



Financial Accountability Policy 3.14

This policy is applicable to all Directors, the Head of School, staff and parents.

DOCUMENT CONTROL

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REVISION RECORD

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28 Aug 2024	2	Replace Financial Accountability Policy 2021

1. TITLE

Financial Accountability Policy

2. POLICY STATEMENT

The Board of Third Academy International Ltd. is committed to using available financial resources from Alberta Education, tuition generated funds and any other funding sources for the maximum benefit of the organization and in accordance with the *Education Act (Alberta)*. Consistent with the Board's objective to provide careful stewardship of fiscal resources and to ensure transparent and ethical use of school funds, the Board will establish, and update as necessary, financial management procedures aligned with standards issued by the *Accounting Standards Board* and supported by the *Chartered Professional Accountants of Canada*.

3. DEFINITIONS

Term	Meaning
Accounting Standards Board	an independent Canadian body with the authority to establish accounting standards for use by all Canadian entities outside the public sector.
Board	the directors and officers of the corporation responsible for operating the Authority.
Cardholder	an individual authorized to hold and use an Authority credit card.
Conflict of Interest	a situation in which an individual is in a position, either real or perceived, to exercise significant influence over another and to derive unwarranted benefit from actions made in their official capacity.
CPA Canada	the Chartered Professional Accountants of Canada, the national organization established to support a unified Canadian accounting profession.
Internal Controls	those policies and procedures put in place to ensure the continued reliability of accounting systems.
Petty Cash	an accessible store of money kept by an organization for expenditure on small items.

Point of Sales (or POS)

the place where a client makes a payment for products or services to the Authority, normally involving a digital entry of a transaction into a computer, cash register or POS terminal.

Head of Schools

the individual appointed by the Board and qualified, by an Alberta Leadership Certificate or letter of authority, to provide leadership services for accredited the Authority.

Purchase Order (or PO)

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.

Receivables

means legally enforceable claims for payment held by the Authority for goods supplied or services rendered.

Related Party Transaction

a transaction that occurs where one party is able, either directly or indirectly, to exercise significant influence over another. The influence may exist where there is an economic interest and a related party may include any person, including management and immediate family members, related to the entity that is preparing the financial statement. A related party transaction occurs when there has been a transfer of resources, services or obligations between a reporting entity and a related party.

School Authority

Third Academy International Ltd as granted approval to operate a "School Authority" as that term is used and understood in the *Education Act* and Regulations enacted under that Act.

Treasurer

an individual, appointed by the board and authorized to carry out functions related to financial planning, reporting and accountability.

Terms of Payment

indication, on an invoice, of how quickly the Authority 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.

Senior Management

The Head of Schools

4. ASSOCIATED DOCUMENTS

Education Act (Alberta)

Income Tax Act (Canada)

Private Schools Regulation, Alta Reg 127/2022

Education Grants Regulation

Superintendent of Schools Regulation, Alta Reg 98/2019

5. ROLES AND RESPONSIBILITIES

Party / Parties	Roles and responsibilities
Board	Approve policy and procedures
Treasurer	Oversee policy compliance and report to Board
Head of Schools	Develop policy and procedures Communicate, implement, and enforce policy and procedures
Staff	Communicate and implement procedures
Parents	Comply with policy

Administrative Procedure Financial Accountability

Procedures

1. With respect to ensuring transparency and accountability in all of its financial processes, the Head of Schools, supported by the individual appointed by the Board as Secretary/Treasurer, shall ensure the implementation of internal controls to and enable effective management of processes. In general, these controls shall incorporate:
 - 1.1. Separation of duties or, as appropriate, sharing of duties and reviews by co-workers;
 - 1.2. Controlling access to different parts of the accounting system by password, electronic access logs and lockouts;
 - 1.3. Physical audits of assets such as cash and inventory;
 - 1.4. Standardized documentation such as invoices, receipts, deposits, expense claims;
 - 1.5. Regular trial balances to identify discrepancies;
 - 1.6. Periodic reconciliations, such as a monthly reconciliation of bank statements with the school's financial records; and
 - 1.7. Approval authority requirements such as having the Treasurer and/or Head of Schools and/or another individual designated by the Head of Schools sign off on expenditures.

