

FINANCIAL ACCOUNTABILITY POLICY

Definition of Terms:

- **Administration** - means the school staff directly responsible for the accounting processes and procedures of the school. This can be, but is not limited to, the Head of School, Principal, Assistant Administrator, Building Manager, Registrar and School Secretary and teachers.
- **Banking Authority** - A Board approved authority authorized to open or close bank accounts, sign, make, draw, accept, endorse and deliver cheques, promissory notes, bills of exchange, orders for payment of money and agreements and instruments as is necessary for the operation of the school's bank accounts.
- **Board** – means the directors and officers of the corporation or society responsible for running a school.
- **CPA Canada** - means the Chartered Professional Accountants of Canada
- **Internal controls** - Means those policies and procedures put in place to ensure the continued reliability of the accounting system.
- **Electronic Signature** - A digital mark that has the function of a signature in, is attached to, or is logically associated with a record, and is used by a signatory to take responsibility for, or to give consent to, the content of the record.
- **Principal** – means a teacher designated as a principal by the operator, who must hold a valid teaching certificate and may not be the operator or a voting member of the board of directors.
- **Secretary-Treasurer** - means a qualified person appointed by the board of directors and authorized to carry out the functions related to financial planning, reporting and accountability.
- **Signing Authority** - An employee of the school who has been granted authority by the Board and Head of School to approve commitments for the acquisition of goods and services for the purpose of conducting ordinary business on behalf of the school.

References:

This policy references the Education Act and the Income Tax Act (Canada). As well as, section 22 of the Private School's Regulation.

Background:

The Phoenix Education Foundation is committed to using available financial resources from Alberta Education, tuition generated funds and any other funding source for the maximum benefit of students. Consistent with the board's objective to provide careful

stewardship of physical resources and to ensure transparent and ethical use of school funds, the board will establish, and update as necessary, financial management protocols and procedures aligned with the standards issued by the Accounting Standards Board and supported by the CPA Canada.

Requirements:

1. With respect to ensuring transparency and accountability in all of its financial processes, Administration, supported by the treasurer / secretary-treasurer, shall ensure the implementation of internal controls to enable effective management of processes.
2. Management processes shall be documented and reviewed annually. In general, these controls shall incorporate:
 - separation of duties or, as appropriate
 - sharing of duties and reviews by coworkers
 - controlling access to different parts of the accounting system by password, electronic access logs and lock codes,
 - physical audits of assets such as cash and inventory,
 - standardized documentation such as invoices, receipts, deposits, expense claims,
 - regular review of financial statements,
 - periodic reconciliation, such as a monthly reconciliation of bank statements with the schools financial records,
 - approval authority requirements such as having the principal or another individual of designated sign off on orders of classroom supplies.
3. In a manner consistent with the context of the school operation, Administration supported by the treasurer / secretary-treasurer, shall apply accounting **best practices to reduce Financial Risk and to mitigate any risk** related to fraudulent or inappropriate use of school funds.
4. The school will conduct an **annual independent audit** as per the accountability requirements of Alberta Education. The school's annual audit will follow the Canadian Auditing Standards as found in the CPA Canada handbook. The school is responsible for disclosing significant and material transactions. In view of any recommendations which may arise from its audited financial statements, the board shall annually consider potential revision of its protocols.
5. The school will post a **publicly-accessible annual education results report**, including a summary of its audited financial statement to the School Authority website or alternatively, provide information to the ministry about how the School Authority makes such information available to parents, the school community and the General Public.
6. Employees of the Foundation shall be **reimbursed for all reasonable expenses** actually and properly incurred by the Employee in respect of duties undertaken on behalf of the Foundation only where the expenses were approved by Administration prior to expenses being incurred.

7. Administration, in conjunction with the Treasurer, may from time to time choose to **invest funds** that are not needed for immediate use. Investments must be into GICs or other secure instruments on a laddering basis - meaning that some portion of funds come due each year, so that in the event of an emergency, these funds would be accessible by the Foundation. If they are not needed upon renewal, the money shall be reinvested into a GIC at the next point on the ladder.

Signing Authority

The school will ensure appropriate approval for financial activities by conducting business affairs in a consistent manner based on the signing authority limits, authorization requirements, additional approval requirements specified in this policy, and within the parameters defined in the related budgets.

Role	Operating Capital	Payroll	Student Refunds/ Fees waived	Contracts	Banking Authority	Credit Card Purchases without prior approval
Chair	As per Board Budget	Second \$65,000	NO	NO	YES	NO
Treasurer	NO	Second \$65,000	NO	H of S contract	YES	NO
Head of School	As per Foundation Budget	\$65,000	\$5000	\$100,000	YES	LIMIT
Founder	NO	Second \$65,000	NO	NO	YES	\$300
Principal	As per Instruction Budget	NO	\$300	NO	NO	\$300
Care Coordinator	As per Special Needs Budget	NO	\$300	Second for Special needs	NO	\$300
Building Manager	As per Building Budget	NO	NO	NO	NO	\$300
Registrar / Resource Mtg	As per Student Budget	NO	\$300	\$500	NO	\$5000

Financial Procedures and Principles



Here is the updated **Financial Procedure and Principles Handbook**. This should be reviewed annually in conjunction with the Audited Financial Statements (AFS) and audit.

