Michigan Great Lakes Virtual Academy

FISCAL POLICIES & PROCEDURES

For a K12 Managed School

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

1. Safeguard assets
2. Ensure validity of financial reports and records
3. Promote adherence to policies, procedures, regulations and laws
4. Promote effectiveness and efficiency of operations
5. Ensure financial systems are secure and backed up as needed.

CONTROL PRINCIPLES

Segregation of Duties: Duties are divided so that no one person has complete control over a key function or activity.

Authorization and Approval: Proposed transactions are authorized when they are consistent with policies, procedures, regulations and laws.

Custodial and Security Arrangements: Responsibility for custody of assets is separated from the related record keeping.

Review and Reconciliation: Records are examined and reconciled to determine that transactions were properly processed and approved.

Physical Controls: Equipment, inventories, and other assets are secured physically, counted periodically and compared with amounts shown on control records.

Board: Where referred to in this policy board refers to the Great Lakes Education Initiatives Board of Directors

INTERNAL CONTROL PRACTICES

Banking – Dependent on BOD Approval

Authorization and Approval:

- Board Authorizes the opening of a bank account
- Bank Signatory Authority – the Head of School - HOS and the Operations Manager (or Board Member where applicable) are the signatory/agents for all MICHIGAN GREAT LAKES VIRTUAL ACADEMY bank accounts. Two signatures are required for expenditures > $5,000.
- The cash balance may not be reduced below zero.
- Checks outstanding and unpaid for a period of two or more years shall be declared void, included as receipts and removed from the outstanding check listing.
- Any adjustments to cash, such as the write-off of old outstanding checks, must be approved by the HOS or Operations Manager and included in the monthly financial report to the board.

- Check signers will be reviewed twice annually for updates / changes
- Should the relationship change with an authorized signer, banking documents will be updated immediately.
- Debit cards are no longer allowed to be obtained

Segregation of Duties:

- Bank Reconciliations o The HOS opens the monthly bank statements and reviews the activity. Prior to sending a copy to K^{12} Shared Services Group the HOS dates the statement to indicate that it has been reviewed. If the HOS has questions or would like to see more detail on any of the transactions, the HOS indicates his request on the statement.
- Should the bank statement be obtained by the Shared Services Group, a copy of the bank statement accompanied with the bank reconciliation will be included in the monthly financial pack and sent to the HOS for approval.
- K^{12} Shared Services follows up on any questions the HOS may have and performs the monthly bank reconciliation. The bank reconciliation must include the beginning cash balance, a listing of all cleared checks/payments and deposits/credits, a listing of all un-cleared checks/payments and deposits/credits and the ending cash balance.

Review and Reconciliation:

- Bank Reconciliations o The HOS and Board Treasurer review and approve the bank reconciliations prepared by K^{12} Shared Services prior to the board adopting the bank reconciliation resolution. As part of the review, the HOS and Board Treasurer should note that check sequence was maintained from the prior month. This process varies on a school by school basis. It is per the Board's recommendation to be included in this part of the process.

Custodial and Security Arrangements:

- K^{12} Incorporated – Shared Services maintains the majority of the Academies check stock. In addition, a board member maintains the starter check stock. Access to the check stock is separated from those with the ability to write checks.
- A record of the check sequence supplied to K^{12} Corp. Shared Services and the Board member holding the starter check stock is kept by the Board Treasurer.
- Checks voided for any reason are maintained. The signature section is marked out or removed and the reason the check was voided is noted on the check.
- No petty cash is maintained by the Academies
- Check stock maintained by Shared Services is located in a secure/locked area.

