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# **Financial Management Procedures Manual**

**2014-2015**

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## **Finance Department**

The Finance Services Department will work systematically and efficiently to provide excellent financial, accounting, and business support to the School of Excellence in Education with a high level of moral, ethical, and legal integrity. With this endeavor, the Finance Services Department staff will follow the policies adopted by the Board of Trustees and established procedures, which are based on the Texas Education Agency **Financial Accountability System Resource Guide**. The guide can be accessed online at [http://www.ritter.tea.state.tx.us/school\\_finance/audit/resguide14/index.html](http://www.ritter.tea.state.tx.us/school_finance/audit/resguide14/index.html).

All Trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in the District's financial transactions shall act with integrity and diligence in duties involving the District's fiscal resources.

The District prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers, and others seeking or maintaining a business relationship with the District.

Fraud and financial impropriety shall include but not be limited to:

1. Forgery or unauthorized alteration of a check, bank draft, or any other financial document.
2. Forgery or unauthorized alteration of any document or account belonging to the District.
3. Misappropriation of funds, securities, supplies, or other District assets, including employee time.
4. Impropriety in the handling of money or reporting of District financial transactions.
5. Profiteering as a result of insider knowledge of District information or activities.
6. Unauthorized disclosure of confidential or proprietary information to outside parties.
7. Unauthorized disclosure of investment activities engaged in or contemplated by the District.
8. Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to the District, except as otherwise permitted by law or District policy.
9. Inappropriately destroying, removing, or using records, furniture, fixtures, or equipment.
10. Failure to provide financial records required by state or local entities.
11. Failure to disclose conflicts of interest as required by law or District policy.
12. Any other dishonest act regarding the finances of the District.

Each employee who supervises or prepares District financial reports or transactions shall set an example of honest and ethical behavior and shall actively monitor his or her area of responsibility for fraud and financial impropriety.

The Director of Finance shall maintain a system of internal controls to deter and monitor for fraud or financial impropriety in the District.

Any person who suspects fraud or financial impropriety in the District shall report the suspicions

immediately to any supervisor, the CFO, the Superintendent, the Board Superintendent, or local law enforcement.

Reports of suspected fraud or financial impropriety shall be treated as confidential to the extent permitted by law. Limited disclosure may be necessary to complete a full investigation or to comply with law. All employees involved in an investigation shall be advised to keep information about the investigation confidential.

Neither the Board nor any District employee shall unlawfully retaliate against a person, who in good faith reports perceived fraud or financial impropriety,

## **Procedures Manual**

The School of Excellence in Education Financial Management Procedures Manual is designed to provide comprehensive standardized procedures that are mandated by federal and state law, Board policy, administrative directives and/or good business practices.

Compliance with these procedures is **mandatory** for all funds processed through the finance department regardless of their source.

Conformation with these guidelines will allow prompt and accurate conducting of the district's business affairs in a responsive and progressive manner.

These manual, as well as applicable forms, can be found in its entirety on the Webpage. Principals and department heads should inform their staff so that they are aware of the guidelines that may pertain to their particular area of responsibility.

## **Financial Services Operating Framework**

### **Vision Statement**

*Finance Department will be a service oriented model of fiscal stewardship through systematic processes that are sustainable.*

### **Mission Statement**

*Finance Department will obtain continuous training and use optimal technology to provide a high standard of professional, supportive, and timely financial services to our employees, business partners, vendors, and other stakeholders.*

