

- **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 K¹² 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 K¹² 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 K¹² 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 K¹² 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 K¹² 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 K¹² 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:

K¹² 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
 - 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)
 - 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
 - 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
 - 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.