Revenue

Segregation of Duties:

- Direct Deposits: The deposits related to state student funding and federal grants will automatically be deposited into the MICHIGAN GREAT LAKES VIRTUAL ACADEMY bank accounts. The Operations Manager will send a copy of all backup documentation for these direct deposits to K^{12} Corp Shared Services for posting.
- Other Deposits: The Administrative Assistant will open all mail and keep a ledger of all checks and cash received for the Academy and forward to K^{12} Corp. Shared Services to reconcile to the actual deposits made per the bank reconciliation. Any deposits in the form of cash or check will be deposited into the MICHIGAN GREAT LAKES VIRTUAL ACADEMY bank account by the Operations Manager or HOS. The Operations Manager will send a copy of all backup documentation for these deposits to K^{12} Corp. – Shared Services for posting.

Custodial and Security Arrangements:

- All cash and checks are kept in a fireproof safe until deposited. Deposits will be made no later than the business day following the receipt of funds and in the same form in which the funds were received.
- Any compensation, premium, bonus or product earned as a result of the purchase of goods or services by the school becomes the property of the school.

Review and Reconciliation:

- The Administrative Assistant will issue a receipt immediately upon receipt of cash or checks.
- The Operations Manager and K^{12} Shared Services will reconcile the revenue accounts on a monthly basis to ensure that all deposits were recorded correctly. The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and the corresponding names of the payers.
- The Operations Manager will maintain a listing of open accounts receivable. The listing will be reviewed and reconciled monthly. Any delinquent receivables should be reviewed and investigated. Any write-offs must be approved by the Board.
- The HOS will approve the revenue as a part of the monthly financial closing process.

Expenditures

Authorization and Approval:

- The HOS and Operations Manager are approved by the Board to approve and make expenditures on behalf of the MICHIGAN GREAT LAKES VIRTUAL ACADEMY for the following purposes: insurance coverage as required to comply with MICHIGAN GREAT LAKES VIRTUAL ACADEMY agreements; payroll expenses and payroll taxes or other required taxes; and for any

payment required to comply with any agreement approved by the Board of the MICHIGAN GREAT LAKES VIRTUAL ACADEMY, including sponsor-oversight fees and management/technology fees. Further, the Board has authorized the HOS in conjunction with the Operations Manager to approve and make expenditures for all MICHIGAN GREAT LAKES VIRTUAL ACADEMY operational needs up to $10,000. Any expenditure of greater than $10,000 that does not meet the requirements defined in the previous paragraph will require Board approval in advance of payment.

- All purchase requisitions should be approved by the HOS or Operations Manager if under $5,000. All purchase requisitions > $5,000 should be approved by the HOS and Operations Manager.
- The Academy should get three quotes for purchases > $10,000. For the purchase of any item or group of items in a single transaction where the purchase price exceeds the limits imposed by MCL 380.1274 (2) the Academy shall require at least three competitive bids and approval of the purchase by its Board of Directors. All service contracts should be supported by a current written contract.
- Loans to employees and Board members are prohibited.
- Compensation and any other payments for goods and services should not be paid in advance of receipt of goods or services.
- All invoices must be paid in a timely manner and within 30 days when possible. The Academy may not pay finance fees for late payment.
- For payment to be processed, there should be a fully itemized invoice, the invoice should be approved by the appropriate person as itemized below and matched to a purchase requisition, if required. Once approved, scan a copy of document the Sr. Accountant at K[12] Corp assigned to the school for payment (only for those schools that utilized the Shared Services Dept. for accounting / reporting purposes. Any invoices paid by K[12] Corporate (not Shared Services), original documents will be required.
- If gift cards are purchased, documentation will be maintained including the purpose of the gift card and to whom the gift cards were provided.

Segregation of Duties:

K[12] Shared Services Sr. Accountants creates all checks and records the payment, but does not have signatory authority. Checks are generated only against approved expenses. If an invoice is presented for payment without approval or general ledger coding, it is returned.

- Payroll and benefits o Payroll and benefits are administered the assistance of the Operations Manager and the K12 Payroll Manager. Payroll is run twice per month and some bi-weekly.
- A Master Salary spreadsheet is maintained by the Operations Manager. New hires, salary changes and terminations are all updated based on approved Board information.
- A payroll spreadsheet is generated by the Operations Manager to capture all changes in payroll information from payday to payday, such as new hires, terms, changes, bonuses, hourly employee hours if applicable, etc. Once completed, the Operations Manager forwards the payroll spreadsheet to the K12 Payroll Manager and Shared Services for approval and any appropriate re-class required.