### **Motto**

*Moving Towards Excellence, Effectiveness, and Efficiency*

***Excellent Professionals***  
*The right staff. . .*

**Effective Policies & Procedures**  
*...following the appropriate guides...*

**Efficient Processes**  
*... performing their responsibilities well.*

**Finance T.E.A.M.**  
**T**rained  
**E**nthusiastic  
**A**ccountable  
**M**odels

### **Areas of Responsibilities**

<b>Department</b>	<b>Staff</b>	<b>Areas of Responsibilities</b>	<b>Phone: (210)-431-9881</b>
Finance	Grant Manager	Grant Accounting	<b>Ext. 2115</b>
	A/P Clerk	Accounts Payables, Employee Reimbursements	<b>Ext. 2144</b>
	A/P Clerk	Travel	<b>Ext. 2144</b>
	Director of Finance	Business Services Leadership: Finance	<b>Ext. 2163</b>
	Payroll Clerk	Payroll Operations	<b>Ext. 2117</b>
	Director of Finance	Financial Operations Leadership: Accounting, Auditing, Budgeting	<b>Ext. 2163</b>
	Director of Finance	Activity Fund Accounting, Investments, Receivables Accounting	<b>Ext. 2163</b>
	Shipping & Rec. Clerk	Shipping & Receiving, Purchase Requisition Processing	<b>Ext. 2147</b>
	Director of Finance	Internal Control	<b>Ext. 2163</b>
Human Resources	Director of HR	Compensation Plan, Employee Relations: Discipline and Separation	<b>Ext. 2148</b>
	HR Clerk	Background Check, Drug Testing, Employee Data Entry, Personnel Action Form Processing	<b>Ext. 2168</b>
	HR Clerk	Recruitment, Staffing, Employee Orientation, Benefits	<b>Ext. 2168</b>
	Director of HR	Benefits, Leaves Administration, Workers Compensation	<b>Ext. 2148</b>
Student Nutrition	Food Svc. Mgr.	Student Nutrition Operations Leadership, Free and Reduced Lunch Applications	<b>Ext. 2112</b>



## Cash and Checks Procedures

### Cash Received

At times it will be necessary to accept cash from various sources. It is very important that appropriate procedures be followed to ensure the proper handling of cash. Cash receipts consist of checks, money orders and/or cash received from various sources such as individual patrons, donors, campuses, and other departments or organizations.

1. Cash/Coin/Checks received at the finance office will be deposited into the appropriate budgetary account using the depository bank's numbered and sealable bank deposit bags.
2. Cash/Coin/Checks being turned-in to the finance department must be counted by both the individual turning in the funds and the finance department personnel receiving the cash unless this has been completed at the campus level and the deposit ticket and sealed deposit bag has been completed.
3. A bank deposit ticket must be completed in its entirety with the cash/coin and/or checks indicated on the detail of the cash deposit ticket.
4. The department name and/or the fund raising activity must be written on the deposit ticket.
5. The person dropping off the deposit should take a copy of the deposit for their records.
6. Cash will be deposited into the bank depository on a weekly basis.
7. Cash shall not be sent through the inter-office mail.
8. The Food Service Department must email daily a copy of each day's Point of Sale Register (POS) from each campus to the Finance Department. This will be compared to the daily delivery of the cash deposit ticket that is delivered daily from each campus for food service collections to check for accuracy and missing deposits.

### Checks Received

1. Checks received by central office employees that will be coded as a cash receipt to a budget account should be sent to the Finance Office with documentation regarding the purpose of the payment, and the budget coding.
2. Each check will be stamped with the date received on the front portion of the check and a copy of the check will be attached to the deposit.
3. The check will be coded with the appropriate budget number and sent for deposit.
4. Checks will be deposited into the bank depository on a weekly basis.

## **Returned Checks**

Returned checks are checks previously deposited which are returned unpaid by the bank because of insufficient funds, account closed, stop payment, etc. The bank will usually send returned checks to the business office.

1. The business office will contact the appropriate department or campus for assistance in obtaining payment on any returned checks received by cash management.
2. No more checks shall be accepted from the maker until the check is redeemed.
3. Immediate action is instrumental in collecting on a returned check.
4. The maker of the check should be contacted to obtain payment on the returned check. It must be paid off with currency and/or coin, cashier's check or money order, not with another check issued by the check maker.
5. A \$20.00 fee will be charged for all returned checks. The \$20.00 fee should be collected along with the payment for the returned check.
6. A sign should be posted in any area that checks are accepted indicating, "a \$20.00 fee will be charged for all returned checks,"
7. If initial collection efforts fail (verbal or written), the next step is to send a letter by certified mail, return receipt requested,
8. When payment is received, prepare a cash receipt (include the number of the original check) for the payment and return the original check to the check maker, Indicate on the cash receipt in the "for" section that it is payment for a returned check.