1. Authority, Purpose, and Activities The Phoenix Education Foundation is a non-profit organization incorporated under the Society's Act of Alberta. The Foundation's primary activity and purpose is delivering education programs under the authority of the Education Act, the Private Schools Regulation, the Home Education Regulation, the Education Grants Regulation, and the Funding Manual for School Authorities.

2. General Financial Accountability & Principles Administration, supported by the treasurer or secretary-treasurer, is responsible for ensuring the implementation of internal controls to enable the effective management of financial processes.

- These management processes must be documented, reviewed annually, and apply accounting best practices to mitigate any risks related to the fraudulent or inappropriate use of school funds. Practices are reviewed in conjunction with our annual audit.
- To streamline financial reporting, the Chart of Accounts has been organized to directly reflect the Audited Financial Statements (AFS) headings, removing the need for external spreadsheet calculations.

A. The Principle of Prudent Stewardship - Since non-profits manage "other people's money" (donors, parents, and taxpayers), every dollar must be tied to the educational mission.

- **Mission-First Spending:** Every major expense should answer the question: How does this improve the student experience or learning outcomes?
- **Zero-Based Budgeting:** Instead of just adding 3% to last year's budget, we start from zero occasionally to ensure every program is still providing value.
- **Cost Recovery:** Our goal is not to make money. All programs should be on a cost-recovery basis with a small contingency fund.

B. Robust Reserve Management - Schools are prone to "lumpy" cash flows—large grant payments or tuition deposits followed by months of steady operational costs.

- **Operating Reserve:** We aim to maintain a reserve of 2-3 months of operating expenses in our working account. This protects the school against sudden drops in enrollment or delays in government funding.
- **Long Term Reserve Fund:** This is set at one-year's operating and is designed to

allow the school the peace of knowing it could have time to face economic, legal or governance challenges.

C. Rigorous Internal Controls - To protect our staff and reputation, no single person has total control over the money.

- **Segregation of Duties:** The person who records the tuition payments should not be the same person who makes the bank deposits.
- **Dual Authorization:** Require two signatures (typically the Board Treasurer and the Head of School) for any expenditure over a specific threshold (e.g., \$5,000).

D. Transparency and Reporting - In Alberta, non-profit societies are held to high standards under the *Societies Act*.

- **Regular Oversight:** The Board of Directors should review a "Budget vs. Actual" or Year Comparison report every board meeting to catch variances before they become deficits.
- **Annual Audit:** We engage an external CPA firm to conduct an annual audit or review engagement. This builds immense trust with donors and provincial regulators.

E. Diversified Revenue Streams - Reliance on a single funding source is a significant risk.

- **The Three-Legged Stool:** Ideally, revenue should come from a mix of:
 1. **Government Grants** (Alberta Education per-student funding).
 2. **Tuition/Fees** (User-pay model).
 3. **Fundraising/Endowments** (Philanthropic support).

F. Conservative Forecasting - Overestimating student numbers is the leading cause of financial distress in independent schools. We try to be accurate in our prediction of numbers and over estimate our expenses.

3. Separation and Sharing of Duties In compliance with the governing body's requirements for internal controls, the school must maintain a strict segregation of duties. Financial duties must be separated or, where appropriate, duties and reviews should be shared to ensure oversight.

- For example, the Bookkeeper is responsible for recording transactions in QuickBooks Online, managing accounts payable and receivable, and processing payroll, while the Head of School is responsible for preparing and administering the budget and acting as the primary signing authority.
- All cheques and EFTs require TWO signatures, one from the Head of School and one from the Board. We maintain TWO board signing authorities - the Treasurer and Chair. Because of this requirement, the Bookkeeper is to prepare transactions that require two

signatures upon receipt so as to allow for time to acquire the second signature.

- All transactions are generally reviewed by two staff members. A transaction at the Front desk is reviewed and entered by the Bookkeeper.
- All reconciliations for the Bank Accounts, Credit cards and other are reviewed monthly by the Head of School and the Treasurer.

4. System Access and Security Access to different parts of the accounting system must be strictly controlled using passwords, electronic access logs, and lock codes. Each staff that has access to Quickbooks has their own login. Staff are encouraged to use their Google account for single sign on where possible to increase security.