- Academy Expense reports (Not Corp Expense Reports) o The Operations Manager receives invoices, reviews them to make sure they are in compliance with the board approved Travel and General Expenses policy, in accordance with federal or state requirements if applicable and for complete backup documentation. Once reviewed and approved by the Operations Manager, copies of the invoices and any backup documents are sent to K¹² Shared Services for check writing.
- K¹² Shared Services writes the checks and send them back to the school. The HOS reviews all supporting documentation, signs the checks, stamps the invoice paid to prevent paying the same invoice twice and forwards them to the Operations Manager. The Operations Manager photocopies the signed checks and files them with their respective invoices.
- The HOS must approve the Operations Manager expense reports and the Regional VP must approve the HOS expense reports.
- If the Operations Manager isn't available to approve the invoices, the HOS can approve invoices.

- K12 invoices o Management and technology fees ▯ Management and technology fee invoices are reviewed by the HOS and Operations Manager to make sure that they are in compliance with the Board approved management agreement. Currently, management fees are 15% and technology fees are 7% of federal and state student revenue and grants. Once approved by the HOS and Operations Manager, the invoices are forwarded to K¹² Shared Services for check processing.
- Student computer, On-line School (OLS) invoices and materials invoices are reviewed against student records and approved by the Operations Manager. In addition, the Board Treasurer and HOS must approve all student invoices prior to forwarding to K¹² Shared Services for check processing.
- Oversight fees o Oversight invoices are reviewed by the HOS and Operations Manager to make sure that they are in compliance with the Charter Agreement. Currently, oversight fees are on average 3% of federal and state student revenue (as per Master Service Agreement). Once approved by the HOS and Operations Manager, the invoices are forwarded to K¹² Shared Services to process the related check, unless netted out with the state funding.
- Internet Service Provider (ISP) payments. The Operations Manager processes ISP payments twice a year. Payments are processed in February for September through January services and in July for February through June services.
- The Operations Manager downloads student and family information and completes a payment report based on approved enrollment dates and withdrawal dates, as well as the grade level students. Payments are pro-rated if students have not been enrolled during the entire service period. Students are reimbursed at the current approved rate

- The HOS reviews and approves the payment document prior to sending to K¹² Shared Services which are then outsourced for check cutting, signing and mailing to the families designated on the approved listing.

- Other - Grant purchases and other one-time purchases

- Purchase requisitions should be completed for all grant purchases and other one-time purchases. All purchase requisitions should show the amount of the purchase, if known, or if not known an estimate should be made. Prior to approving grant expenditures, the HOS and Operations Manager 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 should be attached to the purchase requisition. Items requiring purchase requisitions include but are not limited to the following: technology purchases such as computers, printers and software, fixed assets, furniture and equipment such as file cabinets, memberships and training or professional development costs.
- All technology purchases should be approved by the Regional Technology Manager and either the HOS or Operations Manager.
- All special education provider payments should be approved by the Operations Manager.
- Checks are never written to cash.

- General operating expenses ⬚ Normal monthly operating expenses, such as utilities, rent (the lease is the support document) and phone invoices should be approved by the HOS or Operations Manager prior to submitting to K¹² Shared Services for check processing.

Review and Reconciliation:

• In the event of overpayment to a vendor, a refund should be collected.

• The Sr. Accountant reconciles the payroll register to the general ledger on a monthly basis.

• All Balance Sheet accounts will be reconciled by K¹² Shared Services.

Fixed Assets & Inventory

Physical Controls:

An annual inventory must be performed by the K12 Regional Technology Manager. The physical 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.

• All fixed assets are tagged with a MICHIGAN GREAT LAKES VIRTUAL ACADEMY fixed asset tag.

