

Pataula Charter Academy and Spring Creek Charter Academy

Financial Policy Handbook

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Pataula Charter Academy and Spring Creek Charter Academy General Financial Policy

I. FINANCIAL POLICY STATEMENT

Pataula Charter Academy and Spring Creek Charter Academy, Inc (PCA AND SCCA) is committed to responsible financial management. The entire organization, including the Governing Board, administrators and staff will work together to ensure that all financial matters of the school are addressed with the utmost care and integrity, and in a way that promotes the best interest of PCA AND SCCA.

The policy and procedural guidelines contained in this handbook are designed to:

- Protect the assets of the corporation.
- Ensure the maintenance of accurate financial records.
- Provide a framework for operating standards and expected behaviors
- Ensure compliance with federal, state and local authorities.

The Chief Financial Officer (CFO) of PCA AND SCCA has the responsibility of administering these policies and ensuring compliance with procedures approved by the Governing Board. The CFO shall also have the responsibility of following all rules in accordance with the Georgia Department of Educations' Local Units of Administration Manual (LUA) and the Governmental Accounting Standards Board (GASB). The CFO shall also make sure that entries are made according to Generally Accepted Accounting Principles (GAAP). Exceptions to written policies may only be made with prior consent of the Finance Committee. Any changes or amendments to these policies must be approved by the Governing Board. Policy review will be conducted annually.

All board members, along with any administrators/staff members with financial related responsibilities, should be familiar with and operate within the parameters set forth by these policies. The CFO will ensure all relevant staff are trained annually on financial polices

II. FISCAL YEAR

The Fiscal Year for Pataula Charter Academy and Spring Creek Charter Academy will be July 1 thru June 30.

III. LINE OF AUTHORITY AND RESPONSIBILITY FOR ASSETS

In order to establish a clear understanding of authority and responsibility for Financial Assets and provide guidelines for handling and controlling their accumulation/consumption, the line of authority for PCA AND SCCA shall be established as follows:

The Governing Board has the authority/responsibility to establish any policy deemed to be in the best interest of PCA AND SCCA within the parameters of the Articles of Incorporation, Bylaws and applicable federal, state and local laws. In addition, the Governing Board will approve the annual budget, which shall be managed by the Superintendent and Chief Financial Officer in a responsible manner. Any single item purchases of \$5000 or more require Governing Board approval. Board approval is not necessary if the operating or grant budget that includes this items or service has already been approved by the governing board. Any single purchases of \$10,000 or more will require 3 written bids/quotes and Governing Board approval. The governing board is responsible for ensuring that our Conflicts of Interest policy is followed.

The Finance Committee has the authority/responsibility to provide oversight to the organization's financial activity, which shall be carried out through the following duties: regular audits of financial transactions, annual budget development, selecting an independent auditor and determining the allocation of investment deposits.

The Superintendent and Chief Financial Officer have the authority to make spending decisions within the parameters of the approved budget up to \$5000, determine salary levels (with the exception of their own), create and amend operating procedures/controls, make decisions regarding the duties/accountabilities of personnel, enter into contractual agreements within board designated parameters.

The Chief Financial Officer has the authority to establish accounting procedures/controls that are consistent with Board policies, make decisions regarding expense allocations, select an accounting system and enter into contractual agreements within board designated parameters. The CFO reports directly to the Governing Board.

IV. FINANCIAL CONTROLS AND OPERATIONS

The CFO will function as the Senior Accountant with the primary responsibility of designing and maintaining the accounting system. Book keeping duties may be provided by front office personnel as designated.

Journal entries will be posted monthly by the Chief Financial Officer and will be presented to the finance committee. Journal Entries should be pre- numbered and accounted for monthly. Any "atypical" journal entries should be discussed by a third-party accountant to ensure proper handling. The CFO will present or make available monthly financial reports to the Governing Board within 30 days of the close of each month, including but not limited to the following reports:

1. Monthly and YTD P&L
2. Bank Reconciliation
3. Year to Date Budget to Actual
4. Balance Sheet with current fund balance
5. Individual Budget to Actual Reports for Grant Funds – if amendments are necessary

The CFO will work closely with the Superintendent in ensuring the accuracy of reports. Both the CFO and the Superintendent should be prepared to account for any material variances (5% or greater) in budget to actual #'s.

The Finance Committee will be responsible for auditing expense items on a regular basis to ensure proper handling of school funds. The Committee will also work closely with the Superintendent and the CFO in developing the school's annual budget for the following year. The budget must be submitted to the Governing Board for approval by the April board meeting. Additionally, the Finance Committee should conduct a mid-year review in December of each operational year. If necessary, the Finance Committee, working in conjunction with the Superintendent and the CFO, may adjust the budget at mid-year to reflect changing conditions. The Committee will be responsible for reviewing insurance coverage annually. The Committee is also responsible for securing an annual audit from an independent CPA.

