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## **Academia Avance Charter School Fiscal Control Policies**

This document, updated as of December 9, 2024, presents the internal controls and financial policies for the Academia Avance charter school (the "School"). The Governing Board has reviewed and adopted the following updated policies and procedures to ensure the most effective use of the funds of the School to support the mission and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

### **Delegation of Responsibilities**

The Avance Governing Board acts as the Governing Board of the School. The Governing Board delegates all operations tasks to the Director Designee but retains all oversight over the Director Designee. The School contracts with a back office financial services provider ("FSP") to complete various tasks and operations identified in this policy.

### **Policy Version Record**

2006, June 20	Initial policy ratified by the Avance Governing Board
2007, October 16	Updated policy ratified by the Avance Governing Board
2009, May 11	Updated policy aligned with new IRS Form 990 regulations ratified by the Avance Governing Board
2013, April 12	Policy reaffirmed, with revision of FSP, by the Avance Governing Board
2018, December 12	Updated policy adopted and ratified by the Avance Governing Board
2024, December 09	Update policy adopted and ratified by the Avance Governing Board

### **General Policies**

1. The Governing Board formulates financial policies and procedures, delegates administration of the policies and procedures to the Director Designee and reviews operations and activities on a regular basis.
2. The Director Designee has responsibility for all operations and activities related to financial management.
3. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payrolls, and reconciliation of bank accounts.
4. All administrative employees are required to take annual vacations of at least five (5) consecutive days.
5. All documentation related to financial matters will be completed by computer, word processor, typewriter, or ink.
6. The Governing Board will commission an annual financial audit by an independent third-party auditor who will report directly to them. The Governing Board will approve the final

audit report, and a copy will be provided to the charter granting agency. Any audit exceptions and/or deficiencies will be resolved to the satisfaction of the Governing Board and the charter granting agency.

### **Annual Financial Audit**

1. The Governing Board will annually appoint an audit committee by January 1 to select an auditor.
2. Any persons with expenditure authorization or recording responsibilities within the School may not serve on the committee, other than members of the Governing Board.
3. The committee will annually contract for the services of an independent certified public accountant to perform an annual fiscal audit.
4. The audit shall include, but not be limited to:
  - An audit of the accuracy of the financial statements
  - An audit of the attendance accounting and revenue accuracy practices
  - An audit of the internal control practices

### **Purchasing**

1. The President or the Treasurer of the Governing Board reserves final authority on all purchases. The procurement procedures are, however, divided as follows:
  - Business Manager: Steps related to the ordering of goods and services, and the receipt of such goods and services.
  - Director Designee must approve all invoices for payment
  - FSP: Issuance of checks for approved invoices and final accounting of all financial transactions.
2. The Director Designee may authorize expenditures and may sign related contracts within the approved budget. The President of the Governing Board must approve contracts over \$2,500.
3. The President of the Governing Board must approve all purchases that exceed \$2,500, and the Director Designee must approve all purchases \$2,500 or below . Purchase requisitions, authorizing the purchase of items greater than \$500 (format to be provided by FSP), must be signed by the Director Designee and submitted to FSP with the related invoice.
4. When approving purchases, the Director Designee must:
  - Determine if the expenditure is budgeted
  - Determine if funds are currently available for expenditures (i.e. cash flow)
  - Determine if the expenditure is allowable under the appropriate revenue source
  - Determine if the expenditure is appropriate and consistent with the vision, approved charter, School policies and procedures, and any related laws or applicable regulations
  - Determine if the price is competitive and prudent. All purchases over \$2,500 must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services
  - **Submit his or her determinations above for purchases over \$2,500 to either the President or the Treasurer of the Governing Board for review and approval**

5. Any individual making an authorized purchase on behalf of the School must provide the Director Designee, with a copy to FSP, with appropriate documentation of the purchase.
6. Individuals other than those specified above are not authorized to make purchases without pre approval.
7. Individuals who use personal funds to make authorized purchases will be reimbursed as soon as practicable by a bank check following receipt of appropriate documentation of the purchase.
8. The Director Designee may not authorize an individual to use a School credit card/debit card to make a purchase on behalf of the School