## **Payables Procedures**

### **Purchase Orders**

Purchase orders are required for every purchase in the district. The purchase order usually starts with a Quote for as support for the agreed upon quantity and price per unit. The Purchase Order will be attached to the invoice as backup regarding the approval path, budget code and amount.

### **Packing Slips**

Packing slips that accompany the shipment of merchandise must be checked-off, signed and dated by the campus personnel responsible for receiving shipments. The campus personnel signing off on the packing slip is verifying that the quantity claimed to have been shipped has actually been received. The packing slip must be used in approving the invoice to ensure the quantity being billed matches the quantity being received.

### **Invoices**

Vendors should send all invoices to the Finance Department, Attn: Accounts Payables at 1826 Basse Rd. San Antonio, TX 78213. Any original invoices and bills received elsewhere must be forwarded to the Finance Department as soon as they are received and the vendor must be contacted to update the district mailing address to 1826 Basse Rd. The invoices must include an invoice number and invoice date. If these are missing from invoices you receive, return the invoice to the vendor for corrections.

All mail is opened by the Administrative Department. All original invoices will be date stamped and

forwarded to the Finance Department for processing.

Campus principal/department head for an approval signature and budget code. Invoices and bills will be paid within 30 days unless otherwise noted on the invoice. If you need to verify information regarding your invoice or bill, you may call the Accounts Payable Clerk.

### **Invoice Processing**

Invoices routed to the Accounts Payable department shall follow the established processes:

1. Date stamped when received
2. Researched for prior payment
3. Matched with a Purchase Order (P.O.)
4. Matched with a Packing Slip (Signed and dated for accuracy of items received.)
5. Reviewed for account coding accuracy
6. Invoice, Packing Slip and P.O. are sent to the staff member ordering the merchandise for the invoice to be signed and dated verifying that the amount being charged is for the quantity received at the agreed upon price.
7. Filed until one week prior to payment due date
8. Entered into accounts payables system
9. Copy attached to the check for mailing
10. Stamped PAID after checks are signed
11. Attached to copy of the check after payment
12. Filed by vendor name for future reference

### **Budget Account Codes**

The Purchase Requisition/Purchase Order system requires all staff in charge of their budget to ensure that an appropriate account code has been entered for the intended purchase.

### **Invoices Filing**

In general, two filing systems should be maintained, one system for invoices not paid and one for paid invoices. Unpaid invoices shall be maintained in a first system, along with related Purchase Orders, Shipping Documents and other supporting documentation. After payment of invoice, the check stub shall be attached to the respective supporting invoices and tiled in the A/P vendor files, by alpha.

### **Check Signatures**

Only check runs approved by the Comptroller shall be printed. Processing checklists must indicate the check sequence and indicate that no check numbers have been skipped to ensure that other unauthorized checks have been printed with the signature image.

All checks shall require two signatures. Checks in excess of \$5,000 shall have two manual signatures.

### **Expense Reports/Reimbursement**

Forms for Expense Reimbursement, Mileage, or Travel should be completed fully, submitted with original receipts and approved with original signature by the supervisor.

The receipts must have the name of the employee requesting reimbursement, the event/function, and persons included (for meals), as well as, the vendor's name. Credit card receipts will not be accepted without a detail of the items ordered. Employees will not be reimbursed for alcoholic beverages.

Reimbursement requests must be made by Tuesday for payment on Friday. Employees must request reimbursements within 30 days of the purchase. After the 30-day period, reimbursements will not be made.

School of Excellence in Education is a non-profit organization, and as such, is not required to pay sales taxes. Employees shall present Sales and Use Tax Exemption form when making purchases. With the exception of meals, reimbursements will not be made for sales taxes.

