



# **Georgia Cyber Academy Inc.**

## **FISCAL POLICIES & PROCEDURES**

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## **Policy Overview**

The purpose of this document is to provide an overview of internal control policies followed by Georgia Cyber Academy. The policies cover accounting, financial reporting, information technology and human resource services.

Internal controls are the methods and procedures used to provide reasonable assurance to items including:

- Safeguard assets
- Ensure validity of financial reports and records
- Promote adherence to policies, procedures, regulations and laws
- Promote effectiveness and efficiency of operations
- Ensure financial systems are secure and backed up as needed
- Separation of duties

## **Audience**

This policy is intended for the School Board, School Management and GCA employees.

## **Policy Exceptions**

Regulatory requirements and service agreements may modify the policy for an individual school; however, these changes must be documented in an addendum and approved by the School Board.

## **Delegation of Authority**

The policies and procedures within this document are supplemented by the Delegation of Authority Matrix where specific roles are identified along the way of each process ie. Bank account authorization, check signatories, invoice approvals.

## **Budget Approval**

The School will adopt an annual Program Budget for each Fiscal Year during the planning period in the previous Fiscal Year. The School will present to the governing Board a proposed Program Budget for each such Fiscal Year prior to June 1 of the prior Fiscal Year. The proposed Program budget will include assumptions provided by the school, including but not limited to, the number of Student Support Staff to be employed, the number of teachers to be employed and projected enrollment, funding and expenses. The Board and the School will work to adopt a final Program Budget on or before June 30. The budget must be discussed in two public meetings prior to its approval by the Board.

***Budget FY Timeline:***

March - Initial QBE Allotment sheet becomes public with initial funding projections for next school year.

April – CFO meets with Superintendent to get preliminary initiatives for next school year.

April – CFO meets with each department head to determine what expenditures that need to be added to next year’s budget. Any new costs are vetted and approved by the CFO and Superintendent.

April - Personnel cost are then inputted based on enrollment projections. Board classroom ratios are used to determine how many teachers are needed. Support staff, District positions, and any other leadership positions are determined by the Superintendent.

May – Superintendent initiatives are finalized based on the new allotment sheets and new federal funding revenue that should be published by then. Salary increases, new positions, and curriculum additions are inputted into the budget.

May – The first budget meeting is done with the Superintendent and Executive director and then published at the first finance committee meeting with the board.

May – The first official board meeting that month counts as the first of two public meetings that must take place to authorize the budget.

June – Any changes to the budget that come from the board are presented at the finance committee meeting that month.

June – The budget is voted on and approved by the board so that the budget is active for the start of the fiscal year, July 1st. If the budget is not approved, then the budget can be approved at the following meeting. The current budget would act as a guideline until the official approval.

## **Treasury**

### *Authorization and Approval*

- School Board must authorize the opening of a bank account.
- Superintendent, Executive Director, and the Chief Financial Officer (CFO), (or Board Member/Designee), where applicable) are the signatory / agents for all –*Georgia Cyber Academy* bank accounts. All Checks from Bill.com require two steps of approval subject to the PO and payment approval process.
- Cash balances shall not be reduced below zero.
- Public fund balances over \$250K must be insured (collateralized).
- Checks outstanding and unpaid for a period of one (1) year shall be declared void, included as receipts and removed from the outstanding check listing unless state escheatment treatment is required.
- Any adjustments to cash, such as the write-off of old outstanding checks, must be approved by the Superintendent or CFO.
- Upon termination or change in job responsibility of a check signer the bank authorized signatures must be updated immediately.
- The Superintendent and the CFO will review the bank authorized signatories semi-annually and confirm review to Board. Finance will also review access to PayPal accounts.
- Debit cards issued on school bank accounts are not authorized.
- Credit Card expenses must have approved PO's prior to purchase and the credit card statement is reconciled monthly. Access to Credit Cards will be limited. Current access can be found under the Delegation of Duty Matrix.
- School credit cards require an approval to by CFO to increased limit.
- Pay Pal Accounts may be established through the CFO to manage incidental student activities (field trips, events etc.) where absolutely necessary. The accounts must be tracked through the General Ledger and follow the standard monthly account reconciliation and review process.

