

**CAPITAL AREA
SCHOOL FOR THE ARTS
CHARTER SCHOOL
(CASA)**

No. 617

SECTION: FINANCES
TITLE: INTERNAL CONTROLS
POLICY
ADOPTED: 4/16/2018
REVISED:

INTERNAL CONTROLS POLICY

Internal controls ensure effective and efficient operations, reliable financial reporting for management decisions and compliance with applicable laws and regulations to avoid the risk of loss financially or in our reputation in the community. Effective internal controls support Capital Area School for the Arts Charter School's *Board Governance Standards/Code Of Conduct Policy 011 and Fiscal Objectives Policy 601* and protect employees and assets. A fundamental concept in a good system of internal control is the segregation of duties. Although the size of the Capital Area School for the Arts Charter School ("Charter School") staff prohibits complete adherence to this concept, implementing the following practices will improve existing internal control without impairing efficiency.

THE "CHARTER SCHOOL" SHALL COMPLY WITH ITS OWN POLICIES AND PROCEDURES AS FOLLOWS:

- **CHECK ISSUANCE AND CASH DISBURSEMENTS** – Policies 611 (Purchases Budgeted), 612 (Purchases Not Budgeted), 613 (Cooperative Purchasing), 615 (Payroll Authorization), 616 (Payment of Claims), 616.1 (Signature Authority), and 618 (Activity Accounts)
- **EXPENSE REPORTS** – Policies 631 (Job Related Expenses) and 631.1 (Travel Expense Reimbursement)
- **FINANCES** – Policies 607 (Subsidy Income), 608 (Bank Accounts), 609 (Investment of Funds), 610 (Purchases Subject to Bid/Quotation), 611 (Purchases Budgeted), 612 (Purchases Not Budgeted), 613 (Cooperative Purchasing), 619 (School Audit), 620 (Fund Balances), 622 (GASB Statement 34), and 626 (Federal Fiscal Compliance Policy – 3 Attachments)
- **BUDGET** – Policies 601 (Fiscal Objectives,) 602 (Budget Planning), 603 (Budget Preparation), and 604 (General Operating Budget Adoption)
- **PURCHASES OF GOODS & SERVICES** - Policy 610 (Purchases subject to Bid/Quotation), 611 (Purchases Budgeted), 612 (Purchases Not Budgeted), 613 (Cooperative Purchasing), 615 (Payroll Authorization), and 625 (Procurement Cards)
- **STAFFING AND HIRING** – Policies 404 (Employment of Professional Employees), 405 (Employment of Substitute Professional Employees), 424

- (Personnel Files), 428 (Salary Determinations), and 433 (Professional Development)
- **PAYROLL** – Policies 614 (Payroll Authorization) and 615 (Payroll Deductions)
- **CREDIT, DEBIT AND/OR CHARGE CARDS** – Policy 625 (Procurement Cards)

INTERNAL CONTROLS ARE HEREBY ADOPTED IN THE FOLLOWING AREAS:

CASH RECEIPTS FOR DIRECT RECEIPT OF FUNDS

An employee who is not responsible for accounting functions, such as the secretary or administrative assistant, shall open all incoming mail. In addition, this individual shall be responsible for:

1. Recording the cash receipts.
2. Preparing the daily bank deposit.
3. Forwarding the cash receipts listing (along with remittance advice) to the Charter School's accounting firm.

When the accounting firm has received the cash receipts listing, he/she will be responsible for posting incoming cash receipts to the general ledger and detail customer accounts. The Charter School's accounting firm shall also be responsible for posting cash receipts for monies received for student lunches and select student activities such as summer school, etc.

In addition, the accounting firm shall be responsible for depositing cash receipts intact on a weekly basis.

ACCOUNTING SYSTEMS

No transaction shall be posted to a prior year or prior month by Charter School's accounting firm nor shall any transaction be changed or deleted by the accounting firm. If deemed necessary, the Charter School's accounting firm with prior Board approval shall make such adjustments. Controls within accounting systems shall be modified to prevent such changes.

FIDELITY INSURANCE COVERAGE

Any employee who handles cash (either its receipt or disbursement) or who holds a position of financial trust must have fidelity bond insurance coverage. The adequacy of such coverage shall be subject to Board review with the Charter School's insurance agent on an annual basis at a minimum.

ADDITIONAL MISCELLANEOUS ITEMS

The CEO or his/her designee (the designee must be someone other than the employee maintaining cash records) is responsible for opening bank statements, canceled checks, and appropriate advances. The CEO, designee, or other responsible Board member(s) shall

periodically review such items, before turning them over for reconciliation. Unusual items noted during the review shall be investigated promptly.

The CEO, other responsible Board member(s), or a representative from the Charter School's accounting firm shall approve journal entries.

The CEO or designee is responsible for implementing additional procedures where necessary to ensure proper internal controls.