## Petty Cash

1. The Director Designee will manage the petty cash fund.
2. The petty cash fund will be capped at \$500.
3. All petty cash will be kept in a locked petty cash box in a locked drawer or file cabinet. Only the Operations Manager and Director Designee will have keys to the petty cash box and drawer or file cabinet.
4. All disbursements will require a completed and signed petty cash slip. A register receipt for all purchases must be attached to the petty cash slip.
5. FSP will ensure that the petty cash slip is properly completed and that a proper receipt is attached.
6. At all times the petty cash box will contain receipts and cash totaling \$500. A register receipt must support the petty cash slip. The individual using the petty cash to make a purchase is responsible for submitting the receipt for the petty cash slip to the Operations Manager within 48 hours of withdrawing the petty cash.
7. When expenditures total \$200 (when cash balance is reduced to \$150), the Operations Manager will total the disbursements, complete a petty cash reimbursement form, and obtain the approval of the Director Designee. This should be done on at least a quarterly basis. The petty cash slips and supporting receipts will be attached to the reimbursement request form and forwarded to FSP.
8. Petty cash fund reimbursement checks will be made payable to the Director Designee.
9. Any irregularities in the petty cash fund will be immediately reported in writing to the Director Designee.
10. Loans will not be made from the petty cash fund.
11. FSP will conduct surprise counts of the petty cash fund.

## Contracts

1. Consideration will be made of in-house capabilities to accomplish services before contracting for them with contract service providers. No contract with a third party may be entered into without the President of the Governing Board approving the determination that in-house capabilities are not sufficient to accomplish the proposed service.
2. Written contracts clearly defining work to be performed will be maintained for all contract service providers (i.e. consultants, independent contractors, subcontractors).

3. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability insurance and worker's compensation insurance currently in effect. The Director Designee may also require that contract service providers list the School as an additional insured.
4. The Director Designee will approve proposed contracts under \$2,500 (in the aggregate) in writing.
5. Contract service providers will be paid in accordance with approved contracts as work is performed.
6. The President of the Governing Board will approve all contracts over \$2,500, including the audit. Any contracts entered into by the School over \$2,500 without such approval shall be null and void. For purposes of determining this \$2,500 threshold, any and all contracts in any given fiscal year with the same contract service provider shall be aggregated.
7. The Governing Board will approve all contracts over \$20,000. For purposes of determining this \$20,000 threshold, any and all contracts in any given fiscal year with the same contract service provider shall be aggregated.

## Accounts Payable

### Bank Check Authorization

1. All original invoices will immediately be forwarded to the Director Designee or the Business Manager for approval.
2. The Director Designee or the Business Manager will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received. When receiving tangible goods from a vendor, the person designated to receive deliveries should trace the merchandise to the packing list and note any items that were not in the shipment. The packing list should be submitted to FSP with the invoice. FSP will adjust the invoice for any missing items noted on the packing list before processing for payment.
3. Once approved by the Director Designee, he/she will stamp a check authorization on the invoice and complete the required information, including noting the specific budget line item that is to be charged for the specified expenditures. The invoice and supporting documentation will be sent to FSP on at least a weekly basis (Director Designee should be aware of invoice due dates to avoid late payments). FSP will then process the invoices with sufficient supporting documentation.
4. The Director Designee may authorize FSP to pay monthly and/or annual recurring expenses (e.g. utilities) without the Director Designee's formal approval (signature) on the invoice when dollar amounts fall within a predetermined range. A list of the vendors and the dollar range for each vendor must be provided to FSP in writing and updated on an annual basis.

### Bank Checks

1. The Director Designee will be authorized to open and close bank accounts only with the approval of the Governing Board. The Board Chair, Director Designee, the Director of Business Operations at FSP, and any other employee authorized by the Governing Board may sign bank checks within the established limitations described below.

2. FSP will ensure that payments from private funds are drawn on the appropriate bank account.
3. FSP and the Director Designee will be responsible for all blank checks and will keep them under lock and key.
4. When there is a need to generate a bank check, the Director Designee will send appropriate approved documentation to FSP.
5. Once approved by the Director Designee, FSP types/writes the check based on the check authorization prior to obtaining the appropriate signature(s).
6. The Director Designee and either the President or the Treasurer of the Governing Board will cosign checks in excess of \$2,500 for all non recurring items. All checks less than \$2,500 or recurring items (e.g. rent, food vendors) require only the signature of the Director of Business Operations at FSP, or when not available the Director Designee.
7. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
8. FSP will record the check transaction(s) into the appropriate checkbook and in the general ledger.
9. FSP will distribute the checks and vouchers as follows:
  - o Original mailed or delivered to payee
  - o Duplicate or voucher attached to the invoice and forwarded to the Office Manager who will file by account number
  - o Cancelled Checks filed numerically with bank statements by the Office Manager
10. Voided checks will have the signature line cut out and will have VOID written in ink. The original check will be attached to the duplicate and forwarded to FSP who will attach any other related documentation as appropriate.

