

PATHWAYS ACADEMY ADULT EDUCATION

Fiscal Control Policy



Pathways Academy Adult Education
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OVERVIEW

The Board of Directors of Pathways Academy Adult Education (“School”) has reviewed and adopted the following procedures to ensure the most effective use of the School’s funds to support the mission of the School and to ensure that the funds are budgeted, accounted for, expended, and maintained appropriately.

1. The Board of Directors formulates financial policies and procedures, delegates administration of the policies and procedures to the Chief Executive Officer (CEO) and Executive Director, and reviews operations and activities on a regular basis.
2. The Executive Director has responsibility for all operations and activities related to financial management with oversight by the CEO.
3. Financial duties and responsibilities shall be separated so that no one employee has sole control over cash receipts, disbursements, and reconciliation of bank accounts.
4. The Board of Directors shall commission an annual financial audit by an independent third-party auditor who will report directly to it. The Board of Directors shall approve the final audit report, and a copy will be provided to the chartering authorities and other legally required entities. Any audit exceptions and/or deficiencies shall be resolved to the satisfaction of the Board of Directors and the chartering authorities.

Annual Financial Audit

1. By January 1, annually, the Board of Directors shall appoint an audit committee to select an auditor.
2. Every six years, the committee shall solicit and review bids and select an independent certified public accountant to perform an annual fiscal audit pursuant to the provisions in the School’s charter. A waiver of this process may be requested of the Board of Directors.
3. The audit shall include, but not be limited to:
 - a. An audit of the accuracy of the financial statements
 - b. An audit of the attendance accounting and revenue accuracy practices
 - c. An audit of the internal control practices
4. The School will review any audit exceptions or deficiencies and determine the means for resolving any such exceptions or deficiencies. Audit exceptions must be resolved to the satisfaction of the school district Governing Board and in accordance with the procedures detailed in the Charter and Education Code Section 47605(b)(5)(1).
5. The School shall complete its audit within ninety (90) days of the close of the fiscal year. A copy of the audit report shall be submitted to the District within thirty (30) days of completion, and no later than December 15 of the fiscal year following the fiscal year for which the audit was performed, a copy of the School’s annual, independent financial audit report for the preceding fiscal year shall be delivered to the District, State Controller, California Department of Education and County Superintendent of Schools.

Purchasing

1. The Executive Director or designee must approve all purchases. The Executive Director or designee may authorize expenditures up to \$5,000. For Special Education purchases related to a student's Individual Education Plan (IEP), the Executive Director may authorize purchases that exceed \$5,000 with ratification by the Board of Directors. The Board of Directors must pre-approve contracts over \$5,000, except as related to materials or services outlined in a student's IEP.
2. The Board of Directors must approve any expenditures, that would result in a budget line item variance of \$10,000, whichever is higher.
3. For materials or services outlined in a student's IEP, the Executive Director or designee may authorize materials and/or service expenditures recommended by the IEP team without limit. The Executive Director or designee will confirm the need for the purchase. These expenditures will be ratified by the Board of Directors at the subsequent board meeting.
4. When approving purchases, the Executive Director or designee shall:
 - a. Determine if the expenditure is budgeted
 - b. Determine if funds are currently available for expenditures (i.e. cash flow)
 - c. Determine if the expenditure is allowable under the appropriate revenue source
 - d. Determine if the price is competitive and prudent for all purchases. The determination must include documentation of a good faith effort to secure the lowest possible cost for comparable goods or services for purchases over \$5,000.
5. All purchases will be made through the online purchasing system for the purposes of tracking and documentation.
6. Using personal funds to make purchases on behalf of the School shall be avoided. Employees who use personal funds to make unauthorized purchases shall not be reimbursed. Authorized purchases shall be promptly reimbursed upon submission of the receipts and approval of the supervisor through the approved online system or by use of an expense reimbursement form.