Purchases for items that normally would be obtained through the purchase order process must be approved in writing from the employee's supervisor, and the Director of Finance prior to making the purchase. Otherwise, the purchase will not be reimbursed.

## **Budget Procedures**

### **Policy CE-Legal & Local**

Budgeting is the process of allocating resources to the prioritized needs of a school district. Although budget formats and policies are by **no** means uniform in school districts, formal budgets play an important role in the planning, control and evaluation of school district operations. In school districts, the adoption of a budget implies that a set of decisions have been made by school board members and school district administrators which culminate in matching a school district's resources with its needs. As such, the budget is a product of the planning process.

The budget also provides an important tool for the control and evaluation of a school district's sources and uses of resources. With the assistance of the accounting system, administrators are able to execute and control the activities that have been authorized by the budget and evaluate performance based upon comparisons between budgeted and actual operations.

In the educational context, budgeting is a valuable tool in both planning and evaluation processes. Budgeting provides a vehicle for translating educational goals and programs into financial resource plans. Thus, instruction planning (to attain student educational goals) should determine budgetary allocations. This link between instruction and financial planning is critical to effective budgeting. In addition, such a budgeting practice may enhance the evaluation of budgetary and educational performance since resource allocations are closely associated with instructional plans.

Budget planning shall be an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals shall be considered, as well as input from the District and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and shall be a part of each month's activities.

The adopted budget provides authority to expend funds for the purposes indicated and in accordance with state law, Board policy, and the District's approved purchasing procedures. The expenditure of funds shall be under the direction of the Superintendent or designee who shall ensure that funds are expended in accordance with the adopted budget.

The District shall not lend its credit or gratuitously grant public money or things of value in aid of any individual, association, or corporation.

The District shall not grant any extra compensation, fee, or allowance to a public officer, agent, servant, or contractor after service has been rendered or a contract entered into and performed in whole or in part. Nor shall a district pay or authorize the payment of any claim against the district under any agreement or contract made without authority of law.

The district shall not grant any extra compensation, fee, or allowance to a public officer, agent, servant, or contractor after service has been rendered or a contract entered into and performed in whole or in part. Nor shall the district pay or authorize the payment of any claim against the district under any agreement or contract made without authority of law. No public funds of the District may be spent in any manner other than as provided for in the budget adopted by the board.

The Board of Trustees has determined that the district's fiscal year begins on September 1 of each year.

The Superintendent, through the Director of Finance, shall prepare, or cause to be prepared, a proposed budget covering all estimated revenue and proposed expenditures of a district for the following fiscal year. The proposed budget shall be prepared on or before a date set by the State Board of Education, currently August 20, and adopted by the Board of Trustees by August 31.

The proposed budget shall be prepared on or before a date set by the State Board of Education, currently August 20. After the proposed budget has been prepared, the board chairman shall call a board meeting for the purpose of adopting a budget for the succeeding fiscal year. Any stakeholder of the district may be present and participate in the meeting. The board shall adopt a budget to cover all expenditures for the succeeding fiscal year at the meeting called for that purpose.

### **Budget Management**

Budget preparation and administration are important aspects of overall district operations. Providing adequate resources for programs within the restraints of available funding sources presents administrators with a significant challenge. Sound budgeting practices benefit the district by:

- ✓ Establishing a documented method for budget development, adoption, and administration
- ✓ Providing administrative controls for expenditure of funds within approved allocations
- ✓ Assuring campus and community involvement through a "bottom up" budget approach.

Budget preparation guidelines are prepared by the Director of Finance with input from the school Board, the Superintendent, and other district and campus budget managers. The budget preparation guidelines include the following elements:

- ✓ A budget transmittal letter from the Superintendent which provides the overall context for budget development at the district/campus levels.
- ✓ A budget memorandum/overview which: explains the district budgeting philosophy and approach; outlines the budget development process; and references major assumptions and changes in the budgetary process from the previous year.
- ✓ Fiscal limitations to be observed district-wide such as maintenance of service levels, specific percentage increases/decreases in resource allocations, and personnel hiring guidance.