### **Investment Account (Georgia Fund 1)**

#### Interest-Only Withdrawal Policy

- Only interest income from the investment account may be withdrawn, with prior notification to the Board. Projected interest will be estimated based on the beginning-of-year balance and incorporated into the annual budget.
- Interest earnings will be automatically reinvested monthly unless otherwise directed by the CFO/Superintendent, the Board, or an approved reinvestment policy.
- Any non-emergency withdrawals must directly support budget-aligned priorities such as scholarships, program costs, or capital improvements.

#### Capital Preservation Threshold Policy

- No withdrawals—of interest or principal—are permitted if the account falls below the Board-established threshold or initial investment (e.g. \$5M), unless in the event of a declared emergency.

- If the account decreases below the threshold due to market performance or prior withdrawals, all disbursements will be suspended until the balance remains above the threshold for two consecutive quarters.
- The CFO will monitor account balances monthly and report versus threshold status to the Board along with account performance.

#### Reinvestment Policy

- The reinvestment rate will be reviewed annually during the budget process and may be adjusted in alignment with school needs, investment performance, and strategic goals. Currently, 100% of interest is being reinvested unless otherwise noted by the CFO to the Board.
- Upon budget approval by the Board, the average monthly operating expense will set the minimum balance required in the operating bank account. For example, if average monthly expenses are \$10 million, the operating account cannot decrease below \$10 million to fund additional investments.
- The CFO will notify the Board of any new capital added to the investment account outside of the approved budget forecast.

#### Emergency Access and Withdrawal Policy

- Withdrawals below the Capital Threshold are prohibited unless a financial emergency is formally declared by the full Board of Directors.
- An emergency declaration requires a full Board vote. All actions taken under this policy must be documented, reported to, and approved by the Board.

#### *Custodial and Security Arrangements:*

- The CFO maintains custody of the school check stock, if available. Check printing is maintained electronically through Bill.com. Access to check stock is separated from those with the ability to sign checks.
- Check stock is stored in a secure/locked area if allowed on campus. Check stock has been removed indefinitely.
- Checks voided for any reason are maintained by Bill.com. The reason the check was voided is noted on the check and copies of the voided checks are available in Bill.com.
- Petty cash funds are not allowed.

#### *Accounts Receivable*

- Deposits of state student funding and federal grants should be routed to automatically deposit into the school bank account. A copy of all backup documentation for direct deposits must be sent to the Finance department.
- Cash should not be sent directly to the school. In the limited cases where checks are received by the school the following process must be followed:

- Administrative Assistant opens mail and maintains a ledger of all checks received. The ledger is reviewed periodically by the Finance department.
- Finance department maintains a ledger of all checks received as well as photocopies. Backup for all counter deposits is sent to the school Bookkeeper.
- Checks are deposited into the school bank account by the Finance department or Superintendent within one week of receipt.

#### *Monthly Bank Reconciliations*

- Bank reconciliations are performed and reviewed monthly for all bank and PayPal accounts.
  - Bank reconciliations are performed by the Finance department and include a beginning cash balance, listing of cleared checks/payments, deposits/credits, un-cleared checks/payments, deposits/credits and the ending cash balance. All variances are researched and explained
  - The bank reconciliation, with a copy of the bank statement, is included in the monthly financial pack and reviewed/approved by the Superintendent or CFO.
- All PayPal deposit and payment activity must be provided to the Finance department for accounting purposes. Accounts must be reconciled on a monthly basis by Finance department and be reviewed / approved by the CFO. Reconciliation must include a tie-out of funds deposited and expenditures paid to remaining PayPal balance.

#### **New Vendors**

New vendors must be approved using a New Vendor Request Form in Etrieve. A copy of a form W-9, W-8 BEN, and SAMS verification are required prior to approval. Once approved, the vendor is setup in Bill.com for invoice processing.