5. Physical Audits of Assets Internal controls must incorporate physical audits of assets, including cash and inventory.

- The Foundation maintains a small office safe. This houses our petty cash and gift cards. The safe should be audited and reconciled monthly. All cash over \$250.00 should be deposited into the bank account.
- The Bookkeeper and Head of School have the safe code.
- The Bookkeeper maintains the gift card registry.

6. Standardized Documentation & Record Keeping All financial transactions require standardized documentation, including invoices, receipts, deposits, and expense claims. **The school digitizes records in QuickBooks Online but retains physical paper documentation of all transactions where possible.** Physical files are stored in alphabetically organized using the following color-coding system:

- **Yellow:** Accounts Payable (with orange used specifically for class refunds, home education reimbursements, and transportation grant payments).
- **Orange:** Staff Reimbursements.
- **Green:** Accounts Receivable, as well as Mastercard and bank statements/reconciliations.
- **Blue:** Alberta Education and CRA records.
- **QuickBooks Online** - receipts and invoices along with relevant notes should be added as transactions are recorded.

7. Expense Claims and Reimbursements

- **Reimbursement Claims:** Employees must use the proper expense form (envelope) with original receipts attached. Reimbursements are processed and paid out at the end of each month.
- **Credit Card Purchases:** Cardholders must obtain a receipt for every purchase and include a brief description of the business purpose. Receipts must be submitted to the

Bookkeeper within two business days, and personal purchases are strictly prohibited.

8. Electronic Banking and Transactions To improve efficiency, the school utilizes several electronic payment and banking protocols:

- **Deposits:** All cheques must be deposited electronically, eliminating the use of a physical deposit book.
- **Incoming Payments:** The school accepts e-transfers and Stripe (for the booking system). Onsite payments can be processed using Mastercard, Visa, and Interac via Moneris. We will accept cash.
- **Charitable Donations:** Donations processed by credit or debit card through Moneris are deposited directly into the General account, tracked, and then transferred to the dedicated Compassion account. These are unrestricted funds.
- **Outgoing Payments:** The school pays recurring bills (such as rent, IT services, plumbing, and software subscriptions) via direct bank withdrawal or Mastercard auto-pay, or cheque and increasingly uses EFT e-transfers for other vendor payments. These require TWO approvals.

9. Financial Statements and Periodic Reconciliation There must be a regular review of financial statements and periodic reconciliation, such as the monthly reconciliation of bank statements with the school's financial records.

- The school must conduct an annual independent audit following the CPA Canada Handbook standards, and the audited financial statements must be submitted to the Minister annually by November 30.
- **Prepaid Resources:** Student resources purchased in the spring for the upcoming school year must be coded to the prepaid student resources account (61502) and subsequently moved to the standard student resources account (61503) in the fall.

10. Approval Authority Requirements Purchasing and financial commitments must be approved according to strict authority requirements. The school conducts business based on the following specific signing authority limits:

- **Head of School:** Authorized as per the Foundation budget, and up to \$65,000 for operating expenses without prior approval. Any expenses not specified in a department or class budget must be approved by the Head of School prior to purchase.
- **Solve-It Budget:** Every staff member is allotted a budget of \$25.00 per incident to resolve small problems (e.g., buying a specific student supply) without requesting prior permission, provided it is submitted with a receipt and the tag "SOLVE IT".

11. Investment Procedures When the school has funds that are not needed for immediate use, Administration, in conjunction with the Treasurer, may invest these funds. Investments must be placed into GICs or other secure instruments on a "laddering basis." This means that a portion of the funds will come due each year, ensuring they remain accessible in the event of an emergency. If the funds are not needed upon renewal, they are reinvested at the next point on

the ladder.

12. Payment Collection and Moneris Close-Out To maintain accurate accounts receivable and cash flow tracking, specific procedures apply to incoming payments:

- **Payment Plans:** Families may set up a 6-month payment plan (typically running from September to February). These plans are subject to a \$25.00 administrative fee and a 2% service fee to cover processing costs. The school may or may not offer this service. If not, then the booking software we utilize (Bookwhen) offers financing through a third party.
- **Accounts in Arrears:** If an account carries an outstanding balance, the school will attempt contact via email, followed by a phone call. If there is no response, a physical letter and account statement will be mailed to the family. If by Sept 1, any outstanding balance has not been paid, the account may be sent to collections.
- **Moneris (Point of Sale) Machine:** The Moneris machine must be closed out once a week, typically on Friday afternoons. The printed totals from the machine must be checked against the Moneris tracking spreadsheet to ensure all debit, Visa, and Mastercard transactions match. The slip and tracking sheet are then placed in the finance bin for entry into QuickBooks.