### **Bank Reconciliation**

1. Bank statements will be received directly, unopened, by the Director of Business Operations at FSP.
2. FSP will examine all paid checks for date, name, cancellation, and endorsement. Any discrepancies regarding the paid checks or any checks over 60 days will be researched and if applicable deleted from the accounting system.
3. An FSP accountant will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
4. The FSP accountant will compare the reconciled bank balance to the cash in the bank account and to the general ledger, immediately reporting any material discrepancies to the Director of Business Operations at FSP and the Director Designee.
5. The FSP accountant will prepare a monthly summary report to be approved by the Director of Business Operations at FSP.

### **Imprest Account**

1. The Imprest account will be established and maintained with the amount of \$2,500 of cash on hand and will be used for checks written manually at the School's office.

2. The Director Designee and Board Treasurer and President will be authorized signers of checks for the Imprest account.
3. Once an approved invoice, not exceeding the cash limit of the Imprest account, is received by the Director Designee, Board Treasurer and/or President, a manual check may be written to the vendor.
4. A copy of the signed check and the approved invoice must be emailed to the FSP immediately after the check is written or no later than 5 business days.
5. All copies of checks written from the Imprest account along with approved invoices must be emailed to the FSP within the same month of the check date.
6. The FSP will monitor the Imprest account and will request from the Director Designee an approval of funds to transfer from the Operating Account to the Imprest account to maintain the cash-on-hand balance as needed.

## Accounts Receivable

Documentation will be maintained for accounts receivable and forwarded to FSP. Accounts receivable will be recorded by FSP in the general ledger and collected on a timely basis.

## Cash Receipts (Cash and Checks)

7. All cash and check receipts will be immediately endorsed with the School deposit stamp.
8. By the close of business each day, the Office Manager will log cash or checks received into the Cash Receipts Log. The Cash Receipt logs should be sent to FSP with the weekly mailing of invoices
9. A deposit slip will be completed by the Office Manager and initialled by the Director Designee for approval to deposit. The deposit slip will be duplicated and documentation for all receipts (copy of check, letter, etc.) will be attached to the duplicate deposit slip.
10. Deposits totaling greater than \$2,000 will be deposited within 24 hours by the designated School employee. Deposits totaling less than \$2,000 will be made weekly by the designated School employee. All cash will be immediately put into a lock box.
11. All checks will be endorsed as follows: For Deposit Only; Agency; Program; Bank Account number.
12. The duplicate deposit slip and deposit receipt will be attached to the deposit documentation and forwarded to FSP to be filed and recorded monthly.

## Returned Check Policy

1. A returned check processing fee will be charged for checks returned as non sufficient funds (NSF). Unless otherwise preapproved by FSP or the Director Designee, payment of the NSF check and processing fee must be made by money order or certified check.
2. In the event that a second NSF check is received for any individual, in addition to the processing fee, the individual will lose check writing privileges. Payment of the NSF check, the processing fee and any subsequent payment(s) by that individual must be made by money order or certified check.
3. In the case of NSF checks written by parents of students, failure to pay may result in the withholding of report cards/transcripts at the end of the semester and/or School year until

payment is received, unless other mutually agreeable arrangements are approved by the Director Designee and/or Governing Board.

4. If unsuccessful in collecting funds owed, the School may initiate appropriate collection and/or legal action at the discretion of the Director Designee and/or Governing Board.

## Personnel

The Director Designee and/or Business Manager will be responsible for all new employees completing or providing all of the items on the attached Personnel File Checklist. The Director Designee and/or Business Manager will be responsible for maintaining this information in the format as shown on the Personnel File Checklist. An employee's hiring is not effective until the employment application, form W4, form I9, and health insurance forms have been completed.

## Payroll Timesheets

1. All classified employees will be responsible for completing a timesheet including vacation, sick, and holiday time (if applicable). The employee and the appropriate supervisor will sign the completed timesheet.
2. The completed timesheets will be submitted to FSP on the last working day of the designated payroll period.
3. Incomplete timesheets will be returned to the signatory supervisor and late timesheets will be held until the next pay period. No employee will be paid until a correctly completed timesheet is submitted.
4. If an employee is unexpectedly absent and therefore prevented from working the last day of the pay period or turning in the timesheet (such as an employee calling in sick), the employee is responsible for notifying the signatory supervisor or for making other arrangements for the timesheet to be submitted. However, the employee must still complete and submit the timesheet upon return.

