tax filings;
  - 11.2.1.5 Invoices or receipts of school expenses;
  - 11.2.1.6 Canceled check and check stubs;
  - 11.2.1.7 Bank deposit slips, monthly bank statements and bank reconciliation reports;
  - 11.2.1.8 Any other records or proof of disbursement and/or revenue receipts;

- 11.2.1.9 Budget plan;
  - 11.2.1.10 Board minutes, resolutions, and amendments related to budget and other financial operations;
  - 11.2.1.11 Asset log sheet and copy of insurance policies;
  - 11.2.1.12 Tax returns with copy of 1099s, W-2s, state registration, IRS filing and other official records filed with the government;
  - 11.2.1.13 Cash receipts and direct disbursements for each special event;
  - 11.2.1.14 Transaction details for large auxiliary activities
- 11.2.2 In addition to hard copies of financial records, any school financial information in electronic format, including computerized records and files, are the School's financial records.

### **11.3 General Ledger**

- 11.3.1 A general ledger shall be maintained to record accounting transactions on a weekly basis.

### **11.4 Chart of Accounts**

- 11.4.1 The Chart of accounts includes the following separate General Ledger accounts where applicable:
  - 11.4.1.1 Cash balance (Current) – checking;
  - 11.4.1.2 Cash balance (Current) – savings and/or money market (Operation, Reserve and Restricted);
  - 11.4.1.3 Cash – Reserve Fund;
  - 11.4.1.4 Cash – Restricted Fund;
  - 11.4.1.5 Fixed assets (equipment, appliance, tools, software, etc.);
  - 11.4.1.6 Inventory;
  - 11.4.1.7 Prepaid expenses;
  - 11.4.1.8 Accrued expenses;
  - 11.4.1.9 Other liabilities;
  - 11.4.1.10 Fund Balance – Current Fund;
  - 11.4.1.11 Fund Balance – Reserve Fund;
  - 11.4.1.12 Fund Balance – Restricted Fund;
  - 11.4.1.13 Tuition revenue;
  - 11.4.1.14 Contributions;
  - 11.4.1.15 Direct Public Support;

- 11.4.1.16 Indirect Public Support;
- 11.4.1.17 Program Service Revenue;
- 11.4.1.18 Interest Income;
- 11.4.1.19 Other Revenue;
- 11.4.1.20 Depreciation;
- 11.4.1.21 School Supplies (durable items);
- 11.4.1.22 Activities – Academic;
- 11.4.1.23 Activities – Culture;
- 11.4.1.24 Activities – Sports;
- 11.4.1.25 Activities – Other;
- 11.4.1.26 Advertisement;
- 11.4.1.27 Payroll;
- 11.4.1.28 Fee – Accounting/Tax;
- 11.4.1.29 Fee – Bank Service Charges;
- 11.4.1.30 Fee – Legal/Professional Service Fees;
- 11.4.1.31 Membership fees;
- 11.4.1.32 Meeting & Conference;
- 11.4.1.33 Office Expenses;
- 11.4.1.34 Phone;
- 11.4.1.35 Postage/Shipping/Mailbox;
- 11.4.1.36 Printing & Publication;
- 11.4.1.37 Public Relations;
- 11.4.1.38 Rental/Storage;
- 11.4.1.39 Rewards & Gifts;
- 11.4.1.40 Training and Seminar;
- 11.4.1.41 Textbooks & Others;
- 11.4.1.42 Travel and Auto Expenses;
- 11.4.1.43 Other Expenses;

11.4.2 The Accountant may make changes to the accounts or set up additional accounts as deemed necessary.

## **11.5 Financial statements**

11.5.1 11.5.1. The School should prepare the following statements on a quarterly basis

- 11.5.1.1 Balance sheet;
  - 11.5.1.2 General Ledger ;
  - 11.5.1.3 Change in fund balance or Cash flow statement (including check register for all active bank accounts);
  - 11.5.1.4 Profit & Loss, including schedule of functional expenses;
  - 11.5.1.5 Unpaid bills report (detailed aging report),
  - 11.5.1.6 Detailed trial balance report.
- 11.5.2 The financial statements should be prepared under accrual method.

## **11.6 Records keeping**

- 11.6.1 All financial records and books are the exclusive assets of the School.
- 11.6.2 At the end of each school year, all financial records, files and documents for the year should be filed and stored in a safe place for a period not less than five years.
- 11.6.3 All current accounting records should be maintained and kept by current Accountant.
- 11.6.4 All accounting records no longer used should be boxed and sealed. The seal should be signed by the Accountant, the Principal, and the Vice Principal. The sealed accounting records should be kept by the Vice Principal.
- 11.6.5 A hard copy of financial statements including general ledger should also be kept for each school year.
- 11.6.6 In the event that a sealed package needs to be opened, the package should be re-sealed after the use and signed by the Accountant, the Principal, and the Vice Principal.
- 11.6.7** At the termination of the Accountant's service, all financial records and books under the Accountant's care should be returned to the School and kept by the succeeding accountant.

## **12 The Accountant**

- 12.1 The Accountant is a segregated position of the School Administration. Its function cannot be co-performed by any other School officers or staff.
- 12.2 As defined in the Bylaws, the Accountant has full responsibility in maintaining complete and accurate records of the School's financial activities and assisting the Principal to prepare budget and financial statements.

