

ECA Finance Policy (with Practices & Procedures)

September 1, 2025

Preamble

Eastside Christian Academy (ECA) is committed to ensuring transparency and accountability in all financial processes. This **Policy** recognizes that the school is under the authority of Eastside City Church (ECC). Reference to the **Governance Policy** for fiduciary responsibilities of governance of the school **Board** is useful for this **Policy**. Throughout its processes, the school will implement Internal Controls to minimize the opportunity for mismanagement of processes. In general, these controls consist of:

- Segregation of duties
- Controlling access to accounting systems
- Physical audits of assets such as cash, inventory, investments and capital assets
- Standardized documentation such as invoices, receipts, deposits, expense claims
- Regular trial balances to identify discrepancies, twice yearly as overseen by the **Treasurer**
- Periodic reconciliations, such as a monthly reconciliation of bank statements with the school's financial records
- Approval requirements based on school authority, Eastside City Church (ECC)
- Placing Fair Market Value restrictions on all Related Party Transactions
- Reserve Fund (for all *investments & use*)

Definitions

Cardholder - An individual authorized to hold and use a school or authority's credit card.

Fair Market Value - Fair Market Value (FMV) is the price a product would sell for on the open market assuming both the buyer and seller are reasonably knowledgeable about the asset, are behaving in their own best interests, are free from undue pressure, and are given a reasonable time period for completing the transaction. The *Early Childhood Services Regulation (AR 126/2022)* outlines that FMV must be determined by an accredited appraiser of the Appraisal Institute of Canada (Section 20) and for the purposes of ECA will NOT be done for estimated values less than \$10,000 and the monthly rent payable to ECC (which is fully under the control of ECC directors).

Independent Member - a director of the ECA **Board**, who is a private ECS operator that:

- (i) is not involved in the day-to-day management, administration or operation of the early childhood services program provided by the private ECS operator; and
- (ii) is not a related party of another director.

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Internal Controls - Internal Controls are policies, practices and procedures put in place to ensure the continued reliability of accounting systems.

Related Party Transaction - a deal or arrangement for services or supplies between two parties who are joined by a pre-existing business relationship or a common interest. There is a general recognition that organizations often seek to secure business arrangements with parties with whom they are familiar or have similar values and ethics or have common interest. While these types of transactions are legal, they could potentially create Conflict of Interest or lead to situations that are illegal or unethical. Organizations create practices and procedures for approving these transactions so as to safeguard against potential abuses.

Senior Manager - is the **Principal** and not the **Chair** of ECA, nor the Assistant **Treasurer** ("ECC Bookkeeper"), according to the ECC Bylaw and Alberta Education definition: Senior management employee/contractor means an individual employed/engaged by the operator of a funded private school to plan, direct or control the management, administration and operation of the funded private school, this includes a member of the governing body of the operator of a funded private school who is an employee of the operator.

Roles and Responsibilities of Governing Body and Principal

Governing Bodies 18(b) – The school will outline the roles & responsibilities of its governing body with respect to financial matters. These may include, but are not limited to:

- 1.1.1 Approving the annual budget for the upcoming school year
- 1.1.2 Annually appointing an auditor
- 1.1.3 Reviewing, signing and submitting to the minister the AFS and copies of the auditor's recommendations respecting the operator's Internal Controls and accounting procedures
- 1.1.4 Regularly reviewing in-year reports on actual results compared to budget and previous year's results and explaining discrepancies. These reports may include a *Statement of Financial Position* (Balance Sheet) and a *Statement of Operations* (Income and Expenditures)
- 1.1.5 In light of auditor's recommendations, annually approving the school's updated **Financial Accountability Policy**

Senior Manager 18(c) / Principal – The school will outline the roles and responsibilities of the **Principal** with respect to financial matters. These may include, but are not limited to:

- 1.1.6 Implementing financial management policies established by the **Board**
- 1.1.7 Ensuring that the **Board** has access to all financial documents required for them to carry out their roles and responsibilities

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Related Party Agreements 20(1) - ECA policies, practices and procedures in respect to transactions involving real or personal property or engaging in services with a related party for the purposes of managing, administering or operating the school align with the *Early Childhood Services Regulation (AR 126/2022)*, Section 20. Transactions involving property and the engagement of services will happen at Fair Market Value.