#### **Expenditures - General Funds**

##### *Authorization and Approval*

##### **-General Approval Requirement**

- All purchase requisitions must receive approval from both the Superintendent and the Chief Financial Officer (CFO) prior to processing.
- The HOS and Finance Department are approved by the Board to approve and make expenditures on behalf of the school for operational purchases within the approved budget.

-Purchases Exceeding \$25,000

- For any purchase exceeding \$25,000, the School is required to obtain a minimum of two (2) competitive quotes to ensure responsible and cost-effective spending.

-Purchases Exceeding \$100,000

- Any purchase requisition exceeding \$100,000 must be reviewed and approved by the Board Finance Committee before a purchase order (PO) can be issued or finalized.

-Purchases Exceeding \$500,000

- Purchases over \$500,000 are subject to a formal procurement process, which includes the following requirements:

-The project must be publicly advertised on GCA's website to invite competitive bidding.

-A minimum of three (3) competitive quotes must be obtained through this formal bid process.

-If three quotes cannot be secured, the School must provide:

1. Documentation of efforts to obtain additional bids, or
  2. A written "sole source" justification, explaining why no other vendors are available or suitable.
  3. This documentation must be included with the final purchase order.
- All federal purchases must follow the guidelines of the Federal Programs Handbook – See federal purchases below and the appendix for System for Award Management (SAM) exert.
  - All service contracts, when applicable, must be supported by a current written contract.
  - The IT team must be consulted on technology purchase and implementation decisions. The IT team will assist in the securing of competitive pricing for computers, monitors, printers, software and school technology infrastructure components. This will also ensure the equipment is supportable by our technology personnel and that it meets the necessary requirements to ensure the security of sensitive school data.
  - Loans to employees and Board members are prohibited under all circumstances.
  - Compensation and any other payments for goods and services may not be paid in advance with the exception of: insurance, rent, facility/room rentals and software licenses and a contract for each service must be tied to the service. Some exceptions do apply that fall under Finance/Department Head discretion for good and services.
  - All invoices (including expense reimbursements) must be paid in a timely manner within 30 days.
  - For payments to be processed the following must occur:
    - An itemized invoice must be approved according to the School Delegation of Authority and matched to a purchase requisition (if required).
    - Once approved, the invoice is scanned, with any supporting documents, to Bill.com for payment.
  - For purchases of Gift Cards, the following must be documented:

- Preapproval by the Superintendent is required prior to purchase. Documentation must include the purpose of the gift cards, intended recipients and timing of distribution.
- Gift card must be locked in a secure location with restricted access.
  - Monthly reconciliation of remaining gift cards and card distribution must be provided to Accountant and included in the monthly financial pack review by the HOS. All gift cards distributed to teachers must be reported to payroll and is considered imputed income.
- Checks must never be written for cash.
- **Disbursement Authorization:** The Board entrusts the power of disbursement of GCA funds, including check-signing authority, to its Chair and Finance Committee Chair, and to the Superintendent and CFO. The Board further entrusts the Superintendent with the power to designate an additional individual to disburse GCA funds for discrete transactions, on an as-needed basis.
- **Head of School Reporting Duties:**
  - Semi annually, the Head of School will in writing confirm his or her review of all

disbursements authorized by any individual to whom he or she has granted disbursement authority and of the reasonableness, questionability, or lack of reasonableness of each disbursement.

- **Self Serving Disbursement Prohibited:** No person entrusted with disbursement power will sign any check made payable to him or herself or authorize any disbursement to him or herself.

### **Expense Reimbursement**

- The Expense Analyst reviews all expense reports submitted through the Concur Expense portal. If accurate, they are approved.
  - Ensure compliance with the School Board approved Travel and General Expenses policy, in accordance with federal or state requirements, if applicable.
  - Confirm completion of supporting documentation.
- Random approved expense reports are audited by the Finance Assistant Director.
- The Finance Assistant Director sends copies of the expense payment files to the CFO, Payroll Manager, Bookkeeper and Expense Analyst, then uploads the approved expenses to ADP for payment.
- The Payroll Manager schedules the payment and the CFO approves the payment register prior to finalizing the payment.
- Refer to individual school expense policy for specific allowable expenses.
- All employee expense reports must be filed in the expense portal prior to termination of the employee's services to GCA to be reimbursed.

