

FISCAL CONTROLS

Date of Approval: February 19, 2020

Purpose

The Board believes in implementing and following fiscal management practices to ensure that the School's funds are appropriately managed in order to support the School's mission and avoid any liability that could be attributed to the Board resulting from mismanagement.

Policy

School funds will be budgeted, accounted for, expended, and maintained in an appropriate fashion and in accordance with Federal and State requirements. The following procedures have been established to facilitate this.

Procedure

A. Budgets

Working with Connections Academy, LLC¹, its educational services provider, the School's Treasurer will coordinate the preparation of an annual operating budget with estimated revenue and expenditures in the spring prior to May 1 for the following fiscal year, defined as the twelve-month period ending June 30, unless otherwise required by law or another contract. The Board shall plan to review and approve the budget prior to May 1 of each year. Connections Academy, LLC will prepare a fiscal year forecast based upon updated assumptions before the opening of the new School year. Approved annual operating budgets will be submitted to the all appropriate entities required by law in the format required by statute and/or regulation and by required deadlines.

Approved budgets will be used to monitor the financial activities of the year via the monthly financial reports. In addition, Connections Academy, LLC, as necessary, will prepare cash flow analysis, and budget projections, and budget revisions, for upcoming fiscal years for review.

B. Controls, Budget, and Fiscal

¹ Connections Academy LLC is the current educational services provider. This function would be carried out by the new provider upon a change in the provider.

The School will maintain the following principles in its ongoing fiscal management practices to ensure that, (1) expenditures are authorized by and in accordance with amounts specified in the board-adopted budget, (2) the School's funds are managed and held in a manner that provides a high degree of protection of the School's assets, and (3) all transactions are recorded and documented in an appropriate manner:

1. Segregation of Duties

The School will develop and maintain simple check request and purchase order forms to document the authorization of non-payroll expenditures. These expenditures will primarily be those expenditures not covered under the monthly invoice from Connections Academy, LLC. All proposed expenditures must be approved by the Principal, who will review to determine whether it is consistent with the Board-adopted budget, and sign the check request form. All check requests and purchase orders over Two Thousand (\$2,000) Dollars must be co-signed by the Principal and a School Board member who has been approved as a signatory on the School's checking account. Payments for invoices for operational services contracted by the School, and previously approved by the Board, including those for services provided by Connections Academy, LLC, do not need to be countersigned. Payments for invoices for operational services contracted by the School, and previously approved by the Board, to be paid via electronic funds transfer may be completed by an approved signatory on the School's checking account pursuant to the completion of the electronic funds transfer approval policy. For all funds transferred electronically, a confirmation will be performed by the signatory to validate the funds are in receipt by the vendor within 24 hours.

All transactions will be posted on an electronic general ledger by a bookkeeper. This ledger will be maintained either with a local contracted bookkeeper, or with Connections Academy, LLC. To ensure segregation of recording and authorization, the bookkeeper may not co-sign check requests or purchase orders.

2. Banking Arrangements/Reconciliation

The School will maintain its accounts at a federally insured commercial bank or credit union in the State of operation as approved by the Board in compliance with the respective state law. Funds will be deposited in non-speculative accounts including federally insured savings or checking accounts or invested in non-speculative federally backed instruments. For all funds, the Board must appoint and approve all individuals authorized to sign checks in accordance with these policies.

Bank statements from private banking institutions will be sent directly to the School's bookkeeper for reconciliation. A report of the reconciliation will be provided to the Board Treasurer on a monthly basis.

3. Purchasing Procedures

This section applies to purchases made by the School, and does not apply to purchases made by Connections Academy, LLC pursuant to the Professional Services Agreement with the School. All purchases over Five Thousand (\$5,000) Dollars must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services. The Principal shall not approve purchase orders or check requests lacking such documentation and must comply with the School's Procurement Policy. Documentation shall be attached to all check and purchase order requests showing that at least two (2) vendors were contacted and such documentation shall be maintained for three (3) years. If specialty goods are not available through multiple vendors, documentation may include this information in lieu of a cost comparison.

No public funds shall be expended for the purchase of alcoholic beverages. The Principal or designee may purchase supplies, materials, equipment, and services up to the amounts specified in the approved budget or per an approved Board action, while ensuring the above procedures are followed.

4. Electronic Funds Transfer (EFT) for Vendors

For any new vendor requesting payment by outgoing transfer from the School's checking account, the vendor and corresponding invoice must be reviewed and approved by the Principal to validate the authenticity of the vendor and related service or product invoiced to the school. Once approved by the Principal, the vendor and electronic funds transfer (EFT) instructions must be reviewed and approved by the School Board Treasurer or Board Chair to validate the accuracy and authenticity of the vendor and EFT instructions prior to the wiring of any outgoing funds. For any pre-existing vendor receiving outgoing EFTs for invoice payment and requesting a change in EFT instructions (i.e., to a new bank account or banking institution), the new EFT instructions must be verbally confirmed with the vendor by the Treasurer. Once confirmed, the details will be reviewed and approved by both the Treasurer and Board Chair to validate the accuracy and authenticity of the EFT instructions prior to the wiring of any outgoing funds.

