



Independent AB Authority	Footprints for Learning Society (Academy)
Policy Number	Number SAB 7.0
Policy Title	Financial Accountability Policy, Procedures, and Planning
Date of Review	August, 2023

Policy

The Board of Footprints for Learning Society (FFLA) recognizes that financial accountability of provincially granted, tuition generated, and any other funds that flow through the operation of FFLA is essential to ensure the trust of our stakeholders and the integrity of services that we offer to our students and school community. As such, the Board will put in place protocols which follow the accepted accounting standards issued by the Accounting Standards Board and detailed in the appropriate handbook of the Chartered Professional Accountants of Canada, CPA, and reflect the most effective practices of other independent schools in Alberta and Canada to ensure transparent and ethical use of all the school's (society's) funds. Furthermore, the board is committed to revising these protocols annually in light of all recommendations flowing from its audited Annual Financial Statements.

Legislative Connections:

- *Alberta Education Funding Manual* - Reporting Requirements Section J
- *Income Tax Act (Canada)*

Definitions:

Cardholder: An individual authorized to hold and use a school credit card

Internal Controls: Internal Controls are policies and procedures put in place to ensure the continued reliability of accounting systems.

Petty Cash: Petty Cash is an accessible store of money kept by an organization for expenditure on small items.

Point of Sales: A Point of Sale, or POS, is the place where your customer makes a payment for products or services at your school. This normally involves digital entry of a transaction into a computer, cash register or POS terminal.

Purchase Order: A purchase order, or PO, is an official document issued by a buyer committing to pay the seller for the sale of specific products or services to be delivered in the future. The advantage to the buyer is the ability to place an order without immediate payment. From the seller's perspective, a PO is a way to offer buyers credit without risk, since the buyer is obligated to pay once the products or services have been delivered. Each PO has a unique number associated with it that helps both buyer and seller track delivery and payment.

Receivables: Legally enforceable claims for payment held by your school for goods supplied or services rendered. These are generally in the form of invoices issued by the school and delivered to a client for payment within an agreed time frame.

Related Party Transaction: A related-party transaction is a deal or arrangement between two parties who are joined by a pre-existing business relationship or a common interest. For example, a school decides to lease property from one of the school's directors. Organizations often seek to secure business arrangements with parties with whom they are familiar or have common interest. While these types of transactions are legal, they could potentially create conflict of interest or lead to situations that are illegal or unethical. Organizations will want to create procedures for approving these transactions so as to safeguard against potential abuses.

Terms of Payment: An indication on an invoice of how quickly a school expects to receive payment in full from the client (cash in advance, cash on delivery or deferred payment) and any other provisions for making payment.

Procedures:

FFLA is committed to ensuring transparency and accountability in all of its financial processes. Throughout its processes, the school will implement internal controls to minimize the opportunity for mismanagement of processes. In general, these controls consist of:

- Separation of duties, or in small organizations, sharing of duties and reviews by co-workers
- Controlling access to different parts of the accounting system by password, electronic access logs and lockouts
- Physical audits of assets such as cash and inventory
- Standardized documentation such as invoices, receipts, deposits, expense claims
- Regular trial balances to identify discrepancies
- Periodic reconciliations, such as a monthly reconciliation of bank statements with your school's financial records
- Approval authority requirements such as having a supervisor sign off on orders of classroom supplies.

The following procedures reflect accounting best practices designed to mitigate many of the risks which provide opportunity for fraud and or inappropriate use of the school's funds. These procedures will be implemented in a manner that best reflects the context of our organization.

1. Invoicing of receivables.
 1. All invoices issued by (Name of Society/School) will include:
 1. 1.1.1.A detailed description of goods or services being provided by the school.
 2. 1.1.2.Terms of payment.
2. Receiving Payments via point of sales, cheques, cash
 1. Authorized users of POS terminals will be provided with unique passwords or access codes.
 2. Cash counts and trial balances will be conducted on a regular basis (e.g. cash counts at beginning and end of day).
 3. Receipts will be issued for all payments and where payment is made against an invoice, the receipt will reference the invoice.

4. The school will develop standardized documents for recording of daily receipts.
 5. The school will develop procedures for the secure storage of cash, credit card information, receipts and other transaction documents.
3. Deposits
1. Detailed documentation will be maintained for all deposits, comparing a list of all cheques and cash receipts to the bank deposit.
 2. Deposits will be made by a staff member other than the bookkeeper.
4. Unpaid Invoices
1. The school will develop a procedure for managing overdue accounts, which may include rewards for timely payments, gentle reminders, interest on overdue accounts, use of pre-collection and collection agencies.
 2. The school will develop an authorization process for forgiving, reducing or writing off of bad debts.
5. Bookkeeping
1. All individuals who have access to the bookkeeping software utilized by the school will access this software through secure, individually unique passwords.
 2. Bookkeeping duties will be managed by a staff member other than the individual handling cash receipts, making deposits, reporting, or auditing.
 3. The school's budget is the basis for all bookkeeping entries. It will be developed under the supervision of the Principal (CEO) and will be approved by the board.
6. Payroll
1. Annual payroll amounts along with any changes to payroll, including bonuses, will be approved by the Board
 2. The school will regularly monitor payroll records for month-to-month variations.
 3. The school will utilize direct payroll deposits whenever possible.
7. Purchases of Supplies and Services
1. The school will develop a Purchase Order system for any purchases made on credit or account.
 2. Detailed invoices will be required from all providers.
8. Expense Claims
1. The school will develop and utilize a standardized expense claim form.
 2. All claimed expenses must be supported by receipts or documents (e.g. mileage logs).

