

FISCAL CONTROL POLICIES OF GLOBAL EDUCATION COLLABORATIVE

The Board of Directors for GLOBAL EDUCATION COLLABORATIVE (herein GEC) has reviewed and adopted the following policies to ensure that the school's funds are used to effectively support the school's mission and to ensure that the funds are budgeted, accounted for, expended, and maintained in order to maintain the fiscal stability of the school. The financial policies and procedures will implement all applicable State and Federal regulations regarding expenditure of and accounting for public funds. To provide an accurate and auditable record of all financial transactions, the School's books, records, and accounts are maintained in conformity with generally accepted accounting principles as required by the CDE, applicable to Charter Schools.

The Board of Directors Fiscal Powers

The Board of Directors maintains the following powers in regards to the school's finances:

- Approving and adopting an annual operating budget.
- Reviewing and approving all grant and fundraising requests and receipts.
- Approving compensation schedules and employee benefits offerings.
- Reviewing and approving all major purchases and contracts within limits set by the Board.
- Opening and closing of bank and other accounts and establishing signature authority.
- Reviewing and approving all debts.
- Selecting the school's external auditor and receiving the auditor's report.

Controls and Management

Global Education Collaborative will maintain in effect the following principles in its ongoing fiscal management practices to ensure that, (1) expenditures are authorized by and in accord with amounts specific 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 asset, (3) all transaction are recorded and documented in an appropriate manner, and (4) key financial management duties are segregated among individuals to prevent inappropriate use of school funds and assets.

GEC will adhere to the following segregation of duties policy to reduce the risk of erroneous and inappropriate use of school funds. In general, the approval function, the accounting/reconciling function, and the asset custody function should be separated among employees. GEC will ensure that different employees are assigned to each of the following tasks:

- The person making the requisitions of goods or services.
- The person approving the purchase of goods or services.
- The person receiving the goods or services.
- The person reconciling the monthly financial reports.

I. PURCHASES

- a. Authorization of Expenditures: All approvals of check requests, purchase orders, and invoices shall be consistent with the Board-approved budget. Purchases or

non-recurring expenses of \$10,000 or more must be approved by the Executive Director, Director of Operations, or Business Manager of GEC and one of the following authorized positions: Board Treasurer, Vice-President or President. All other proposed expenditures of up to \$10,000 must be approved by the Executive Director, Director of Operations, Business Manager, or Principal. Director of Operations or Business Manager of GEC must review expenses over \$500 for alignment with the Board-approved budget.

- b. Contracts and Commitments: Contracts and commitments for other goods and services exceeding \$10,000 on an annual basis shall be presented to the Board for approval prior to signing. Length of contracts shall be at the discretion of the Board. In general, contracts exceeding \$10,000 shall be let after a bidding process of sufficient duration to ensure competition. However, the Director of Operations of GEC or Principal may make a finding to the Board for sole sourcing a contract exceeding \$10,000; in this case, the Board may approve the contract in arrears at the time of contract execution. (The basis for such a finding may include: time/urgency issues; the absence of competitors; high service/quality from a particular contractor). Bid tabulations shall be presented to the Board along with a recommendation for action. The Board reserves the right to select whichever vendor it deems most prepared to provide the required goods/ services without regard to the low bidder being the automatic selection.
- c. Accounts Payable: The school shall abide by EdTec accounts payable policies and procedures set forth separately.
- d. Credit and Debit Card Usage: School credit cards shall be used by school administrators for school purchases only in instances where executing payment through General Checking Account is not feasible. (The basis for such instances may include: time/urgency issues; merchant not accepting checks or PO). Debit cards shall not be allowed in any circumstances.
- e. Other Electronic Payments: Initial set-up of electronic methods (wire, ACH, transfer between bank accounts, etc.) requires approval from the Director of Operations of GEC and one of the following authorized positions: Board Treasurer, Vice-President or President. Recurring monthly payments after initial approvals will only require approval from the Director of Operations, Business Manager, or Principal.
- f. Employee Reimbursements: Expenses related to school business shall be reimbursed using standard applicable IRS guidelines. Under no circumstances shall alcohol be reimbursed. The employee must obtain an authorization from Director of Operations, Business Manager or Principal on all reimbursement requests.
- g. Petty Cash: The purpose of the Petty Cash Checking Account is for payment of incidental expenses when there is insufficient time for processing through the General Checking Account. Examples of proper expenses include, but are not limited to, food/meals for teachers doing curriculum work and emergency plumbing repairs. Petty cash shall not be used for teacher reimbursements, employee expense reimbursements or independent contractor payments.