The CFO shall ensure that two public hearings are held before the board approves or amends a general operating budget. The CFO shall follow all legal requirements regarding this in accordance with O.C.G.A. 20-2-167.1

General Separation of Duties:

1. No authorized check signer may write checks or perform bookkeeping tasks.
2. Bank statements must be reconciled by someone other than the check signer or writer. **Bank reconciliations will be approved during the finance committee meeting by the finance committee chair.**
3. Deposit documentation and reconciliations should be prepared by someone other than the person who records the receipts
4. Purchase orders or reimbursement requests must be signed by the Superintendent or the CFO as final approval. The board chair will approve reimbursement requests from the Superintendent. Reimbursements will only be made after costs have been incurred.
5. **General journal entries will be posted by the chief financial officer. The entries will be reported during the finance committee meeting as necessary.**

V. SAFEGUARDING ASSETS

The CFO, under the oversight of the Finance Committee, is entrusted with the safeguarding of the school's assets, and will have the primary responsibility of ensuring that all financial reports accurately reflect the school's financial condition. Additionally, the CFO will have the responsibility/authority of ensuring that proper financial management procedures are maintained and board policies are being adhered to. Actual income/expenditures should be compared to budget on a monthly basis and reported to the Governing Board.

The CFO will also be responsible for ensuring each of the following:

- Actual income/expenditures are compared to budget on a monthly basis and reported to the board, along with explanation of any material variances.
- Bank statements are promptly reconciled on a monthly basis.
- A proper filing system is maintained for all financial records.
- Adequate insurance for assets is maintained.
- Maintain a listing of all capital assets and a depreciation schedule
- Monitoring fund balances and reporting on it monthly to the governing board
- Ensuring that debt is paid in accordance with amortization schedules

VI. PAYROLL CONTROLS

The Founding Board elected to outsource payroll through a third-party payroll service. Based on the decision of the Board, the CFO will have the responsibility of overseeing the process.

A master payroll file should be maintained, showing compensation and withholding amounts for each employee. Any changes to compensation or withholding amounts should be reflected in the file, and submitted to the payroll service as soon as the changes become effective. Each month, the CFO is responsible for reviewing the payroll register, payroll checks/direct deposit amounts and tax deposit checks to ensure proper processing. The Office Manager will monitor the usage of vacation and sick time, as well as attendance records. The time records shall be reviewed by the employee's direct supervisor on a regular basis. Non-exempt staff must have overtime approved by their supervisor.

VII. SALARY

All personnel salaries/wage rates are authorized by the Governing Board upon recommendation of the Finance Committee with direction from the Superintendent and Chief Financial Officer.. All changes in employment are authorized by the Governing Board upon recommendation of the Superintendent or CFO.

VIII. ACCOUNTING

Pataula Charter Academy and Spring Creek Charter Academy will follow all guidelines listed in the GADOE LUA Manual and all GASB rulings and statements.

PCA AND SCCA will use modified accrual based accounting. PCA AND SCCA will use Quickbooks as their official accounting software program.

The Office Clerk will serve as the primary book keeper and will be responsible for logging receipts/disbursements in the accounting system (Quickbooks). All entries should be calculated prior to input and compared with totals calculated by the system. Any errors should be corrected immediately. Detailed reports of receipts/disbursements should be created and reviewed by the CFO and compared to source documents for accuracy. The CFO will also review debit entries for accuracy. The CFO will be responsible for making Journal Entries as necessary to close out the General Ledger. Trial balance totals should be compared to detailed reports for verification of balances each month. Only the Office Clerk and the CFO should have access to the Accounting System.

IX. BANK RECONCILIATIONS

The CFO shall reconcile the monthly bank statements with the Check Journal/Cash Account in the accounting system. In the event of a discrepancy, the CFO will then be responsible for resolving the discrepancies with the

assistance of the Office Manager and the bank, if necessary. The CFO will adjust the Check Register & General Ledger, if necessary. Bank reconciliations shall be performed on a monthly basis. ***Bank reconciliations will be reported during the monthly finance committee and will be reviewed and approved. The finance committee chair will be responsible for signing the bank reconciliation report.***