- ✓ A budget calendar of critical dates for budget development, submission and review.
- ✓ Instructions concerning which expenditure items are to be budgeted at the campus level, and what level of detail is required for submission
- ✓ A copy of standard budget preparation worksheets, submission forms and/or diskettes.
- ✓ A list of the account codes necessary for the preparation of campus budgets. This list normally will include function, object, *sub-object* and program intent codes.
- ✓ A list of district-wide budget assumptions.
- ✓ Guidelines for the estimation of standard campus resource allocations from district funds.
- ✓ Development of Campus Budgets section.
- ✓ Guidelines for estimating the costs of specific expenditure categories such as salaries and benefits, supplies or fixed charges,
- ✓ Instructions for the submission of campus budgets to the district budget office including the number of copies required, due dates and personnel to contact for assistance.

### **Budget Preparation Timeline**

The budget calendar listing critical dates for the preparation, submission and review of campus budgets for the school district is prepared during the budget planning process coordinated by the Director of Finance.

<b>Target Date</b>	<b>Activity/Process</b>	<b>Responsibility</b>
Dec.	Receive Budget Request from Campuses	Campuses/District
Jan.	District Comprehensive Needs Assessment	DIP Committee
Feb.	District Improvement Plan (DIP) Campus Comprehensive Needs Assessment	DIP Committee CIP Committees
Mar.	Set Budget Priorities Estimate Additions to Net Assets Open Enrollment Campus Improvement Plans (CIP)	Superintendent, Director of Finance & Department Executives
April	Enrollment Projections Project State Funding Set per Pupil Allocations	Director of Finance,

May	Campuses/Departments Complete Budget	Superintendent, Director of Finance and Department Executives
June	Complete FSP Calendar Track in TEASE Complete Personnel Budgeting Final Federal Allocations Set Update DIP & CIP based on Final Allocations	Superintendent, Director of Finance, Director of HR, Principals & Department Executives
July	Enter State Comp Estimate in TEASE Enter FSP Estimate in TEASE Board Approves Budget – Budget Adopted	Superintendent, Director of Finance Board
Aug.	Board Approves Campus Improvement Plans (CIP)	Superintendent & Board

### **Budget Monitoring**

- ✓ **Compensation Plan** - All employee compensation must follow the guidelines stipulated in the adopted Compensation Plan. Deviations from the plan must be approved by Superintendent and Director of Finance.
- ✓ **Extra Duty Pay** -- Assignments for extra duty pay must be pre-approved in writing by the supervisor or the Superintendent. Administrators are not eligible for extra duty pay not previously approved by the Superintendent.
- ✓ **Stipends** -- Stipends shall be paid in accordance with the adopted Compensation Plan. No other stipends shall be paid for duties not indicated in the Plan. Administrators are not eligible for stipends not previously approved by the Superintendent.
- ✓ **Grant Funded Programs** - Programs must be approved before implementation. Submit a proposal that delineates the following: purpose, expected outcome, number of students to be served, a list of staff positions needed, associated costs, including payroll, and funding source. The proposal must be pre-approved in writing by the Superintendent, Grant Accountant, and Director of Finance, before implementation. Administrators are not eligible for extra duty pay not previously approved by the Superintendent.
- ✓ **Request for position** - All requests for new staff positions must begin with the Office of Human Resources. The new position must be budgeted using existing funds. Written approval of the position must be made by the Director of Finance, and the Superintendent.
- ✓ **Substitute** - Substitutes shall be used only for teachers who are absent. When reporting substitute pay transmittal, indicate the name of the teacher who was absent.

### **Budget Amendments**

Budget amendments are mandated by the state for budgeted funds reallocated from one function level, and state and/or federal project to another. These budget changes are usually the result of unexpected levels of expenditures in certain categories and must be amended in the budget for legal compliance. Other budget amendments are determined by the Board of Trustees.