The Principal, Office Manager, Business Manager, and Director of Operations shall have access to petty cash not to exceed \$1,000. Such funds shall be used at the discretion of the Principal, Office Manager, Business Manager, and Director of Operations, subject to Board oversight and consistent with the approved budget and School rules and regulations. A simple ledger shall be maintained by the Office Manager and reconciled monthly by a staff member or accountant that does not have transactional access to the account. Replenishment of the Petty Cash Checking Account shall occur through the normal accounts payable process (see EdTec accounts payable policies and procedures set forth separately). Use of petty cash shall require original receipts for all purchases.

II. BANKING

a. General Checking Account

- i. The Board shall authorize the establishment of commercial bank accounts for the purposes of School operations. Funds will be deposited in non-speculative accounts including federally-insured savings and/or checking accounts and/or invested in non-speculative federally-backed instruments and/or standard money market accounts.
- ii. The General Checking Account shall be the primary account for School needs. Authorized signatories to this account shall be the Executive Director, Director of Operations and Business Managers of GEC, School-site Principals, Board President, Board Vice-president, Board Treasurer, and Board Secretary. Checks above \$10,000 and checks payable to an authorized signer, must be signed by two authorized people.
- iii. Accounts may be opened and closed and signature authority may only be established or changed with approval of the governing board.
- iv. The General Checking Account shall be reconciled monthly by a school staff member or outsourced accountant that does not have the ability to approve expenses or disperse funds from the account. The monthly Bank Reconciliations shall be reviewed and approved by the Board or a representative of the Board that does not have access to the account.

- b. Deposits of Receipts: The School will deposit all funds received as soon as practical upon receipt. The Office Manager will open all mail on a daily basis, immediately sort all checks and forward them to the Business Manager or Director of Operations. The Business Manager or Director of Operations will immediately endorse the checks to the appropriate school account and prepare appropriate deposits as soon as practical, ideally the same day and in no case later than three working days.

III. TRAVEL & CONFERENCE POLICIES

a. Mileage Reimbursement

- i. All employees are reimbursed at the standard mileage rate per mile as determined by the Internal Revenue Service for use of their own vehicle for business related travel pre-approved by their supervisor. In addition, parking fees and tolls paid are reimbursable if supported by receipts.
- ii. All employees requesting such mileage reimbursement are required to furnish an Expense Report containing the destination of each trip, its

purpose and the miles driven, parking fees and tolls, within one month after the travel date, supported by receipts, if applicable.

b. Food and Meals

- i. All employees are reimbursed for meals and incidentals at the following daily rates when on a business related trip which requires at least one overnight stay:

Meals & IE Total	Continental Breakfast/ Breakfast	Lunch	Dinner	Incidentals	First & Last Day of Travel
\$64	\$15	\$16	\$28	\$5	\$48

- ii. Lunch is reimbursable for employees attending full day workshops or trainings, when lunch is not provided. Partial day workshops or trainings do not qualify for reimbursable meals.
- iii. For updated rates, employees should consult the U.S. General Services Administration's M&IE Breakdown (www.gsa.gov/mie) for Tier 4. Rates are updated by Oct 1st for each fiscal year.

IV. OTHER PRACTICES

- a. Budget Adoption: A budget shall be adopted by the Board no later than June 30 prior to the start of each new fiscal year, or earlier if required by the authorizing entity. During the course of the year, the Board may adopt an amended budget as expenses and revenue projections change.
- b. Budget Transfers: The Executive Director, Director of Operations, or Business Manager of GEC may transfer up to \$10,000 from one unrestricted budget item to another without board approval, but shall notify the board of the transfer at the next regularly scheduled meeting.
- c. Audit
- i. An annual audit by an outside firm shall be performed each year on the close of the prior year's books. The audit shall be performed in advance of the December 15 statutory audit deadline. The audit shall include, but not be limited to, (1) an audit of the accuracy of the School's financial statements, (2) an audit of the School's attendance accounting and revenue claims practices, and (3) an audit of the School's internal controls practices.
 - ii. If the School receives over \$500,000 from federal sources, the audit shall be prepared in accordance with any relevant Office of Management and Budget audit circulars.
 - iii. The audit firm shall be on the State approved list of School auditors.
 - iv. Form 990 Federal Tax Return: The selected audit firm will prepare the Form 990 tax return and send a copy to the school staff responsible for the audit. The school staff will review and send a copy to the Board of Directors for its review and approval before filing. Once approved by the Board, the school will notify the audit firm who will then prepare the final return for filing.