Review and Reconciliation:

• A fixed assets schedule must be maintained by the Operations Manager according to the Fixed Asset Policy. The fixed asset schedule should be updated monthly to include new purchases, retirements or transfers of assets. The Operations Manager should also reconcile the fixed asset schedule to the accounting records as part of the month-end financial reporting process.

• If an asset relates to a grant, the fixed asset tag must indicate the specific grant funds used to purchase the asset.

Segregation of Duties:

• Once the annual physical inventory is conducted by the K12 Regional Technology Manager, the Operations Manager should review and approve the results. As part of the reconciliation, the Operations Manager should compare the physical inventory to both the accounting books and the fixed asset schedule.

• The HOS must be contacted immediately if there is concern that assets may be missing.

• All fixed assets and inventory are secured in a safe location.

Accounting, Budgetary Control & Financial Closing

Review and Reconciliation:

• The MICHIGAN GREAT LAKES VIRTUAL ACADEMY uses the accrual basis of accounting.

• Fund accounting is used to account for the financial activities of the Academy.

• The Academy uses the K^{12} Inc. Chart of Accounts (or State Board of Accounts master chart of accounts if applicable).

• Budgets are prepared annually by the K12 finance group and HOS based on estimates of revenues and expenses. The annual budget is reviewed and approved by the Board of Directors no later than June 30th each year.

• A financial reporting package is compiled by K^{12} Shared Services on a monthly basis and forwarded to the K12 finance group and HOS by the 10th business day after the end of each month. The financial reporting package will include at a minimum the monthly bank reconciliation with supporting detail, unaudited financial statements, any journal entries made with supporting detail and the general ledger transaction detail (revenue and expenditures) by fund. The K12 finance group then compiles a budget to

actual report and forwards the report, along with any questions to the Regional Finance group. Once all variances are reviewed and reconciled and no later than the 15th business day after the month end, the budget to actual report is approved by the HOS. The most recent budget to actual report is shared with the Board of Directors at each board meeting. Written explanations of any overages greater than 5% must be investigated and included in the report.

Segregation of Duties:

• The monthly financial close is performed by K[12] Shared Services. K[12] Shared Services provides the first draft of the monthly financial packet to the HOS for review and approval. Once the reports are reviewed and approved by the HOS, K[12] Shared Services makes final adjustments, if needed, and issues the final financial reports to the HOS and K12 finance. K12 finance compiles the budget to actual report which is reviewed and approved by the HOS. Financials are provided to the Board of Directors at each board meeting.

• Financial pack approvals are performed by the HOS and the approval is sent to the Sr. Accountant responsible for the school and saved. The approval is to have the following statement:

Review and Reconciliation:

• An annual audit will be performed by an independent external auditing firm. The Board Treasurer will be involved in the audit entrance and exit meetings. The final audit report will be shared with the Charter Sponsor and all government agencies required by law. The external auditing firm will be approved by the Board of Directors.

Annual Review of Fiscal Policies and Procedures

Review and Reconciliation:

• The HOS and Operations Manager will monitor changes in authoritative guidance and regulations and make changes to the Academy's fiscal policies and procedures as necessary.

• The MICHIGAN GREAT LAKES VIRTUAL ACADEMY Fiscal Policies and Procedures will be reviewed and updated by the Board annually.

FIXED ASSET POLICY

The MICHIGAN GREAT LAKES VIRTUAL ACADEMY is required to establish a fixed asset accounting system that will contain sufficient data to permit:

• The preparation of fiscal yearend financial statements in accordance with Generally Accepted Accounting Principles (GAAP)

• Adequate insurance coverage

• 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 $1,000.00

Valuation:

Fixed assets are to be valued at historical 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.