XI. DISBURSEMENTS

- The Superintendent has expenditure approval within the parameters of the operating budget as approved by the Board. Any disbursements over \$ 5000 for a single item outside of the approved budget must have board approval before purchase. A Board member having check signing authority must approve disbursements made to the Superintendent. The intentional "splitting" of invoices for the sole purpose of meeting the parameters set forth by this authority is prohibited.
- The Principals have check signing authority once all purchasing guidelines are met and approved.
- Purchase requests will be initiated in writing by requestor and approved within the specified authority by the Superintendent or CFO after principal approval. If the expense is a Title expense the request will first go to the Title Programs Director for approval and then to the Superintendent.
- Pataula Charter Academy and Spring Creek Charter Academy will use an online payment system. All disbursements will be made through this system. There must be two approvals before payment is made. The CFO and Superintendent must approve all entries through this system..
- PCA and SCCA office clerks must make every reasonable effort to push all payments through online payment system.
- The Superintendent may not act as the authorized check signer for checks made payable to the Superintendent. The authorized Board designated check signers will approve reimbursement request and sign checks for the Superintendent.
- Disbursements that are not payroll related that are over \$50,000 will require two signatures.
- All disbursements should be made by check or through online payment system and accompanied by substantiating documentation.
- All checks should be pre-numbered and accounted for monthly.

- Check stubs (or copies of the checks if the check is not a voucher style check) should be retained, along with supporting documentation,.
- All voided checks must be defaced and retained.
- No checks may be written to "cash" or "bearer".
- Blank checks should be stored in a locked enclosure.
- Once an invoice/check request has been paid, it should be held until reviewed by the CFO for accurate recording/proper coding, then filed along with supporting documentation and check stub/copy of check.
- The Superintendent, Principal, and two Board Members shall be listed as authorized signatures on all checking accounts. The CFO shall not have check signing authority.
- Blank checks may never be signed in advance.

Petty Cash

- Pataula Charter Academy and Spring Creek Charter Academy do not have a petty cash fund.

XII. RECEIPTS

- Pataula Charter Academy and Spring Creek Charter Academy will take all student fee payments and fundraising payment online to the extent possible. All stakeholders will be encouraged to use this online account.
- Online payments are then deposited into our checking account daily and reconciled by the Office Clerk and CFO.
- Pataula Charter Academy and Spring Creek Charter Academy will discourage all cash payments.
- A copy of all receipts should be made and maintained in deposit account file.
- All checks should be stamped "Deposit Only" immediately upon receipt.
- All cash receipts should be recorded on pre-numbered duplicate receipts.
- Three staff members must be involved in the daily cash deposit process to ensure proper checks and balances.
- The Chief Financial Officer shall be responsible for developing school procedures to safeguard daily deposits in accordance with this policy.
- The CFO will reconcile daily deposits monthly.

XIV. BIDS AND PROCUREMENTS

It is the policy of Pataula Charter Academy and Spring Creek Charter Academy ("PCA AND SCCA") that when it is necessary to procure a single good or service with an amount to \$10,000 or greater, they must be procured through a formal bidding process where at least three bids will be obtained for consideration by

PCA AND SCCA's Governing Board. An exception can be made in the event that the goods or services being sought are so specialized in nature that the procurement process does not render three quotes from qualified vendors. An exception will also be made when items are available on Statewide Contract. All goods and services valued at \$100,000 or more must be posted on the Georgia Procurement Registry for a period of 30 days before approved by the board.

An exception shall also be made in emergency situations where normal school operations dictate that goods/services be acquired immediately and without board approval. In such situations, the Superintendent or Chief Financial Officer has the authority to act in good faith on behalf of the board, and in doing so, must exercise reasonable judgment to procure the goods or services in a manner which produces the most cost effective solution for PCA AND SCCA. The Superintendent or Chief Financial Officer will inform the board of the purchase as soon as is reasonably practical, but no later than the next scheduled board meeting.

PCA AND SCCA's procurement method shall include a committee process to develop requests for proposals and appropriate cost analysis of the goods or services, including consideration of any leasing options along with purchase options. PCA AND SCCA shall use the finance committee to review and evaluate the bids and thoroughly document the evaluation process. Such committee must include the PCA AND SCCA's chief financial officer and the Superintendent, or his or her designee. This committee will develop a recommendation to the board with the vendor selected through the evaluation process. Unless compelling business reasons dictate otherwise, PCA AND SCCA must strongly consider using the vendor with the lowest bid which meets all requirements outlined in the proposal.

Prohibition of Conflicts of Interest in Procurement Process:

Pataula Charter Academy and Spring Creek Charter Academy has established a clear Conflict of Interest Policy which specifically prohibits any board member or employee from participating in the selection or awarding of a contract to procure goods or services if a real or apparent conflict of interest were involved. A conflict of interest will arise when board member, employee, any member of his/her immediate family, his/her partner, or any organization which employs, or is about to employ, any of the parties indicated herein, has a financial or other interest in the firm selected for the award.