Contracts for Service

1. Consideration shall be taken of in-house capability and capacity to accomplish services before contracting for them for purchase orders (PO's) over \$5,000.
2. Written contracts clearly describing the scope of work to be performed shall be maintained for contract service providers that pass the greater than \$5,000 threshold (e.g. consultants, independent contractors, subcontractors).
 - a. Contract service providers must show proof of being licensed and bonded, if applicable, and of having adequate liability and worker's compensation insurance currently in effect. Contract service providers will list the School as an additional insured.
 - b. Contract service providers who engage students will be required to submit to fingerprinting requirements via LiveScan in order to comply with Education Code Section 45125.1

- c. Contract service providers who have frequent or prolonged contact with students will be assessed and examined (if necessary) for tuberculosis prior to working with students.
3. Contracts that must be signed outside of the schools online purchase order system must be approved and signed by the CEO.
4. Contract service providers shall be paid in accordance with approved contracts after work is performed unless otherwise agreed upon in the contract.
5. The Board of Directors must approve all contracts over \$5,000.

ACCOUNTS PAYABLE

Bank Check Authorization

1. All original invoices will immediately be forwarded to the Administrative Assistant for processing. Department personnel will carefully review each invoice, attach all supporting documentation, and verify that the specified services and/or goods were received and, if applicable, match the PO in the online purchase order system. When receiving tangible goods from a vendor, the person designated to receive deliveries shall trace the merchandise to the packing list and note any items that were not in the shipment. Department personnel will adjust the invoice for any missing items not received before processing for payment.
2. Once matched to the online purchase order system PO, the Administrative Assistant 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 and SACS coding as applicable. All invoices and supporting documentation shall be sent to the back office provider on at least a weekly basis. The back office provider shall process the invoices for payment only upon receiving sufficient supporting documentation.
3. The Executive Director may authorize the back office provider to pay recurring expenses (e.g. utilities) without a PO 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 the back office provider in writing and updated on an annual basis.

Bank Checks

1. The CEO will be authorized to open and close bank accounts, following a Board resolution directing the same. Two overseeing board members may sign bank checks.
2. The CEO will be authorized to grant a designated back office provider to process payments on behalf of the school and only after school personnel provide an authorized PO with matching invoice. The back office provider will ensure that payments are drawn on the appropriate bank fund account.
3. The Executive Director or 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 Executive Director or designee will send appropriate approved documentation to the back office provider.

5. Once approved by the Executive Director, the back office provider prepares the check based on the check authorization prior to obtaining the appropriate signature(s).
6. Checks may not be written to cash, bearer, or petty cash. Under no circumstance will any individual sign a blank check.
7. The back office provider will record the check transaction(s) into the appropriate checkbook and in the general ledger.
8. The back office provider will distribute the checks and vouchers as follows:
 - a. Original – mailed or delivered to payee
 - b. Duplicate or voucher – attached to the invoice and filed by account number
 - c. Canceled Checks – filed numerically with bank statements

Bank Reconciliation

1. The Executive Director or designee will examine all paid checks for date, name, cancellation, and endorsement and report any discrepancies to the Administrative Assistant. Any discrepancies regarding the paid checks or any undeposited checks over 60 days will be researched and if applicable deleted from the accounting system.
2. The Administrative Assistant will prepare the bank reconciliation, verifying the bank statements and facilitating any necessary reconciliation.
3. The Administrative Assistant 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 Executive Director or designee.
4. The Administrative Assistant will prepare a monthly summary report to be approved by the Executive Director and ratified by the Board of Directors.

ACCOUNTS RECEIVABLE

Cash

The School will not accept cash for any reason. All forms of payment or reimbursement must be provided to the school in the form of a check, cashier's check, or through electronic payment and made payable to the School.

Check Receipts

1. Refunds from vendors will follow School's refund check deposit procedures.
2. The School will not do transactions in cash.
3. Check receipts will be immediately endorsed by the Administrative Assistant with the School's deposit stamp and will be endorsed as follows: "Pathways Academy Adult Education; For Deposit Only; bank account number."
4. The Administrative Assistant will identify the source of the check and reason, and will log checks received into the Bank Deposit Reconciliation form.

5. The Bank Deposit Reconciliation form will be completed by the Administrative Assistant and submitted to management for approval to deposit. The form and documentation for all receipts (copy of check(s), etc.) will be uploaded to the online secure file system for recording by the back office provider.
6. Deposits will be made within five days of receipt of the check(s).
7. The duplicate deposit slip and deposit receipt will be attached to the deposit documentation and forwarded to the designated staff 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 pre-approved by the Executive Director, 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 Executive Director and/or Board of Directors.
4. If unsuccessful in collecting funds owed, the school may initiate appropriate collection and/or legal action at the discretion of the CEO, Executive Director and/or Board of Directors.