Classifications:

Fixed assets shall be classified as follows:

• Furniture

• Equipment

• Transportation

• Software

• Structures and improvements

• Land

• Improvements other than buildings

• Construction in progress

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

Fixed Asset Disposal:

Any fixed asset with a fair market value greater than or equal to $5,000 must be approved by the board prior to retirement. When equipment has been purchased with Federal or State grant funds, grant rules and regulations must be adhered to.

For assets purchased with a fair market value of less than $5,000, the Operations Manager and Head of School need to approve 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.

When appropriate and when an asset is damaged beyond repair or when an asset is damaged and the cost to repair it exceeds the fair market value, the asset is then stripped of useful components and stored as ready service spares for other assets.

Technology Systems

Physical security over technology equipment, peripherals and media

In order to ensure the overall performance of the technology systems, the equipment must be protected from harm, abuse, misuse and pilfering.

- Rooms or areas that house servers will be secured either by electronic door entry systems (card swipes or proximity cards) or by mechanical means (locks). Access to these areas should be restricted to authorized personnel only. a. Keys or cards that allow access to the areas should be limited in number and accounted for regularly.

b. Review of the personnel who has access to these areas should be reviewed several times a year.

- Rooms or areas that house large amounts of computer or technology equipment (including server rooms, switch closets and computer labs) should have environmental controls to ensure the proper heating, cooling, ventilation, and dehumidification is provided. Environmental controls should be monitored with a system to report environmental alarms.

• All computer and technology equipment should be tagged and inventoried. Annually the equipment should be physically verified against the inventory log for existence and location verification. c. Verification should be made periodically to ensure that equipment is still located where the inventory record states. When equipment is moved, the inventory record should be updated.

d. Laptops and other portable pieces of equipment should be accounted for periodically by requiring the users to provide the piece for physical inspection.

e. Software can be used to track inventory of computer-based assets. Updates of software should be made on a regular basis.

f. Inventory should be kept of computer related parts, supplies, consumables, and peripherals.

g. School should track cost of replacement on all technology equipment valued above $500.

• Cables and other locking mechanisms should be utilized when appropriate to secure individual pieces of equipment.

• A master set of user manuals should be maintained and secured to ensure continuity of operations should other versions be destroyed. A master set of manuals should be held in another area, building, in a fire-rated cabinet or scanned and stored electronically in multiple locations

• Media, such as disks, tape and other output should be protected in locked areas or cabinets. Media that is utilized for back-up of information, applications or systems should be held in another area, building or in a fire-rated cabinet. Aging media should be transferred to a current technology.

Security over data – Passwords and User accounts

In order to ensure the overall performance of the school via its technology systems and data.

• Password protection should be utilized for all network logons. Individual applications should also require users to have passwords. a. Users should be reminded not share or write down passwords

b. Passwords should be "hardened" passwords and should be at least eight digits long, requiring upper and lower cases, numbers, and special characters. Passwords should not be "real" words or names of family, friends, pets, etc.

c. Passwords for network access should be forced to be changed periodically

d. Passwords for applications should be changed periodically.

e. Passwords should be user generated and not stored whenever possible, with only reset ability housed at the technology department level

f. Passwords should not be repeated for network access and application access, particularly the student information system.

• User accounts should only be made for network access and individual application access as required for the completion of the staff duties or learning opportunities for students. g. No user profiles should be created, changed or deleted without proper authorization. This should include a written (or electronic) request form that is authorized by central administration. This authorization should include the name of the individual, the applications and network services to be granted access to and the level of security in each.

h. Systems that employ automatic account/password creation should be monitored regularly to ensure software functionality.

i. Access to school wide public folders should be restricted based on user role.

Systems software and applications authorized for use in the school

The number, type and scope of individual applications should be monitored to maximize the efficiency of the technology while not creating an overly complex environment.