Federal Awards ; Any officer, employee, or agent of the school may neither solicit nor accept gratuities, favors, or anything of monetary value from contractor or parties to subcontracts. The CFO will ensure the board and staff are aware of this Code of Federal Regulations 200.318

Violations of conflicts of interest will be fully investigated by the governing board and they will determine any consequences; including adverse actions as necessary.

Additional Information:

1. PCA AND SCCA shall ensure proper use of grant funds and will only purchase goods or services deemed reasonably necessary for school operations in accordance with the terms and conditions of grant funds.
2. All on-site vendors shall exercise reasonable care while at PCA AND SCCA and will be required to provide certificate of insurance as proof of general liability coverage of \$1 million or greater.

XV. BUSINESS RECORDS RETENTION

This policy shall apply to all documentation reflected below, whether the documents are stored electronically or physically maintained. PCA INC will follow all government agency record retention guidelines as set by the Georgia Archives. Once the required time period has elapsed, all documentation should be disposed of in such a way so that no sensitive information can be obtained by any outside parties (i.e. shred). In the event that documents are stored electronically, adequate backups should be made on a regular basis to prevent data loss.

XVI: Credit Cards

- The PCA AND SCCA credit card cannot be used for cash advances, personal or non-business related purchases.
- All entities should be tax-exempt. As such when using the credit card, the user should ensure that the vendor is provided with the tax-exempt forms and that, when possible, they are not charged state sales tax.
- The cardholder is responsible for ensuring the credit card purchases are within budget and have been approved through a purchase request.
- Receipts need to be turned in to the finance department no later than 72hrs after purchase.
- Any receipts for meals must clearly indicate the names of all persons attending the meal and the business purpose of the meeting.

Eligibility

The finance committee will authorize personnel as cardholders. The CFO shall never be issued a credit card. Personnel receiving a card shall be limited to the Superintendent and Principals/Administrators of PCA and SCCA. All transactions for the PCA and SCCA credit card are reconciled each month by the Chief Financial Officer and reported to the finance committee.

Allowable Uses

PCA and SCCA credit card is for business purposes only of the entity for which the card is issued. PCA and SCCA credit card may not be used for cash advances for any reason. PCA and SCCA credit card is not intended for purchases that can otherwise be paid for using corporate checks. Instead they are intended for vendors that do not accept corporate checks or purchase orders. All PCA and SCCA credit card shall be used to make travel reservations, for emergency purchases, and in some cases POS purchases when the savings are substantial.

There shall be no purchases made of \$10,000 or greater with the credit card. All purchases must meet prior approval and spending limit guidelines as defined in the financial policy.

Tax Exemption

PCA and SCCA is exempt from state sales tax. The documentation is available upon request from the finance department of school operations staff. All purchases should provide this information to vendors at the time of purchase and do what is feasible to ensure that they are not paying state tax on purchases.

Card Number Security

The credit cardholder is solely responsible for all purchases made with the card. Their credit card number is not to be used by unauthorized personnel. As such, the cardholder shall not share their card numbers with anyone. Credit card holders must also sign and accept an agreement for use based on the policies outlined.

Approvals

All purchases with the PCA and SCCA credit card are approved after a purchase request has been submitted and approved through the proper channels. If purchases are made with the superintendent's card, then the governing board chair or board treasurer must approve purchase request prior to credit card transaction.

Receipts

The PCA and SCCA credit/debit cardholder is responsible for all receipts related to purchases. This includes receipts of online and travel purchases. The cardholder shall label all receipts with a description of what it is for to ensure proper coding by the finance department. **All receipts should be submitted to the finance department within 72 hours of purchase.** If a receipt is accidentally lost, the cardholder must make every attempt to obtain a duplicate receipt. If one cannot be obtained a written description of the items and cost must be submitted to the chief financial officer. We are routinely audited on our credit/debit card purchase so it is especially important that all purchases are properly documented with the receipt.

Card Audits

The board treasurer shall be named as the credit card administrator. The treasurer will delegate card reconciliations to the chief financial officer. The reconciliation shall include a listing of each receipt, purchase request, and account code assignment before card is paid. The card will further be reconciled using QuickBooks. This reconciliation package must be presented monthly to the finance committee. The cardholder, board treasurer, and the CFO must review and sign off on this package monthly. Any violations discovered during this process will result in immediate notification to the governing board and Superintendent. The board will thoroughly investigate any violations. If the board finds merit to the reported violation then they will follow progressive steps of discipline according to board policy.

Termination

Upon the termination of cardholder employment, all cards must be cancelled and returned to the designated person, along with any other company owned items.