## Overtime

1. Advanced approval in writing by the authorized supervisor is required for compensatory time and overtime.
2. Overtime only applies to classified employees and is defined as hours works in excess of forty (40) hours within a five-day period of time. Any hours worked in excess of an employee's regular work schedule must be preapproved by the supervisor, unless it is prompted by an emergency. No overtime will be paid without the approval of the employee's supervisor. Overtime will not be granted on a routine basis and is only reserved for extraordinary or unforeseen circumstances. If a supervisor identifies a recurring need for overtime in any given position, the supervisor should immediately consult with the Director Designee and/or Business Manager for further guidance.

## Payroll Processing

1. For classified employees, the signatory supervisor will verify the timesheets for appropriate hours worked, resolve absences and compensations, and monitor number of hours worked versus budgeted. No overtime hours should be listed on timesheets without the supervisor's initials next to the day on which overtime was worked. The signatory supervisor



will submit a summary report of timesheets to FSP who will verify the calculations for accuracy.

2. For certificated employees, the authorized supervisor will verify working days for accuracy, tracking the attendance of certificated employees using the monthly log (to minimize recall at the end of the month as to which certificated employees worked). The authorized supervisor will provide the designated School employee with any payroll-related information such as sick leave, vacation pay, and/or any other unpaid time,
3. For confidential employees, the Director Designee and/or Business Manager will verify working days for accuracy, tracking the attendance of certificated employees using the monthly log (to minimize recall at the end of the month as to which certificated employees worked). The Director Designee will provide the designated School employee with any payroll related information such as sick leave, vacation pay, and/or any other unpaid time.
4. For substitute teachers, the Office Manager will maintain a log of teacher absences and the respective substitutes that work for them. The Office Manager will verify that the substitutes initial the log next to their names before they leave for the day and that teachers, upon returning back to work, initial next to their names. This form will be verified and signed by the appropriate supervisor and submitted to FSP.
5. The Director Designee will notify FSP of all authorizations for approved stipends.
6. FSP will prepare the payroll worksheet based on the summary report from the designated School employee.
7. The payroll checks (if applicable) will be delivered to the School. The Director Designee and/or Business Manager will document receipt of the paychecks and review the payroll checks prior to distribution.

### **Payroll Taxes and Filings**

1. FSP will prepare payroll check summaries, tax and withholding summaries, and other payroll tracking summaries.
2. FSP will authorize the contracted payroll processor to process federal and state payroll taxes.
3. FSP will prepare the state and federal quarterly and annual payroll tax forms, review the forms with the Director Designee and/or Business Manager, and submit the forms to the respective agencies.

### **Personnel Record Keeping**

1. The designated School employee will maintain written records of all full-time employees' use of sick leave, vacation pay, and any other unpaid time.
2. The designated School employee will immediately notify the Director Designee and/or Business Manager if an employee exceeds the accrued sick leave or vacation pay or has any other unpaid absences.
3. Records will be reconciled when requested by the employee. Each employee must maintain personal contemporaneous records.

### **Expenses**

## **Expense Reports**

1. Employees will be reimbursed for authorized expenditures within ten (10) days of presentation of appropriate documentation.
2. Employees will complete expense reports monthly, as necessary, to be submitted to FSP.
3. Receipts or other appropriate documentation will be required for all expenses over five dollars to be reimbursed.
4. The employee and the Director Designee must sign expense reports.
5. Director Designee expense reports should always be submitted to FSP for processing and payment.

## **Employee Travel**

1. Employees will be reimbursed for mileage when preapproved by an administrator. Mileage will be reimbursed at the government mandated rate for the distance traveled, less the distance from the employee's residence to the School site for each direction traveled. For incidental travel, mileage will only be reimbursed if the one-way mileage exceeds 10 miles.
2. The Director Designee must preapprove all out of town travel of employees for business purposes.
3. Employees will be reimbursed for overnight stays at hotels/motels when pre approved by an administrator and the event is more than 50 miles from either the employee's residence or the School site. Hotel rates should be negotiated at the lowest level possible, including the corporate, nonprofit or government rate if offered, and the lowest rate available. Employees will be reimbursed at the established per diem rate for any breakfast, lunch, or dinner that is not included as part of the related event.
4. No travel advances are allowed.
5. After the trip, the employee must enter all of the appropriate information on an expense report and submit it to the Director Designee for approval and then on to FSP for processing. In the case of travel by the Director Designee, the appropriate information must be submitted to the Governing Board for approval.