• Purchase and use of new applications, including those that are web hosted and not actually owned by the school should require approval of the Head of School. Among considerations should be any licensing issues, purpose of application, and compatibility of the new application with the current infrastructure. The need to expand the infrastructure as a result of the new application (for example, video sharing software may need additional storage). a. Before new applications are purchased, there should be a determination of the needs of the school, a review of available solutions, a compatibility test with existing infrastructure and a determination of the needs satisfied by the application.

b. Before implementation of new applications, timelines and deliverables should be established. The deliverables would include what is expected of the application and the time frame for each.

c. Before installation of new applications, back-up of systems should be done in case of incompatibility and adverse reactions to the new software. Baseline information should be held.

d. Hardware requirements for the new application should be identified and purchased well in advance of installation of new applications, if needed. This allows for the proper testing of the new hardware.

• For existing applications and systems software, a listing should be created and maintained and submitted by the technology department for periodic review by central administration. The list should include: e. Hardware utilized, including name of server or location of software or application

f. Summarized description of user

Appendix A

School Inputs

Revenue - Accounts Receivable/Deferred Revenue

- State Unrestricted

- State Restricted

- Federal

School Payables

- K12 Expenses

o OLS/Curriculum

o Materials

o Computers

o Management & Technology Fees

o KEG Teachers

o Pass-thru expenses

- Payroll / Benefits / Retirement o Payroll servicers

1. UltiPro (K12)

2. Insperity

3. ADP

4. Districts

o Retirement

o Bonuses

- Employee Expense Reimbursement o Teacher

o K12 Administration

- Vendor Payables o W9s

o Rent – Deferred Rent

o SPED and contract providers

o Telecommunications

o Facility related

o Credit Cards

o Testing

o School Events

o Computer Expenses

       1. Teacher Laptops

       2. Computer

• ISP Payments to families

Month End Close

• Inputs o School Payables

o Forecast

o K12 Bills

• Month end journal entries and accruals o Payroll Related

o Forecast Related

1. General Fund Revenue accruals

2. Revenue based Expenses – fees

• Management Fees – K12

• Technology Fees – K12

• Oversight Fees – Sponsor 3. Some Expenses

• Teacher Bonus

• ISP

• Rent/Insurance/Others o Amortization & Depreciation 1. Fixed Assets

2. Deferred Rent

3. Prepaid Expenses (Insurance, Legal, K12)

o Restricted Funding Revenue Recognition

• Balance Sheet Reconciliations o Bank Account Reconciliations 1. Manual Checks

2. Credit Cards

o K12 Prepaid Expenses

o Prepaid Expenses

o Other Receivables

o Fixed Assets

o Accounts Receivable

o Deferred Revenue

o Restricted Funds Analysis

o Deferred Rent

o Other Accrued Liabilities

o Accounts Payable 1. Unpaid K12 Invoice

Monthly Financial Pack

o What is in it

1. Actuals in Budget Format

• Quickbooks accounts mapped to Line Items

2. Bank Reconciliation

3. Transaction Detail by Account

4. Journal Entry Posting

5. Others

• Restricted Fund Spend

• K12 Unpaid Bills and Recommended Payment

o Who should receive

o Approvals - SOX

o See Appendix C

o Supplemental and Board Reporting

Sample Checklist of School Accounting Inputs

Sample Monthly Close Process Checklist

Appendix B

K12 Managed School Payment Process Documentation

Process Developed by Shared Services Intended Document Users: Head of School and Business Operations Manager

Summary of Payment Processes

Vendor Invoices Payment Processing

- Vendor invoices received by the School should be reviewed and approved by Head of School

⬚ *Date stamp when received by person opening mail/ printing email.*

⬚ *HOS/Bus Ops Manager Initials and dates when reviewed and approved.*

⬚ *Keep "open" unpaid bills in a file to send weekly (timing differently as needed) for payment processing.*

⬚ *Once approved invoices are sent for payment – move to Payment Pending File to be matched when checks are received.*

- Ultimately, all original Invoice and Supporting Documentation and check stubs are to be maintained in files by vendor at the School office for audit purposes.