3. The school will set limits on allowable expenses (e.g. a claimant can claim the lesser of mileage or the price of the lowest available airline ticket to a conference destination).
4. All expense claims require an authorization signature by an employee's supervisor or non-related designate.
5. Cash and cash equivalents, such as gift cards are not considered as acceptable expense claim items.

9. Credit Cards

1. The Principal or CEO controls who has credit cards and establishes policy for credit card use.
2. All credit card receipts must be submitted on a regular basis to the employees' supervisor.
3. Cardholders will take steps to safeguard their card numbers and PINs.
4. Cardholders will not allow their card information to be stored online or with a vendor.
5. Credit cards must be surrendered upon leave, termination of employment, or at the request of the user's supervisor.

10. Petty Cash

1. 10.1.Receipts will be required for all petty cash payouts.
2. 10.2.The school will ensure that the individual responsible for approving the claim and the individual paying the claim are not the same.
3. 10.3.Petty cash will be reconciled on a regular basis.

11. Leases, Rents and Mortgages

1. All leases, rents and mortgages are to be included in the annual budget approved by the board.
2. All anticipated related-party transactions are to be reported both in the budget notes and on the school's audited financial statements, including a description of the transaction, the amounts, and any contractual obligations with the transaction.

12. Inventory Control

1. 12.1.The school will regularly take inventory of physical assets such as textbooks, computers, furniture, and vehicles.

13. Approvals and Accountabilities.

1. 13.1. Non payroll electronic funds transfer or cheques will require the authorization of two non-related signatory officers.
2. 13.2. Signatory officers will be appointed by the board and their signatory powers will cease at the discretion of the board or when they leave their positions with the board or school.

14. Charities Receipting (For schools who are registered charities)

1. 14.1. The school will follow the rules set out in the *Income Tax Act (Canada)* and the guidelines established by the Canada Revenue Agency, CRA.
2. 14.2. The school will retain copies of all receipts issued and will maintain thorough records of all donations received.
3. 14.3. Subject to legislation and CRA guidelines, the school will use gifts for the purposes intended by the donor.
4. 14.4. The school will only issue receipts for donations of “property” as defined in the above references and not for services.
5. 14.5. Receipts will not be issued for the portion of any donation that provides an advantage to the donor (e.g. a donor who pays an entry to a fundraising golf tournament can only be provided with a receipt for the portion of the entry above the cost of the green fees, meal, and any “gifts” received).

15. Reporting

1. 15.1. The school will follow the recommended *CPA Handbook* guidelines for not-for-profit financial reporting to the board (and society or shareholders) and report on:
 1. 15.1.1. The budget for each coming school year.
 2. 15.1.2. The audited financial statement, AFS, for the year completed.
 3. 15.1.3. Internal in-year reports on actual results compared to budget and to previous years, explaining any discrepancies:
 1. 15.1.3.1. Statements of Financial Position (Balance Sheet).
 2. 15.1.3.2. Statements of Operations (Income and expenditures).

16. Audited Financial Statements

1. 16.1. The school will conduct and make publicly available an annual independent audit as per the accountability requirements of Alberta Education.

2. 16.2. The school's annual audit will follow the Canadian Auditing Standards as found in the *CPA Canada Handbook*.

3. 16.3. The school's annual audit will list all related-party transactions and describe the amounts and contractual obligations with each transaction.

17. Additional Procedures. While the above procedures outline promising practices for the most common financial processes within schools, the list is by no means exhaustive and individual schools might undertake more complex business practices involving planned giving, investments, and the implementation of ancillary operations, all of which support the mission and mandate of the school. If such is the case, our school will endeavor to seek the advice of accounting and legal professionals to ensure that our practices meet the highest standards of accountability.

18. **OPERATIONAL EXPECTATIONS - Financial Planning Policy**

1. Public Report to the Board and Monitoring Frequency:

1. Annual - The FFLA Board believes that prudent financial planning and management are essential for student success and public confidence.

2. The FFLA Board shall:

1. Avoid short and long-term fiscal jeopardy.

2. Develop budget-planning assumptions.

3. Develop a budget that is in a summary format to the Board and presented in a manner that allows the Board to understand the relationship between the budget and the Results priorities and any Operational Expectations goals for the year as set out in the Annual Operating Plan, Annual Budget, Annual Audit, and Annual School Plan.

4. Ensure prudent financial management that does not materially deviate from the budget.

5. Ensure that prior Board approval is received for all expenditures from reserve funds and for all transfers between operating reserves, capital reserves or committed operating surplus.

6. Ensure any request for use of operating reserves:

a. is to minimize disruption due to unanticipated negative budget variances within the school year; or

- b. is to ease transitions due to significant shifts in policy or statutory obligations; or
- c. is for a one year investment in learning opportunities; and
- d. considers the risks and opportunities including sustainability and the ability to replenish operating reserves.