- 12.3 The Accountant shall conduct his or her duties fully in accordance with the financial control policies and administrative procedures provided in the Regulations.
- 12.4 If the Accountant cannot resolve his or her disagreement with school officers on financial matters, the Accountant has the right to bring the issue directly to the attention of the Board for further resolution.
- 12.5 If the Accountant, based upon his or her judgment, believes that irregularity or misconduct exists in the School financial operation, he/she shall bring the concern to the attention of the Board.
- 12.6 As defined in the Bylaws, the Accountant shall be appointed by the Principal with the approval of the Board and report to the Principal.
  - 12.6.1 No family members or relatives of any School officers, School staff, and members of the Board shall be appointed as Accountant.
- 12.7 The dismissal of the Accountant by the Principal shall be approved by the Board.
- 12.8 In the transition of accountants, the predecessor should provide all school financial records and files under his or her care to the successor.
- 12.9 The predecessor shall provide full cooperation to the successor during the transition.
- 12.10 The departing Accountant shall assist the new Accountant in learning and operating the School's computerized accounting and bookkeeping system.
- 12.11 The predecessor shall reply subsequent inquiries, after the transition, from the successor or school officers for the issues related to the period when predecessor was in service.

## **13 Financial Review and Audit**

### **13.1 Internal Review**

- 13.1.1 The Board shall conduct an internal review of financial statements on a quarterly basis to attest the fairness, completeness and accuracy of the financial statements reported by the School Administration.
- 13.1.2 The Accountant shall submit to the Finance Committee of the Board a financial statement 15 calendar days after the end of each quarter. The first financial statements of a school year shall be submitted by October 15 for the months of July, August, and September. Subsequent statements shall be submitted by January 15, April 15, and July 15 for each previous quarter.

- 13.1.3 The Finance Committee of the Board has the right to request and obtain more information and supporting documents if there are questionable accounting entries in these financial statements.
- 13.2 **Compliance Audit.** The Board may, at its discretion, conduct an audit of compliance to attest whether the school financial operations are in compliance with the Bylaws and the Regulations.
- 13.3 **Departure Audit.** The Board may, at its discretion, conduct an audit of financial activities, when a school officer or staff departs from his or her position, to clarify the School's financial condition at that time for transition purposes, or to clarify other transition-related financial issues under the consideration of the Board.
- 13.4 **Special Audit.** The Board may, at its discretion or at a request petitioned by not less than 10% of General Members, conduct a special audit to investigate financial matters concerned by the Board or the requesting members. The Principal and Accountant have up to two (2) school weeks to provide documents requested by the Board or Auditor.

### **13.5 Audit and audit report**

- 13.5.1 Audits shall be conducted generally in compliance with auditing procedures promulgated by relevant professional organizations.
- 13.5.2 The School officers and staff must provide full cooperation to auditors and provide, in his/her best knowledge, all necessary information requested by the auditors.
- 13.5.3 Auditors may suggest adjustments to the book for incorrect book entries or accounting treatment.
- 13.5.4 Auditors shall report any uncovered irregularity or misconduct in the School financial operation immediately to the Board before the conclusion of the audit.
- 13.5.5 The Auditors shall issue audit reports to the Board to render auditors opinion on the matters under audit.
- 13.5.5.1 The format of audit opinion on financial statements shall serve the purpose of the specific the audit.
- 13.5.6 The Auditors shall report their findings only to the Board.
- 13.5.7 Auditors shall not release any financial and audit related information, records, or reports to any persons or parties without written authorization from the Board.
- 13.5.8 The Board shall reach a resolution to an audit within two weeks after receiving the audit report.

### **13.6 Auditors**

- 13.6.1 All internal audits should be conducted by an audit team of three members or more.
- 13.6.2 The audit team shall be appointed by the Board.
- 13.6.3 No school officers, staff, or their family members or relatives shall be appointed as audit team members.
- 13.6.4 Members on the audit team can be General Members or non-members. Board shall decide if one member of the audit team should be an independent external qualified professional (i.e. CPA) for audit.
- 13.6.5 The individuals who are appointed as auditors shall have sufficient relevant professional experience.
- 13.6.6 Auditors shall exercise their due diligence in conducting the audit.

### **13.7 External audit**

- 13.7.1 The Board shall appoint a qualified independent professional to conduct an external audit if it deems necessary.

## **14 Implementation**

- 14.1 The Board is the only authority that has the right to interpret the Regulations.
- 14.2 The Board may amend the Regulations in accordance with the Bylaws.
- 14.3 The initial promulgation and thereafter amendments of the Regulations shall be announced to the General Members.
- 14.4 New Principal, Vice Principal, Accountant, and any other relevant school officers should study the Regulations thoroughly before carrying out their duties and authorities.
- 14.5 It is the responsibility of all school personnel, including members of the Board and School Administration, to understand the related provisions of the Regulations before conducting any financial related activities.
- 14.6 The Principal shall maintain a copy of the Bylaws and Financial Regulations for daily operation reference. Such files shall be transferred by the departing Principal to the succeeding Principal as part of the required transition procedures.
- 14.7 The Accountant shall maintain a copy of the Financial Regulations for his or her reference. Such folder shall be transferred to the succeeding Accountant by the departing Accountant as part of the required transition procedures.