Compensation of Senior Management Employees 18 (e) / Principal - ECA policies for compensation of senior manager / **Principal** align with Section 22 to 32 of the *Early Childhood Services Regulation (AR 126/2022)*. For the 2025 school year and until further change of the regulations, the base salary of a full-time **Principal** will not exceed the maximum base salary applicable to a level 2 **Board** under Schedule 1 to the *Superintendent of Schools Regulation (AR 98/2019)* and no atypical bonus (those not already commonly received by employees like an individual or school performance bonus), atypical allowance or any other incentive will be paid in addition to the senior management employee's base salary.

Financial Policy

1. Segregation of Duties 18(a)(i):

The **Board** of ECA is committed to ensuring the proper use of funds by the segregation of duties as required. At a minimum the four following areas are to be separated:

- 1) Transaction authorization or approvals – **Principal** usually, except for school supplies by office administrator
- 2) Custody of assets – typically the office administrator and/or teachers
- 3) Recording transactions – Bookkeeper only other than office administrator for tracking
- 4) Control activity related to bank statements, accounts, deposits are done by utilizing a designate from the authority, ECC, approved by the **Chair**, typically the bookkeeper
- 5) Approving timesheets – **Principal** & Bookkeeper

2. Capital assets 18(a)(ii):

The **Board** of ECA is committed to confirming that capital assets greater than \$5000 are properly accounted for by ensuring that there is:

- 1) Authorization or approval for expenditure – **Principal** or **Board**
- 2) Authorization or approval for disposal – **Principal** or **Board**
- 3) Verification of title to asset purchased – office administrator, **Principal** or **Board**
- 4) Periodic audit of fixed asset inventories – office administrator, or as determined by auditor

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3. Reimbursement of expenses 18(a)(iii)

The **Board** of ECA is committed to confirming that all expense claims and reimbursements are properly accounted for by ensuring that there is:

- 1) Defined expense reimbursement procedure
- 2) Original receipts attached to all claims
- 3) Office administrator review and **Principal** approval prior to submission for payment
- 4) Periodic audit of employee reimbursement claims as determined by auditor

4. Investments 18(a)(iv)

The **Board** of ECA is committed to safeguarding all investments by ensuring that there is:

- 1) A clearly defined approved investment **Policy**– the Contingency Reserve Fund document
- 2) Direction or choices per **Board** decision
- 3) Verification of title to investments purchased – Bookkeeper & ECC **Chair**
- 4) Reconciliation of investments to monthly statements – Bookkeeper

5. Transfer of grants 19(1)

ECA does not utilize grants or their giving, but will follow regulations with regards to transfer of grants and may only transfer a grant or portion thereof to:

- The Government of Alberta
- ECC or a society under the *Societies Act*

Accounting Practices & Procedures

1. Privacy and confidentiality are key components of school operation, and all staff must be fully cognizant of such, especially the **Principal** and the Bookkeeper inclusive of all financial and personal information in situations.
2. All cheques need two signatures designated by ECA and/or ECC.
3. Track changes in accounting practices and procedures and details of any estimates made and the underlying assumptions and calculations. This would include allowances for doubtful accounts and other provisions, etc.
4. Detail any financial computer or software concerns or disaster recovery.
5. Maintain an annual list of significant events, which need to be recorded or disclosed including disclosers, lawsuits, contingent liabilities or non-cash / barter transactions.
6. Deposits:

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- o Cheques are placed and entered in account at the beginning of each month.
 - o Cash to be deposited as needed.
 - o Other receivables provided to Bookkeeper with details.
 - o Receivable balances are monitored weekly.
 - o Online confirmations then deposits posted and reconciled with deposits done.
7. Tuitions:
- o Received by office administrator from parents are given to Bookkeeper same day, or received directly by Bookkeeper
 - o Bookkeeper reconciles the payments to a school parent binder maintained for coding the payment to the appropriate period/month.
 - o Some families have signed an agreement allowing school to process their monthly tuition payment via credit card at the beginning of each month as stated on their tuition letter. Copies of receipts are kept in the tuition binder and entered into Excel spreadsheets, QuickBooks customer centre and with bank reconciliations.
 - o Only school office and Bookkeeper monitor cash receivables, post-dated cheques and credit card information.
 - o Confidentiality: Credit card information is stored in tuitions binder and locked in accounting office requiring separate and limited access to others.
8. Fundraising:
- o Major campaigns are approved by the **Board** while regular small activities, such as hot lunches and beverage reimbursement, can be determined by the Parents Involvement Committee.
 - o All cash must be tracked and submitted to the office administrator by end of day while other proceeds must be tracked and reviewed by the **Principal** and Bookkeeper.
9. Invoices:
- o Bookkeeper receives all invoices and once received leaves it along with other invoices for the next cheque run.
 - o They are recorded into QuickBooks accounts payables and vendor lists.
 - o Bank balances will regularly be checked to ensure funds.
10. Payments:
- o Majority of payments are processed using online banking using e-transfer, direct deposit or manual cheques.
 - o School **Principal** authorizes new recipients for direct deposit payments and e-transfers for payment.
 - o E-transfer emails, direct deposit information, and banking information is managed by the Bookkeeper.

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- o Cheques are common and prepared in advance and depends on the number of invoices/total amount and when the signing authorities are available.
 - o Cheques are signed by any two signing authorities on the day that they are prepared, and verbal details of expense are expressed to each signatory.
 - o All cheques are mailed out on the day prepared.
 - o All invoice details, including general ledger coding are put on the cheque stub, as well as the unique cheque number and the amount paid on the invoice.
 - o Cheque stubs, void cheques, misprinted cheques (*marked as "void"*) are stored in locked filing cabinet in locked bookkeeping office.
 - o Only Bookkeeper has access to printer and blank cheques are stored in locked filing cabinet.
 - o Direct deposit is used for staff reimbursements and authorized by **Principal**, along with employee reimbursement requests.
11. Cardholder for credit purchases will be the **Principal** or an ECC Cardholder when coordinated with the **Principal**.
12. School Supplies:
- o Supplies are normally ordered by the school office, having been approved by the **Principal**.
 - o Special authorization to teachers to purchase supplies needed for their classrooms is approved and reviewed by the **Principal**.
 - o School office orders curriculum, school supplies, office supplies and miscellaneous resources.
13. Mail is collected by school office or Bookkeeper daily and processed according to addressee with all paper invoices, accounts payables, bills or membership dues delivered to bookkeeping mailbox or received in person.
14. **Principal** reviews monthly summaries of invoices and expense reports.
15. Compensation:
- o Salary, benefits and all other compensation is established and approved by the **Board**, as documented in **Board** minutes, or when privacy needs to be maintained, then by email between the Bookkeeper and **Principal** with ECC **Chair** or **Treasurer**, as needed.
 - o **Principal** is responsible for preparing employment contracts for staff, including terms and salary amounts.
 - o **Principal** is also responsible for hiring substitute staff and setting their hourly rates and submits authorized time sheets for substitute staff.
 - o Bookkeeper is responsible for calculating source deductions and transmitting semi-monthly payroll deposits via RBC's Pay Employees system (direct deposit).
 - o Bookkeeper has only direct access and for change of payroll data.

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16. Trial Balances should be done on a regular basis, twice yearly as overseen by the **Treasurer**.
17. Fair Market Value must follow requirements set out in the Definitions and within the **ECA Board Governance Policy**.
18. An independent audit must be done every fiscal year and results submitted in Alberta Education format by the deadline date.
19. **Contingency Reserve Fund** ensures financial stability and is maintained or used at discretion of the **Board** according to its own **Policy** and following the **ECA Board Governance Policy**.