***Financial Controls***

***a. Financial Monitoring:*** *Describe plans to ensure fiscal soundness and legal compliance for the proposed school. Specifically, address the financial monitoring process that the Board will use to receive updates on the school’s financial position. Who is responsible for directly managing and overseeing the school’s budget? Please note that Illinois Charter School Law (105 ILCS 5/27A-5(f)) requires charter schools to submit an annual audit of school finances conducted by an outside, independent contractor.*

*• Attach a listing of all financial reports generated, including frequency of generation, and responsible party.*

*• If available, attach fiscal policies for the organization.*

EACI will implement strong financial management and compliance policies, procedures and practices to ensure fiscal soundness and legal compliance. The Board of Directors provides financial oversight of the organization and engages directly in the following activities:

* Approve annual budgets
* Approve salary schedules
* Review five-year budget projections
* Review monthly financial statements
* Hire the auditor
* Review and approve the annual audit
* Review and approve all fiscal management policies and procedures
* Ensure that strong financial internal controls are in place to reduce the possibility of errors, fraud and mismanagement.

A subset of the members of the Board of Directors will serve on the Finance Committee. The Finance Committee will be composed of individuals who have experience in finance, accounting, auditing, and business management. The Finance Committee will meet on a monthly basis to review the organization’s financial position and outlook with the CEO and Director of Finance and Operations (DFO). The DFO will prepare a monthly reporting package for review by the Finance Committee and the CEO, which will include:

* Balance sheet
* Income statement
* Cash flow statement
* Budget variance report
* Year-end projections

In addition, EACI will contract with an independent auditor to conduct the annual audit of financial statements, internal controls and compliance with charter school law and contract provisions. The auditor will also prepare EACI’s tax returns. The auditor will report directly to the Board of Directors.

The Director of Finance and Operations (DFO) is to be directly responsible for monitoring the Charter School Management Corporation and all aspects of the school’s finances and maintains all financial records. The DFO oversees purchasing, accounts payable, payroll, budgeting, financial reporting, and developing and implementing financial systems. The DFO reports to the CEO and is the staff liaison to the Finance Committee of the Board. The DFO is TBD and will be a highly qualified individual with significant experience in financial management and accounting.

In all areas of fiscal management, EACI will enforce strict segregation of duties to ensure that no one person is responsible for a transaction from start to finish. Segregation of duties will be clearly outlined in the EACI financial management policies for the following areas: recording of financial transactions, procurement, cash disbursements, cash receipts, payroll, hiring, petty cash, banking, investments, contracts, and management of fixed assets.

EACI is still in the process of developing a comprehensive fiscal management handbook. As such, we are not attaching financial policies at this time.