### **Expenditures - Restricted Funds**

#### *Authorization and Approval*

Expenditures for Restricted Funds follow the same policies for General Funds with the following exception.

- Purchase requisitions must be completed for all restricted fund purchases and other one-time purchases. All purchase requisitions must show the amount of the purchase, if known, or if not known an estimate must be made. Prior to approving grant expenditures, the Superintendent and / Department Head must be certain that the expenditures are in accordance with federal or state requirements. Approvals must be secured.
- Prior to purchase. Quotes and/or other backup information must be attached to the purchase requisition.
- For payments to be processed, there must be a fully itemized invoice, invoice must be approved and coded to the proper restricted fund by the appropriate person and matched to a purchase requisition (if required).
- Once approved, scanned copies of the documents must be sent to Bill.com for payment. All technology purchases must be vetted by our IT department.
- All items (assets and inventory) purchased with restricted funds need to be tagged with an asset tag, tracked for physical location and inventoried annually. The tag must read "Purchased with

XYZ funds for XXVA". Any item (asset or inventory) assigned to a student or teacher also needs to be tagged, tracked for physical location and inventoried annually.

#### *Payment Processing*

- Bill.com generates all checks/ACH transfers and records the payments within the Accounting Software.
- Invoices with electronic approval (with amount) is required before checks are cut for payment.
- All scanned copies of checks with document support are saved in the vendor file located on Bill.com.
- In the event of overpayment to a vendor, a refund or credit must be obtained and recorded as such.

#### **Fixed Assets - General**

The School is required to establish a fixed asset accounting system that will contain sufficient data to permit:

- The preparation of fiscal year-end financial statements in accordance with Generally Accepted Accounting Principles (GAAP)
- Adequate insurance coverage – assets are disclosed during insurance procurement
- Control, accountability and security

#### *Criteria for Fixed Asset Capitalization*

- The asset has a useful life of one (1) year or more.
- The cost of the asset is greater than \$250,000

#### *Valuation*

Fixed assets are to be valued at purchase cost.

Donated fixed assets shall be valued at the donor's estimated fair market value at the time of gifting.

#### *Depreciation*

Assets will be depreciated using straight-line depreciation. Estimated life for fixed assets shall follow IRS guidelines.

#### *Classification*

Fixed assets shall be classified as follows:

- Furniture - 7 years
- Equipment - 7 years
- Software – Amortized 3-5 years

- Structures and improvements – 15 years
- Land – Unlimited useful life
- Improvements other than buildings – 15 years

### *Information*

The following information shall be maintained for all fixed assets:

- Description
- Asset classification
- Location
- Purchase price
- Vendor
- Date purchased or leased
- Accumulated depreciation
- Method and reason of disposal, if applicable

### *Asset Disposal*

Any asset with a fair market value greater than or equal to \$5,000 must be approved by the Board prior to retirement. Approval is required by the CFO for assets purchased with a fair market value of less than \$5,000, prior to retirement. The Fixed Asset Inventory will then be updated to include reason for retirement and date of write-off.

Examples of reasons for retirement:

- Asset is damaged beyond repair.
- Asset is damaged and the cost to repair it exceeds the current fair market value.
- Asset is not able to support current technology needs.

Any impairment to Fixed Assets needs to be communicated to IT Department and/or Superintendent immediately in order to assess the impairment.

- Fixed assets that are deemed obsolete or beyond repair should be communicated to the Accountant prior to disposal.

### *Physical Controls:*

- An annual inventory must be performed by Department Heads Program Managers when applicable -
- Physical (when applicable) and virtual inventory must be performed for all capitalized items, as well as, all computers that do not meet the capitalization threshold.
  - The inventory is performed to determine that all assets are present, in usable condition, located in the assigned area, and accurately recorded on the fixed asset or inventory records.
  - Upon completion, the District Ops Director or CFO / Department Head must review and approve the results. Review includes a comparison of physical inventory to accounting records and fixed asset schedule.
  - Any discrepancies must be communicated to the HOS.
- Computer and software asset list must be submitted to the IT Team for maintenance of IT equipment inventory to ensure continued supportability, license compliance and information security.
- All fixed assets are tagged with a School fixed asset tag.