## **Governing Board Expenses**

1. The individual incurring authorized expenses while carrying out the duties of the School will complete and sign an expense report.
2. The Director Designee will approve and sign the expense report and submit it to the FSP for payment.

## **Telephone Usage**

1. Employees will not make personal long distance calls on the telephones without prior approval from a supervisor.
2. Employees will reimburse the School for all personal telephone calls.
3. The Office Manager will review and properly account for all long-distance calls in excess of five dollars per call.

## Finance

### Financial Reporting

1. In consultation with the Director Designee, FSP will prepare the annual financial budget for approval by the Governing Board.
2. FSP will submit a monthly balance sheet and monthly revenue and expense summaries to the Director Designee including a review of the discretionary accounts and any line items that are substantially over or under budget (< or > 10% of established budget). The report will be reviewed monthly with the Finance Committee of the Governing Board and at the scheduled board meeting and action will be taken, if appropriate.
3. FSP will provide the Director Designee and/or Governing Board with additional financial reports, as needed.

### Loans

1. The Director Designee and the Governing Board will approve all loans from third parties. In the case of a long-term loan, approval may also be required from the charter granting agency in accordance with the terms of the charter petition and/or other lenders in accordance with the loan documents.
2. Once approved, a promissory note will be prepared and signed by the Director Designee before funds are borrowed.
3. Employee loans are not allowed.

### Financial Institutions

1. All funds will be maintained at a high-quality financial institution.
2. All funds will be maintained or invested in high quality, short maturity, and liquid funds.
3. Physical evidence will be maintained onsite for all financial institution transactions.

### Retention of Records

1. Financial records, such as transaction ledgers, canceled/duplicate checks, attendance and entitlement records, payroll records, and any other necessary fiscal documentation will be retained for a minimum of seven (7) years. At the discretion of the Governing Board or Director Designee, certain documentation may be maintained for a longer period of time.
2. FSP will retain records at their site for a minimum of two (2) years; after which, the remaining five years will be the responsibility of the School.
3. Financial records will be shredded at the end of their retention period.
4. Appropriate backup copies of electronic and paper documentation, including financial and attendance accounting data, will be regularly prepared and stored in a secure offsite location, separate from the School.

## Risk Management

### Funds Balance Reserve

A funds balance reserve of at least 5% of the total unrestricted General Funds revenues will be maintained.

### **Insurance**

1. FSP will work with the Director Designee to ensure that appropriate insurance is maintained at all times with a high-quality insurance agency.
2. The Director Designee and FSP will maintain the files of insurance policies, including an updated copy of all certificates of insurance, insurance policies and procedures, and related claim forms.
3. The Director Designee and FSP will carefully review insurance policies on an annual basis, prior to renewal.
4. Insurance will include general liability, worker's compensation, student accident, professional liability, and directors and officers coverage. Supplementary coverage will cover the after hours and weekend activities. Coverage will be in line with the limits listed in the School's approved charter petition.

### **Asset Inventory**

1. An asset is defined as all items, purchased or donated, with a value of \$1,000 or more and with a useful life of more than one year.
2. FSP will file all receipts for purchased assets.
3. FSP will maintain an inventory or log of all assets. The log will include the original purchase price and date, a brief description, serial numbers, and other information appropriate for documenting assets.
4. FSP will take a physical inventory of all assets at least 90 days before the end of each fiscal year, indicating the condition and location of the asset.
5. The Director Designee will immediately be notified of all cases of theft, loss, damage or destruction of assets.
6. The Director Designee will submit to FSP written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.

### **Parking Lot Liability**

1. 1. Parking lot related incidences are not covered under any insurance policy. The School assumes no liability for damage to cars:
  - a. Parked in the parking lot during School hours
  - b. Parked in the parking lot after School hours
2. The only exception to this policy will be when a student is observed by an adult accidentally causing damage to a vehicle while engaged in a School activity, such as physical education equipment breaking a window (e.g. a ball)
3. Otherwise, liability is as follows:
  - a. If a student willfully causes damage (i.e. not an accident as described above), the student's parent or guardian is responsible.
  - b. If a parent or other visitor causes damage, that individual is responsible.
  - c. If an employee causes damage, the employee is responsible.

- d. If an unknown person causes damage and there is no witness, the affected individual would determine if they have applicable coverage through his/her individual insurance policies.