- NEW Vendors: For all Vendors that are not a governmental entity or corporation, a W-9 should be completed by the vendor and sent with their first bill for payment processing (School will usually need to initiate this). This will provide their Tax ID needed for IRS reporting at calendar year end. A blank W9 will be sent to you to use to forward to new vendors. Once the W-9 is received by the Sr. Accountant responsible for completing the Vendor Set-up Form required to set- up the vendor in the accounting system (Appendix E).

- Sending Approved Vendor invoices to Shared Services for payment processing: o Enter the amount approved for each invoice, date, Description (nature of expense), approved amount, and date submitted on the Vendor Invoice Template

o Scan a copy of all vendor invoices being sent in a batch (each initialed by HOS or some other notation indicating HOS has reviewed and approved the invoice and the GL/Fund coding). *The supporting documentation (for example: all the pages of the phone bill) does not need to be sent, as it has been reviewed and approved by the HOS. Shared Services will use the information on the Invoice Cover Page to enter into the Financial System. If the invoice cover page does not include all the needed information to code the expense to the correct accounts then the supporting invoice pages should be sent.*

o Email the scan file of all approved and GL/Fund coded invoices and the vendor Invoice Summary Template to Sr. Accountant responsible for processing. If you cannot scan and email, then fax the copies of the expense reports to the assigned Sr. Accountant for that school and Email the template.

- Shared Services will enter all the approved and GL/Fund coded invoices and classify expenses based on the description provided on the Summary Template and invoice. The invoices will be matched to totals on the Summary template for control totals. Questions may be asked of the HOS or Bus Ops Manager during processing to ensure expenses and amounts are correct. This is a control point to avoid duplicate payments or check for missing invoices.

- A check register (Listing of all checks issued showing bills being paid) will be emailed to the school with notification of when to expect checks (checks may be signed in Herndon if there is a signer at Corporate HQ). Checks are issued in alphabetical order in order to match the sorted template.

- Checks with copy of support will be sent via Fedex to School so payments can be mailed/ signed from the school. The package sent would typically be clipped together and be in the following order: o Vendor Summary Template for the Batch,

o Transmittal emails that show approval for payment,

o Other emails related to batch,

o Check #101,

o Vendor Invoice paid by check #101,

o Check #102,

o Vendor Invoice paid by check #102, etc.

- The receipt and review of the Check register, the Checks and the Vendor Invoice is an important point of control check for HOS/Bus Ops Manager. Review that the proper amounts have been paid and expenses correctly classified by comparing the 3 documents (Check Register, Check, Expense Report/Invoice). o The check is printed in a 3-part form: ▢ The top 1/3 part is the actual check,

⬚ The middle part is a transmittal copy that goes to the Payee (vendor) that shows the specific invoices being paid by the check and includes the check number and dollar amount of check.

⬚ The bottom part is a duplicate of the middle part and is the School's copy of the transmittal document. This should be detached from the top 2/3s and matched and attached to the original vendor invoice and then filed in the School's files by vendor/employee.

- Once reviewed and matched checks can be mailed to vendors from the school.

Employee Expense Reports Payment Processing

- Expense reports are submitted for approval to Head of School with all supporting receipts and documentation.

o Expenses should be submitted monthly by employees (K12 policy is to submit all expenses no more than 60 days from date of expense).

o Schools have found it effective to set a "due date" to all staff to keep expenses submitted in a timely manner. A date such as the 20th of the month allows time for approval at the school and then submission by month end to Shared Services allows time to include in month end reporting.

o When staff have had significant travel expenses and need reimbursement sooner, expense reports can be submitted earlier as well.

- HOS reviews and approves as evidenced by signature on expense report. Review for validity of charges compared to receipts/documentation and also for expense type (ex. ISP, Phone, Travel, PD). If the employee has not provided all the documentation, the HOS should obtain before signing approval.

- All original Expense Reports and Supporting Documentation should be maintained in files by employee at MICHIGAN GREAT LAKES VIRTUAL ACADEMY office.