### *Tracking and Reconciliation*

- A fixed assets schedule is to be maintained by the CFO and Finance department according to the Fixed Asset Section above.
- The fixed asset schedule must be updated monthly to include new purchases, retirements, or transfers of assets.
- The CFO and Finance department District must also reconcile the fixed asset schedule to the accounting records.

### **Physical Assets Purchased with Restricted Funds**

- All items purchased with restricted funds need to be tracked and inventoried by the school. The information must be maintained in a secure environment (i.e. system or network) with restricted access.
- All items (assets and inventory) purchased with restricted funds need to be tagged with an asset tag, tracked for physical location and inventoried annually.
  - The tag must read “Purchased with XYZ funds for XXVA”.
  - Any item (asset or inventory) assigned to a student or teacher also needs to be tagged, tracked for physical location and inventoried annually
  - An annual inventory must be performed. The physical inventory must be performed for all restricted fund purchase to catalog for restricted fund audit purposes

Physical assets purchased with restricted funds meeting the following criteria must also follow the fixed asset policy in the previous section in addition to the criteria laid out above.

- All items the asset has a useful life of one (1) year or more
- The cost of the asset is greater than \$2,000.00

#### *Tracking and Reconciliation*

- A restricted fund fixed asset schedule must be maintained by the SPED /District Program Fund Managers.
- The restricted fund schedule must be updated monthly to include new purchases, retirements and/or transfers of assets.

#### **Accounting, Budgetary Control & Financial Closing**

- The Schools uses the modified accrual basis of accounting.
- Fund accounting is used to account for the financial activities of the School.
- Budgets are prepared annually by the CFO and reviewed by the Superintendent based on estimates of revenues and expenses. The annual budget is reviewed and approved by the Board in accordance with the state law.
- If applicable, an independent auditor is selected by the Board to perform the annual financial audit for the School. The current annual financial audit must be reviewed by the Board of Directors and submitted to the school's authorizer, the Department of Education, and any other approving agency.

### *Month End Close Accounting Process*

- Inputs
  - School Payables
  - Forecast Accruals
  - Billing Accruals
- Month end journal entries and accruals
  - Payroll Related
  - Forecast Related
    - General Fund Revenue accruals
    - Revenue based Expenses – fees
      - Oversight Fees – Sponsor
    - Expenses
      - Teacher Bonus
      - ISP
      - Rent/Insurance/Others
  - Amortization & Depreciation
    - Fixed Assets
    - Deferred Rent
    - Prepaid Expenses (Insurance and Legal)
  - Restricted Funding Revenue Recognition
- Balance Sheet Reconciliations
  - Bank Account Reconciliations
    - Manual Checks
    - Credit Cards
  - Prepaid Expenses
  - Other Receivables
  - Fixed Assets
  - Accounts Receivable
  - Deferred Revenue
  - Restricted Funds Analysis
  - Deferred Rent
  - Other Accrued Liabilities
  - Accounts Payable

### *Monthly Financial Package*

- Comprised of:
  - Actuals in Budget Format
  - Bank Reconciliation
  - Transaction Detail by Account
  - Journal Entry Posting
- The monthly financial close is performed by Finance.
- Financial reports are provided to the Board via email monthly. Board questions are addressed at applicable Board, Board Finance Committee meetings (if applicable) or other requested meetings.
- Financial pack approvals are performed by the Superintendent and the approval is after each closing cycle.