2. In a manner consistent with the context of the School Authority operation, the Head of Schools and staff, supported by the Treasurer, shall apply accounting best practices to reduce financial risk and to mitigate any risks related to fraudulent or inappropriate use of School Authority funds. To the extent that is reasonable in the circumstance, the following procedures shall be implemented:

2.1. Regarding Invoicing of Receivables

- 2.1.1. All invoices issued by the School Authority will include a detailed description of goods or services being provided; and
- 2.1.2. Terms of payment.

2.2. Regarding Receiving Payments via point of sales, cheques, or cash

- 2.2.1. Authorized users of POS terminals will be provided with unique passwords or access codes;
- 2.2.2. Cash counts and trial balances will be conducted on a regular basis;
- 2.2.3. Receipts will be issued for all payments and where payment is made against an invoice, the receipt will reference the invoice;
- 2.2.4. The School Authority will develop standardized documents for recording of daily receipts; and
- 2.2.5. The School Authority will develop procedures for the secure storage of cash, credit card information, receipts and other transaction documents.

2.3. Regarding Deposits

- 2.3.1 Detailed documentation will be maintained for all deposits, comparing a list of all cheques and cash receipts to the bank deposit; and
- 2.3.2 Deposits will be made by a staff member designated for this role by the Head of School and, to mitigate against potential conflict of interest, the staff member shall not also be the person responsible for day to day bookkeeping.

2.4. Regarding Unpaid Invoices

- 2.4.1. The School Authority will develop a progressive procedure for managing overdue accounts, which may include acknowledgement for timely payments, gentle reminders, interest on overdue accounts, use of pre-collection and collection agencies; and
- 2.4.2. The School Authority will develop an authorization process for forgiving, reducing or writing off of bad debts.

2.5. Regarding Bookkeeping

- 2.5.1. All individuals who have access to the bookkeeping software utilized by the School Authority shall access this software through secure, individually unique passwords;
- 2.5.2. Bookkeeping duties will be managed by a staff member other than the individual handling cash receipts, making deposits, reporting, or auditing; and
- 2.5.3. As the School Authority's Budget is the basis for all bookkeeping entries, it must be developed under the supervision of the Head of School and the Secretary/Treasurer and approved by the Board.

2.6. Regarding Payroll

- 2.6.1. Annual payroll amounts along with any changes to payroll, including bonuses, may be recommended by the Head of Schools, but approved only by the Board in accordance with Policy 5.3;
- 2.6.2. The Head of Schools' payroll- base salary, benefits, bonuses, and severance- shall comply with the requirements as established by Alberta Education for Senior Management;
- 2.6.3. The School Authority will regularly monitor payroll records for month-to-month variations; and
- 2.6.4. The School Authority will utilize direct payroll deposits whenever possible.

2.7. Regarding Purchases of Supplies and Services

- 2.7.1. The School Authority will develop a Purchase Order system for any purchases made on credit or account; and
- 2.7.2. Detailed invoices should be required from all providers.

2.8. Regarding Expense Claims

- 2.8.1. The School Authority will develop and utilize a standardized expense claim form;
- 2.8.2. All claimed expenses must be supported by receipts or documents;
- 2.8.3. The School Authority 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);
- 2.8.4. All expense claims shall require an authorization signature by the Head of Schools or other individual designated for this role by the Head of Schools, and the individual authorizing the expense claim must not be a related party to the claimant;
- 2.8.5. The expense claim of the Head of Schools shall be reviewed and approved by the individual who must not be a related party;
- 2.8.6. In the case of disapproved expenses, the Board shall determine how those expenses shall be reimbursed to the School Authority; and
- 2.8.7. Cash and cash equivalents (such as gift cards) are not considered as acceptable expense claim items.