5. Record Keeping

Transaction ledgers, invoices, receipts, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documents will be maintained by a local contracted bookkeeper or by Connections Academy, LLC, in accordance with state law and as required in the professional services agreement signed by the School in a secure location for at least seven (7) years as set out in the Records Retention policy, or as long as required by applicable law, whichever is longer. Appropriate back up copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure off-site location, separate from the School.

6. Fixed Assets

The School shall establish and maintain and regularly update a listing of all computers, equipment and furniture purchased by the School of a value of over Five thousand (\$5,000) Dollars. This list shall include the original purchase price and date, a brief description, and other information appropriate for documenting the School's assets. Assets will be expended using the straight-line method of depreciation over a life appropriate to the asset class and industry standards. The School shall maintain a segregated list of assets that were purchased with non-public funds, where applicable.

7. Cash Collections

All incoming checks or cash will be verified and entered into a check log in accordance with any internal control procedures developed by the school. All checks will be restrictively endorsed promptly. Receipts will be issued upon request. When checks are taken for deposit, the person taking the checks will sign a separate log with the date and total amount taken for deposit. The check log will be provided to the person reviewing the bank statements for comparison with the deposit record on the bank statements. All cash and checks will be kept locked in the School office prior to deposit. Deposits should be made as soon as possible on receipt of checks and/or cash and with a target of within twenty-four (24) hours of receipt.

8. Attendance Accounting

The Principal will establish and maintain an appropriate attendance accounting system to ensure the School receives appropriate attendance credit. The annual audit will review actual attendance accounting records and practices to ensure compliance. The attendance accounting practices will be in conformance with applicable state regulations.

9. Annual Audit

The Board shall annually contract for the services of an independent public accountant to perform an annual fiscal audit in compliance with State law. The audit shall

cover the business of the School during the full fiscal year; be a financial audit conducted in accordance with generally accepted auditing standards; and, include, but not be limited to, (1) an analysis of the School's compliance with applicable laws and regulations; (2) any recommendations for improvement by the School; (3) any other comments deemed pertinent by the auditor, including the auditor's opinion regarding the financial statements; (4) an audit of the accuracy of the School's financial statements, (5) an audit of the School's attendance accounting records, and (6) an audit of the School's internal controls practices. If the School receives federal sources over the Single Audit prescribed threshold, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars. The audit shall be completed and submitted to the Board for review at a public meeting not later than December 1 following the close of the fiscal year for which the audit is conducted and as mandated by state, charter or other law. Copies of the Audit will also be forwarded to any entities or public agencies, as required by the respective state's Charter School law, the charter and state regulations.

10. Fiscal Reports

The following reports will be prepared for the School, maintained by Connections Academy, LLC on a monthly basis, and reported to the Board and/or its Treasurer:

- Revenue and Expense Statement for the current fiscal year – showing actual results for the months already past and forecasts for future months
- Balance Sheet
- Bank Reconciliation – listing all of the deposits and withdrawals for the period under review with descriptive headings
- Accounts Payable Detail – showing the vendor name, the invoice amount, who paid the invoice, and when; in addition, the Board Treasurer will receive a copy of all invoices on this schedule
- Payroll Registers if applicable
- Connections Academy, LLC Invoices – showing the fees for the month, drawn off of the revenue and expense statement and the accounts payable detail report
- Enrollment & Attendance Reports – showing the demographic makeup of the students who have enrolled in the School as well as other related statistical data

11. Property and Liability Insurance

Connections Academy, LLC shall ensure that the School retains appropriate property and liability insurance coverage in accordance with the respective state law. Board Directors and Officers liability insurance shall also be obtained. Insurance will be kept in force at all times with any minimum limits as outlined in the charter, state law, and professional services agreement between the School and Connections Academy, LLC.

12. Contract Signing Authority

Unless otherwise authorized or designated by the Board, all contracts entered into by the School for a monetary amount over Five Thousand (\$5,000) Dollars shall require the signature of the President. Routine contracts for the operation of the School such as for field trips, state testing proctors and testing sites, janitorial services etc. in a monetary amount of less than Two Thousand Five Hundred (\$2,500) Dollars will be signed by the Principal or Assistant Principals.

13. Communication

Communications containing confidential information will be sent to Board Treasurer via an encrypted email process requiring unique login credentials.

All orders for payment of money to a member of the Board may only be drawn for travel expenses, or subsistence allowances.

Related Documents

Records Retention
Policy Board
Designee Policy
Check Request Form
Purchase Order Form
Conflict of Interest Policy