EXPENSES

Expense Reimbursement

1. Due to the virtual nature of this business, it may sometimes be most practical for employees to initiate purchases locally and be reimbursed for those expenses. Reasonable, actual business expenses incurred by employees for the purpose of conducting business on behalf of the School shall be reimbursed upon approval. Employees receiving a stipend for supplies are expected not to exceed the stipend amount. Pre-approval by a supervisor is required in the event the employee will incur out of pocket expenses that exceeds the amount of the stipend.
2. Expense reimbursement requests must be submitted within thirty (30) days of the date of the expense.
3. The mileage reimbursement rate is based on the rate established by the Internal Revenue Service. Employees must include verification of miles driven either using a platform adopted by the School, or by attaching a Mapquest/Google map or the like, with the request for reimbursement.

Travel

1. The School will only reimburse actual and necessary expenditures for staff. Attendees shall be held accountable for good judgment regarding expenditure of tax dollars. All expenditures must have scanned copies of itemized original receipts, regardless of the amount.
2. The School shall not reimburse personal travel expenses including, but not limited to, alcohol, entertainment, laundry, expenses of any family member who is accompanying the employee on school-related business, personal use of an automobile, and personal losses or traffic violation fees incurred while on school business. Factors such as variances in regional costs, travel duration and extenuating circumstances will be considered when approving travel reimbursement.
3. Associated travel fees such as parking fees, taxis/shuttles, and luggage handling are reimbursable expenses for employees on approved travel.
4. Employees are pre-approved to expense those costs associated with traveling for school-related purposes including testing and professional development. Scanned copies of original itemized receipts are required for reimbursement. .

Board Member Expenses

1. The individual incurring authorized expenses while carrying out the duties of the school will complete and sign an expense report.
2. The expense reimbursement request must be submitted within thirty (30) days of the date of the expense.
3. The Executive Director will approve and sign the expense report, and submit it for reimbursement.

FINANCE

Financial Reporting

1. The Executive Director and business services staff will work in coordination with the back office provider to prepare the annual financial budget for approval by the Board of Directors including revenue calculators and assumptions at the time of budget adoption.
2. The back office provider shall submit a monthly balance sheet and monthly revenue and expense summaries to the Executive Director including a review of the discretionary accounts and any line items that result in a budget variance of \$10,000, or 3% whichever is higher. The report will be reviewed at the next regular board meeting and action will be taken to approve variances and/or adjust the budget as needed.
3. The back office provider will provide the CEO, Executive Director and/or Board of Directors with additional financial reports, as needed or requested in addition to the reports as specified in Education Code section 47604.33, namely:
 - a. On or before June 20, a preliminary budget;

- b. On or before December 15, a first interim financial report, reflecting changes through October 31;
 - c. On or before March 15, a second interim financial report, reflecting changes through January 31;
 - d. On or before September 15, a final unaudited report for the full prior fiscal year
4. Reports will be provided to authorizing school districts and county offices of education within their prescribed budget timelines.

Retention of Records

1. Public Records Act. The School agrees that all of its records that relate in any way to the operation of the School shall be treated as public records subject to the requirements of the California Public Records Act (Cal. Gov. Code, § 6250 *et seq.*) as well as Education Code section 47604.3
2. Financial records, including transaction ledgers, attendance and entitlement records, and payroll records will be retained for a minimum of seven (7) years. At the discretion of the Board of Directors or Executive Director, certain documentation may be maintained for a longer period of time.
3. Financial records shall be shredded and securely recycled at the end of their retention period.
4. Appropriate back-up copies of electronic and paper documentation, including financial and attendance accounting data, shall be regularly prepared and stored in a secure off-site location, separate from the School.

ASSETS

Asset Inventory

1. An asset is defined as all items, purchased with a value of \$1,000 or more and with a useful life of more than one year.
2. The School shall maintain an inventory or log of all assets. The log will include the original purchase price and date, a brief description, serial numbers(s), and any other pertinent information appropriate for documenting assets.
3. The School shall take a physical inventory of all assets before the end of each fiscal year, indicating the condition and location of the asset.
4. The Executive Director and CEO shall immediately be notified of all cases of theft, loss, damage or destruction of assets.
5. The Executive Director shall prepare and submit to the Board of Directors written notification of plans for disposing of assets with a clear and complete description of the asset and the date of disposal.