d. Payroll

- i. New Employees: Requests for new employees shall be initiated by the Principal and the Director of Operations or Business Manager of GEC must review for alignment with approved annual personnel budget. New employees shall complete an Application for Employment and all necessary paperwork for payroll. New employees shall be fingerprinted and TB tested consistent with State law. Fingerprint clearance must be received by the School before any employee may start work.
- ii. Employees shall accrue vacation and sick leave time based on the employment agreement and personnel policy of the School.
- iii. Timekeeping (for hourly staff): The Director of Operations or Business Manager shall develop procedures to ensure accurate and timely preparation of timesheets for hourly employees. Authorized timesheets shall be forwarded to EdTec according to EdTec policies and procedures set forth separately. Payroll processing and payment shall take place according to EdTec policies and procedures set forth separately.

- e. Capitalization and Depreciation: Each school will capitalize and depreciate all assets costing \$5,000 or more. All other assets are charged to expense in the year incurred. Capitalized assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives which can range from:

- Leasehold Improvement – Lease term or 5 years, whichever is shorter
- Equipment – 3 years
- Furniture – 5 years

Repair and maintenance costs, which do not extend the useful lives of the assets, are charged to expense. The cost of assets sold or retired and related amounts of accumulated depreciation are eliminated from the asset accounts, and any resulting gain or loss is included in the earnings in the year.

Budget Development and Audit Calendar

GEC will operate on a fiscal year that begins July 1 and ends June 30. GEC will develop and monitor its budget in accord with the annual budget development and monitoring calendar as specified below. GEC's designated back office provider, Edtec, will provide support and guidance throughout the process.

	New Budget	Existing Budget
January - February	GEC Director of Operations (DOO) and Business Managers (BM) work with the school-site principals and Edtec to review the Governor's proposed state budget and identify the likely range of revenues for the school to develop a rough planning budget for the upcoming fiscal year.	Ongoing monitoring and revision of current year budget.
March - April	DOO and BM, in conjunction with the school-site principals, Edtec, and Board Treasurer, prepare a formal budget plan for	Second interim financial report addressing current-year budget activity through January 15 is

	the upcoming fiscal year. The initial plan shall include a 10% CMO fee and 1% Reserve for each school. The plan is reviewed by the Board Finance Committee.	provided to the charter-granting agency by March 15. The Audit Committee of the Board solicits bids for the annual audit and selects an auditor.
May - June	DOO and BM review revenue projection based on the Governor's revised budget figures, implementing any necessary changes to the upcoming fiscal year budget to accommodate any changes. This budget will include monthly cash flow projections. The Board Finance Committee reviews and finalizes, in conjunction with GEC financial managers, the proposed budget for the upcoming fiscal year and forwards to the Board for approval. The Board reviews and formally adopts a budget for the upcoming fiscal year before June 30. A copy of the final budget is provided to LAUSD no later than July 1.	Ongoing monitoring and revision of current year budget.
July - August	Budget is reviewed and revised based on prior year's general ledger (if available) and recruitment/attendance projections (if available). If needed, the school's budget is again revised to match likely revenues.	Books for prior fiscal year are closed, all transactions are posted, and record assembled for audit. A copy of unaudited actual financial statements for the fiscal year is provided to LAUSD by September 15.
September - December	DOO and BM review and finalize the budget using actual attendance figures. The final budget is approved by the Board. DOO and BM review current year actual versus budgeted revenues and expenditures on a monthly basis and provides report, including budget-to-actual and project end-of-year budget figures and cash flow projects to the Finance Committee. A first interim financial report is provided to the charter-granting agency by December 15. Edtec provides support in preparing and submitting the above reports.	An independent auditor performs an audit and prepares an audit report for the Audit Committee of the Board. GEC financial managers and Board Finance Committee develop plans to address any audit exceptions and/or adverse findings. Audit report and any follow-up plans are submitted to LAUSD and County by December 15.