2.9. Regarding Credit Cards

- 2.9.1. The Head of Schools, or another individual designated for this role by the Head of Schools, shall determine controls on who has access to School Authority credit cards and shall establish procedures for School Authority credit card use;
- 2.9.2. Employees using School Authority credit cards must submit receipts on a regular basis to the Head of Schools or another individual designated for this role by the Head of Schools;

- 2.9.3. The Head of Schools shall keep records that clearly indicate the date, purpose, and transaction amount of each purchase made by the Head of Schools using a School Authority credit card, and shall be reviewed and approved by the individual who must not be a related party;
- 2.9.4. In the case of disapproved transactions, the Board shall determine how those expenses shall be reimbursed to the School Authority;
- 2.9.5. Cardholders will take steps to safeguard their card numbers and PINs;
- 2.9.6. Cardholders will not allow their card information to be stored online or with a vendor; and
- 2.9.7. School Authority credit cards must be surrendered upon leave, termination of employment, or at the request of the Head of Schools; or the case of the Head of Schools, surrendered to the Secretary/Treasurer.

2.10. Regarding Petty Cash

- 2.10.1. Receipts will be required for all petty cash payouts;
- 2.10.2. The Head of Schools, in consultation with the Secretary/Treasurer, shall establish processes to ensure that the individual responsible for approving the claim and the individual paying the claim are not the same; and
- 2.10.3. Petty cash will be reconciled on a regular basis.

2.11 Regarding Leases, Rents and Mortgages

- 2.10.4. All leases, rents and mortgages shall be regularly reviewed by the Head of Schools in consultation with the Secretary/Treasurer to ensure compatibility with market rate conditions;
- 2.10.5. All leases, rents and mortgages shall be included in the annual budget approved by the board; and
- 2.10.6. All anticipated related-party transactions are to be reported both in the Budget notes and on the School Authority's Audited Financial Statements, including a description of the transaction, the amounts, and any contractual obligations with the transaction.

2.12 Regarding Inventory Control

- 2.12.1 The School Authority will regularly take inventory of physical assets such as textbooks, computers, furniture, and vehicles.

2.13 Regarding Approvals and Accountabilities

- 2.13.1 Non payroll electronic funds transfer or cheques will require the authorization of two non-related signatory officers; and
- 2.13.2 Signatory officers will be appointed by the Shareholders and their signatory powers will cease at the discretion of the Shareholders or when they leave their positions with the Board or School Authority.

2.14 Regarding Charitable Receipts

- 2.14.1 The School Authority 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 Authority will retain copies of all receipts issued and will maintain thorough records of all donations received;
- 2.14.3 Subject to legislation and CRA guidelines, the School Authority will use gifts for the purposes intended by the donor;
- 2.14.4 The School Authority will only issue receipts for donations of “property” as defined in the above references and not for services; and
- 2.14.5 Receipts will not be issued for the portion of any donation that provides an advantage to the donor.

2.15 Regarding Reporting

- 2.15.1 The School Authority will follow the recommended *CPA Handbook* guidelines for not-for-profit financial reporting to the Board and shareholders and report on;
 - 2.15.1.1 The Budget for each coming school year;
 - 2.15.1.2 The Audited Financial Statement, AFS, for the year completed;
 - 2.15.1.3 Internal in-year reports on actual results compared to Budget and to previous years, explaining any discrepancies:
 - 2.15.1.4 Statements of Financial Position (Balance Sheet); and
 - 2.15.1.5 Statements of Operations (Income and Expenditures).

2.16 Regarding Audited Financial Statements

- 2.16.1 The School Authority will conduct an annual independent Audit as per the accountability requirements of Alberta Education;
- 2.16.2 The School Authority’s annual Audit will follow the Canadian Auditing Standards as found in the *CPA Canada Handbook*;
- 2.16.3 The School Authority is responsible for disclosing significant and material transactions and the Treasurer shall request the completion of declaration/disclosure forms, wherever reasonable and appropriate (See Appendix A – *Key Management Personnel Declaration Statement* and Appendix B - *Close Family Member Declaration Statement*);
- 2.16.4 In accordance with the Canadian Auditing Standard on *Related Party Transactions*, audit procedures will be performed to identify, assess and evaluate related party transactions, both to ensure compliance with funding requirements and to mitigate risk associated with fraud that may be committed through related parties;
- 2.16.5 In view of any recommendations which may arise from its audited Annual Financial Statements, the Board shall annually consider potential revision of its policy and/or procedures;

