



FISCAL CONTROLS

Date of Approval: June 1, 2021

Date Revised: May 21, 2024, September 17, 2024

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, LLC³, 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 other 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.

As part of the budget process, and/or at the time of hiring or increasing the compensation of the Principal of the School, the Board will review a comparison of salaries for chief executives (principal, director, administrator, etc.) at other similar schools and make a determination, to be recorded in the minutes of the Board, that the proposed compensation is reasonable.

³ 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.

B. Controls, Budget, and Fiscal

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. The monthly invoices from Connections Academy, LLC will be approved and/or ratified by action of the Board. All proposed expenditures must be approved by the Principal or Board-appointed designee, who will review the check request and supporting documentation to determine whether the requested expenditure is consistent with the Board-adopted budget, and sign the check request form or approve the invoice. If the expenditure is outside of the Board-adopted budget, the Principal or designee will refer to the Contract Signing Authority section of the Fiscal Policy and route the expenditure for appropriate approvals, prior to signing the check request form or approving the invoice. After approval of the expenditure, payment is processed via check or electronic funds transfer. All checks over One Thousand (\$1,000) Dollars must be co-signed by two Board-approved authorized signers who have been approved as signatories 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 co-signed. 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 or Treasurer until the school has a bookkeeper. This ledger will be maintained either with a local contracted bookkeeper or Treasurer until the school has a bookkeeper, or with Connections Academy, LLC. To ensure segregation of recording and authorization, the bookkeeper or Treasurer 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 or Treasurer if none, 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 or Board-appointed designee shall not approve purchase orders or check requests lacking such documentation and must comply with the School's purchasing procedures herein. 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

For purchases using federal funds, the School will follow its Procurement with Federal Grant Funds policy.

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 and a W9 is to be obtained from the vendor for annual 1099 reporting. 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 local contracted bookkeeper or Connections Academy, LLC shall establish and maintain and regularly update a listing of all computers, equipment and furniture purchased by the School of a value of over One Thousand (\$1,000) Dollars. This list shall include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting the School's assets. 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 deposit log in accordance with any internal process developed by the school. All checks will be restrictively endorsed promptly. Receipts will be issued to external parties 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 deposit 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 and expends funding from federal sources over the threshold established in the Single Audit Act in a fiscal year, a single 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 as soon as reasonably possible 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.

The Audit engagement and review process may be conducted by the Board's Audit/Finance Committee on behalf of the Board.

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 year to date and forecasts for future months, and supporting schedules for Revenues, Fees, and Other Expenses
- Balance Sheet
- Bank Reconciliation – listing all of the deposits and withdrawals for the period under review with descriptive headings
- Passthrough Detail and Support – 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 Invoice and Support – showing the fees for the month, as supported by the Revenue and Expense calculation and monthly passthrough expenses as supported by the passthrough detail, as well as additional support for Direct Course usage, Substitute Services usage, and Live Speech usage, as applicable.

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

The Principal is responsible for reviewing contracts to determine if contracts are consistent with the Board-adopted budget. Unless otherwise authorized or designated by the Board or consistent with the School's Board-adopted budget, 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. consistent with and in the amount up to the Board-adopted budget will be approved and signed by the Principal or appropriate designee (Assistant Principal). All orders for payment of money to a member of the Board may only be drawn for travel expenses, or subsistence allowances.

13. Corporate Tax Returns

The Board will annually engage someone to prepare and submit the annual tax returns (Form 990) for the corporation. The Board (and/or the Audit/Finance Committee of the Board) will annually review its policies and practices to be sure it is complying with any regulations or requirements of the Internal Revenue Service. Prior to submission of the tax returns, the financial consultants and/or staff of the school will review the tax returns for accuracy. Following completion of a final draft of the tax returns, the Board will review and approve the returns at a meeting prior to the submission deadline. Appropriate extensions may be filed when needed.

Typically, an annual extension from the November deadline to February is expected as the annual audit has not been conducted prior to November 15. Other extensions may be filed if necessary to allow for Board review of the tax returns prior to submission.

14. Petty Cash

At the direction of the Board, a petty cash fund, not to exceed Three Hundred (\$300) Dollars, may be established with an appropriate ledger to be reconciled monthly by the independent bookkeeper or Treasurer, who shall not be authorized to expend petty cash.

15. Communication

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

16. Fundraising

All monies raised through fundraising or received in the form of a donation are considered public funds. Such contributions must be made strictly on a voluntary basis, without coercion. Students at the school shall not be assigned to or be held responsible for collecting any form of contributed funds. Under no circumstances may such funds directly or indirectly compensate any teacher or employee of the school.

School fundraising activities or activities to solicit donations must be approved by the board and must be supervised by a designee for that purpose. Activities requiring board approval include those that involve the use of the school's name, use of school faculty or employees while being paid by the school or the use of school property and resources.

Funds collected as a donation or through fundraising efforts must be deposited in an account under the direct control of the school and must be expended in a manner consistent with donor restrictions or the fundraising purpose. The collection of money or expenditure of funds associated with raising fundraised or donated monies must comply with the school's cash collections policies.

Related Documents

Addendum to Fiscal Policy: Third Party Payment Platforms
Records Retention Policy
Board Designee Policy
Check Request Form
Purchase Order Form
Conflict of Interest Policy
School Purchasing Policy
School Travel & Expense Policy



Check Request

Department: _____

Payee: _____	Date Requested: _____
Address: _____	\$
City: _____ State: ____ Zip Code: _____	Amount of Check

Explanation – Use of Funds _____ _____ _____ _____ _____	Handling U.S. Mail ☐ Interoffice Mail ☐ Call for Pickup Ext. # ☐ Federal Express ☐ Other
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Your Department will be Charged for FedEx Shipping

Date Required: _____

GL Account: _____	☐ ☐
Department(s) to be Charged: _____	
Category: _____ Location: _____	

Invoice Attached? Yes No

Please Attach Supporting Documentation

Requested By: _____

Phone #: _____ Location: _____

[illegible]

Total	\$
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Approved By: _____ Grade Level: _____ Date: _____

Approved By: _____ Grade Level: _____ Date: _____

(Refer to Purchasing Manual for Approval Levels)