13. Home Education Funding and Reimbursements Special tracking and reimbursement rules apply to Home Education students to comply with Alberta Education regulations:

- The school must offer parents 50% of the home education funding (2026-2027 - \$928.03 per year) for the purchase of instructional materials.
- Parents have the option to transfer some or all of their parent portion to the school for eligible education supports by signing a Parent Declaration Form.
- Parents have up to two school years to access their portion of the funding. At the end of the year, unused funds must be tracked in QuickBooks as "Home Ed Carryover". Any funding that remains unclaimed after two years must be invoiced as "Unclaimed Funding" so it can be recovered by Alberta Education.
- We maintain a separate account for the parent portion of the funding. The parent portion should be transferred monthly to this account. A spread sheet of transactions should be maintained and reimbursement sheets uploaded to QuickBooks Online.

14. Class and Department Budgets To keep spending strictly within the budget submitted to Alberta Education, spending limits are predefined for classes and programs:

- **Program Budgets:** The budget for BlendEd/Online student resource boxes ranges from \$350 to \$1,000 per student. To reduce this expense, parents are required to return non-consumable resources.
- **Class Budgets:** Instructional staff have a specific budget for each class they teach, which is capped at the equivalent of **one student's fee** for that class. Staff are responsible for purchasing their own class supplies within this limit and submitting the receipts for reimbursement. The school retains ownership of all resources it reimburses

staff for.

15. Lunch Supervision Tax Receipts To ensure accurate tax reporting for parents, the designated staff must generate Lunch Supervision tax receipts twice a year: once in January (covering September to December) and once in June (covering January to June). These are generated as sales receipts in QuickBooks, and must *not* include any families who used Home Education funding to cover the cost of lunch supervision.

16. Detailed Signing Authority Limits To ensure transparent and ethical use of school funds, specific limits and authorities are assigned to different roles for operating, payroll, contracts, banking, and credit card purchases. See the policy for specific details.

17. Corporate Credit Card Usage Being a Phoenix Foundation cardholder is a special privilege restricted to business-related, approved budget items.

- **Prohibited Uses:** Cash advances and personal purchases of any type are strictly prohibited. Alcoholic beverages cannot be purchased with a corporate card unless explicitly approved by the Head of School for a special event.
- **Reimbursement for Misuse:** If a card is used for personal purchases, or if a receipt isn't provided by the end of the month, the school is entitled to reimbursement through payroll deduction.
- **Card Return:** Employees must surrender their credit card to the Head of School immediately upon leaving the school's employment.

18. Conflict of Interest and Vendor Bidding Employees must not allow their private interests to conflict with their responsibilities to the public.

- Employees are prohibited from accepting monetary or other payments in addition to their normal compensation for their regular duties.
- Employees who own or have pecuniary interests in a business that acts as a supplier to the school must notify the Board in writing of their financial interest when submitting a bid.
- Any products or materials developed by staff as part of their regular duties are the exclusive property of the Phoenix Education Foundation.

19. Staff Micro-Loan Program To support staff in times of personal need (e.g., home repairs, computer purchases, damage deposits), the school offers a Micro-Loan program. Staff may borrow up to \$1,500 per year. The loan includes \$5.00 per \$100 borrowed, which is rolled back into the program, and repayment is handled on a monthly basis.

20. Sponsorships and Gifts The Foundation welcomes gifts and sponsorships, provided they enhance programs or facilities without placing the Foundation under any obligation to the sponsor beyond standard recognition. All physical gifts placed in the school become the property of the Phoenix Education Foundation.

21. Related Party Agreements To maintain fair market practices, if the school enters into an agreement with a "related party" (as defined by the CPA Canada Handbook), the following rules

apply:

- Acquisition of real or personal property, or contracted services, must be at or *below* fair market value.
- Disposition (sale) of real or personal property to a related party must be at or *above* fair market value.

22. Operating Reserves and Deficits

- **Deficits:** Budgeting an annual operating deficit is only acceptable if the school has sufficient accumulated surplus from operations (ASO) to cover it. If ASO is insufficient, the school must submit an ADO (Accumulated Deficit from Operations) Elimination Plan approved by the Board.

23. Insurance and Fidelity Bonds To mitigate risk, the Foundation must maintain specific insurance coverage:

- **Fidelity Bond:** A commercial blanket fidelity bond must be kept in force for all employees and board members. The coverage amount must be \$50,000, or the amount of accumulated surplus plus 40% of the school's provincial funding, whichever is less.
- **General Liability:** The school must maintain a general liability insurance policy of no less than \$2 million for each occurrence of bodily injury, death, or property damage.
- **Other Insurance:** The school also carries insurance for Property, Errors and Omissions, as well as Director's insurance.

24. Audits and Public Financial Reporting

- The budget for the upcoming fiscal year must be submitted to the Minister annually by May 31.
- Audited financial statements must be submitted by November 30.
- The school must post a publicly accessible Annual Education Results Report (AERR) that includes a summary of the audited financial statements, ensuring transparent reporting to parents, the school community, and the general public.

Review Procedures: Annually