- Sending Approved Expense Reports to Shared Services for payment processing: o Enter the amount approved for each employee and date of expense report and date submitted on the Employee Expense Report Summary Template

o Scan a copy of the Expense Report Cover Sheet signed by employee and HOS for each employee's expense report being submitted for payment in a batch. *The supporting documentation does not need to be sent, as it has been reviewed and approved by the HOS. Shared Services will use the information on the Employee Expense Report to enter into the Financial System, so the expense report should be matched to receipts to make sure expenses are properly classified during HOS review.*

o Email the scan file of approved expense reports and the Expense Report Summary Template to the Sr. Accountant responsible for the school for processing. Email should state something such as *"Attached are the copies of August Employee Expense reports and summary file approved for payment August 25th totaling $xxx."* ⬚ If you cannot scan and email, then fax the copies of the expense reports to the Sr. Accountant responsible for the school and Email the template.

- Shared Services will enter all the approved and GL/Fund coded expense reports and match to totals on the Summary template for control totals. Questions may be asked of the HOS or Bus Ops Manager during processing to ensure expenses and amounts are correct.

- A check register (Listing of all checks issued showing bills/expenses being paid) will be emailed to the school with notification of when to expect checks (checks may be signed in Herndon if there is a signer at Corporate HQ). Checks are issued in alphabetical order in order to match the sorted template.

- Checks with copy of support will be sent via Fedex to School so payments can be mailed from the school.

o The receipt and review of the Check register, the Checks and the Expense Report/Vendor Invoice is an important point of control check for HOS/Bus Ops Manager. Review that the proper amounts have been paid and expenses correctly classified by comparing the 3 documents (Check Register, Check, Expense Report/Invoice).

o The check is printed in a 3-part form: ☐ The top 1/3 part is the actual check,

☐ The middle part is a transmittal copy that goes to the Payee (employee) that shows the "Invoices/Expense Reports" being paid by this check and includes the check number and $ amount of check.

☐ The bottom part is a duplicate of the middle part and is the School's copy of the transmittal document. This should be detached from the top 2/3s and matched and attached to the original expense report(s) and then filed in the School's files by vendor/employee.

- Once reviewed and matched checks can be mailed / delivered in person to employees.

Appendix C

Month End Check List for Schools Monthly Financial Reporting Checklist-Quickbooks

Month

Tasks	School 1	School 2	School 3
Throughout month receive and pay invoices			
Throughout month receive and pay staff expenses			
Receive summary of Debit Card transactions from Wells Fargo and receipts. Record as AP and summarize in Excel incl. Fur classification. Send file to HOS/Regional Finance for Fund Classification review and approval to pay.			
Receive Payroll Reports from Adminstaff (Tonya Allen) for 2 payrolls. Record as AP and then payment as DD			
On the business day following payroll, perform online payment for Retirement (not all schools) withholding and Employe Record entries in QB thru Vendor AP and DD payment			
Enter deposits from school throughout month – Monthly allotment deposited on last business day of month.			

Pay K12 invoices as directed by Board

Month-end

JE to record depreciation per Capitalized Asset Schedule

Record JEs for Deferred Rent per Schedule

Record journal for ISP checks that cleared in the month.

Reconcile and Review Prepaid Expenses & record expenses as needed (Rent, Insurance, Travel & other per 13720)

Perform Bank reconciliation, record additional entries as required

Delete last few rows of Bank Rec

Receive Monthly K12 invoices

Receive Monthly K12 invoices - M&T

Enter K12 invoices into K12 Matrix for Acct 13710 (Prepaids)

Record JE to amortize Upfront OLS and Computers, re-classing from 13710

Enter K12 invoices into AP

Enter K12 invoices into AP - M&T

Run "Unpaid Bills Detail" report for K12 vendors and send to Billing to confirm AR-AP balance reconciles.

Send AP-AR balance to Billing

Confirm AP-AR balance with Billing

Record Revenue for K-12 based on monthly forecast

JEs to accrue Management Fee