- 2.16.6 The School Authority will post a publicly accessible Annual Education Results Report, including a summary of its Audited Financial Statement to the School Authority website or, alternately, provide information to the Ministry about how the School Authority makes such information available to parents and the school community; and
- 2.16.7 At the discretion of the Board, and with the advice of accounting and legal professionals to ensure School Authority practices meet the accountability standards, the School Authority may undertake more complex financial management practices that may address, for example, planned giving, investments, and/or the implementation of ancillary operations, where these operations support the mission and mandate of the School Authority.

2.17 Regarding Related Party Transactions

- 2.17.1 The Head of Schools is required to disclose to the Board all related parties prior to entering into any transaction;
- 2.17.2 Prior Board approval is required for all transactions involving any and all related party transactions involving members of either the Board of Directors, shareholders, or Third Schools employees holding leadership roles (Principals or Head of Schools); and
- 2.17.3 The Board shall approve related party transactions involving members of either the Board of Directors, shareholders, or Third Schools' employees holding leadership roles.

2.18 Regarding Capital Expenditures

- 2.18.1 Prior Board approval is required for capital expenditures in excess of \$50,000.

2.19 Regarding Segregation of Duties

- 2.19.1 Notwithstanding that the Board has delegated the day-to-day operations of the School Authority to the Head of Schools, segregation of duties will occur as outlined in Policies: Funding Strategic Directs & Ongoing Operations 3.0, Budgets 3.1, Budget Approval 3.2, Investments 3.3, School Fees 3.4, Banking 3.5, Financial Risk Management 3.8; Reporting 3.9; Financial Reporting 3.10, Expense Reimbursement 3.12; Restricted and Unrestricted Funds 3.13, Financial Accountability 3.14, Remuneration 5.3; and
- 2.19.2 Notwithstanding that the Board has delegated the day-to-day operations of the School Authority to the Head of Schools, the Board directs the Head of Schools to develop procedures that ensure segregation of duties in cases where the Head of Schools will be in a Conflict of Interest.

2.20 Regarding Cheque Signing Process

- 2.20.1 The Accounting Department shall prepare the Payables List;
- 2.20.2 The Head of Schools shall approve the Payables List;

- 2.20.3 The Accounting Department shall prepare the cheques; and
- 2.20.4 A minimum of 2 authorized signing authorities are required to sign the cheques.

2.21 Regarding Direct Deposit Payment Process

- 2.21.1 The Accounting Department shall prepare the Payables List;
- 2.21.2 The Head of Schools shall approve the Payables List;
- 2.21.3 The Accounting Department shall prepare the Direct Deposit file; and
- 2.21.4 The Direct Deposit file shall require the approval of 2 authorized signing authorities at time of payment.

2.22 Regarding Etransfer Payments

- 2.22.1 The Head of Schools shall designate a dedicated email address for receipt of Etransfer payments; and
- 2.22.2 The holder of that dedicated email address shall report Etransfer payments to the Accounting Department.

References

- Alberta Education Funding Manual (Section J – General Information, Reporting Requirements, and Additional Information)
- Appendix A to Administrative Procedure – Key Management Personnel Declaration Statement
- Appendix B to Administrative Procedure – Close Family Member Declaration Statement
- CPA Canada Handbook -Standards and Guidance
- Canada Revenue Agency – Reporting Guidelines for Charitable Organizations
- Personal Information Protection Act, Sections 14(c) (2) and 16 (1) and (2)
- Policy and Requirements for Accredited Private School Authority Planning and Results Reporting (Alberta Education)
- Private Schools Regulation (Alberta Education)
- Private Schools Regulation, Alta Reg 127/2022
- Education Grants Regulation
- Superintendent of Schools Regulation, Alta Reg 98/2019