### **Tax**

- School Finance reviews school contract to determine tax oversight/filing requirements for the organization. Consult state auditor uncertain of terms and/or requirements.
- School Finance confirms and documents annually that school's Federal and/or state not for profit status is valid.
  - Federal check: <http://www.irs.gov/Charities-&-Non-Profits/> , EO Select Check.
  - A copy of the original IRS approval of the non-for-profit status is maintained in the organization's permanent tax files.
  - Some states have their own non-profit status and/or education exemptions. Finance Manager ensures the School has applied for and received the appropriate exemptions and maintains a copy of the status/exemptions in the School's permanent tax file. Consult Legal as needed for guidance.
- A calendar of tax form due dates is developed and the Finance ensures tax forms are timely and accurately filed for the non-profit organization:
  - Federal:
    - Form 990 – To be filed annually by the 15<sup>th</sup> day of the 5<sup>th</sup> month following the close of the tax year. (A return for the June 30 year end would be due by November 15).
    - The School engages a CPA firm to prepare Form 990 if required. Review and ensure accuracy of figures presented on the form agree with audited financial statements for the school.
  - State:
    - Business license: Typically annual or bi-annual business licenses are required and can be at the state and/or local level. Confirm required filings and frequency.
    - Sales/use tax: Taxation of educational materials and services vary widely depending on state rules, type of organization and the item. Consult Legal or state auditor to determine sales/use tax filing requirements for your school.

## APPENDIX

### System for Award Management Excerpt

Suspension and Debarment (2 CFR §200.213)

- Non-federal entities when using federal funds are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180.
- These regulations restrict awards, sub-awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.
- 2 CFR §180.220 Procurement contracts included as covered transactions:
  - o Any vendor whose contract(s) (purchase orders) or subcontract(s) is expected to equal or exceed \$25,000 during the GAN's budget period must be checked against the System for Award Management (SAM) for suspension or debarment (includes contracted tutors)
  - o Evidence of the verification can be in the form of a date/time stamped print screen, or other digital method that is readily available
    - Website for checking status: System for Award Management (SAM)
    - When micro and small procurements are made with vendors, the LEA shall check the vendor for suspension and debarment when cumulative vendor purchases equal or exceed \$25,000
- Checking at the \$25,000 threshold should suffice throughout the GAN's budget period (LEAs may check prior to reaching the \$25,000 threshold at their discretion) (2 CFR 180.320)
- If a vendor becomes suspended/debarred after checking SAM, the LEA may choose to continue to use the vendor if the LEA was using the vendor before the vendor was excluded (2 CFR 180.315)
  - When sealed bids or competitive proposals are made with vendors (over \$250,000), the LEA must check SAM twice (FAR 9.405(d)(1) and (4)). After opening of bids or receipt of proposals .Immediately prior to awarding the vendor Website for checking status: System for Award Management (SAM)

## **Invoice Process Flow**

### Purchase Approval

1. After Finance budget approval, staff member enters purchase requisition into PO system.
2. The Purchase Analyst reviews the purchase requisition/purchase order for accuracy and compliance. Once approved, will send to the next approver, Federal Funds (if Federally Funded) or CFO. (All Special Education expenditures are coded to either IDEA or Special Ed General Fund and note the purpose and allocation of funds.)
3. Once approved by the first level approver, the purchase request is sent to Finance Approver for 2<sup>nd</sup> approval. Once approved thirdly a PO number will be assigned, and the item can be purchased once final approval is met by Superintendent.
4. Funding approval is obtained for federal funds purchases such as Title I, Title IIA, Title III, and IDEA from the Federal Programs director.
5. Once the Purchase Request has been approved, a PO number will be issued, and the PO is then forwarded to the Finance Approver to purchase.

### Invoice Payment

6. The AP Analyst matches the invoice with the PO and other documentation. The invoice is reviewed by the Finance Approver for accuracy.
7. If the invoice is accurate, it is sent through Bill.com to the CFO for final approval.
8. Invoices which are approved for payment are entered into a spreadsheet showing the date, vendor and amount and other notes by the Finance Department.
9. The spreadsheet and invoices/documentation are reviewed by the Finance Approver for accuracy then sent to the CFO, if appropriate, for payment approval.
10. The Accountant/Bookkeeper manually syncs the batch number, date received, due date and total amount into QBs.
11. The checks are cut by Bill.com and follow an electronic process through Bill.com.

### Checks

12. All checks and ACH's are processed by Bill.com then checks are mailed by Bill.com.
13. A copy of the payment transactions, ACH or cleared check, is maintained in Bill.com.