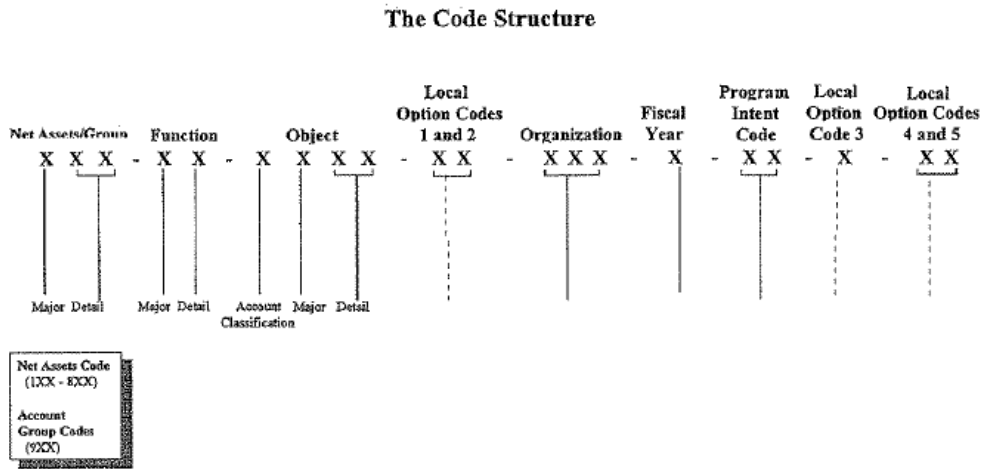
Based upon the level of detail at which the budget is adopted, budget revisions may or may not be required for reallocations within functional levels or programs. Some budget amendments must be formally adopted by the Board of Trustees and recorded in the board minutes. **Funds may not be transferred between fund accounts. Funds may be transferred between function accounts, with Superintendent's approval. Funds may not be transferred between object accounts 6100, 6200, 6300, or 6400 without Board approval.** Budget amendments must be approved by the Superintendent.

To provide an adequate audit trail for budget amendments, they should include: the original budget amount by fund and function; the amount of the amendment by fund and function; and the amended budget amount by fund and function. Communicating the reason for the amendment or change is just as important as proper coding and estimating the costs correctly. Each request for a budget amendment must include a reasonable and adequate justification to support the request. Even if budget changes do not have to be formally reviewed and adopted by the school board, major program or budget changes should be reviewed by financial administrators to ensure the district's legal compliance with state expenditure mandates. Budget changes must also be approved by the Superintendent.

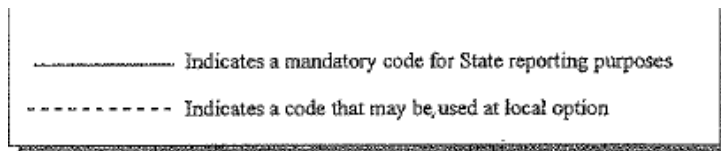
**Budget Line Code**

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. An open-enrollment charter school operated by an institution of higher education or a governmental entity must adhere to the financial accounting and reporting requirements discussed in the Financial Accountability System Resource Guide

**Exhibit 6. Net Assets Code Structure**



(<http://www.tea.state.tx.us/school.finance/audit/resfuidel3findex.html>). With the exception of the codes that may be used at local option, all charter schools must use the account code structure.





The three digit code designates the net asset class if the charter school does not participate in grant projects or any federal program accounted for under account codes 200-499. If the charter school does participate in any grant project or federal program, then the three digit account code is used to identify the revenues and expenses restricted to the specific uses under the applicable state and federal law, rules and regulations. This means that when expenses are incurred for grants accounted for under the temporarily restricted net asset class then the charter school will not utilize the object code net assets released from temporary restrictions for general ledger and PEIMS reporting purposes. Instead the expense will be recorded and maintained in the general ledger with the appropriate specific or generic grant account code in the 200-499 range. This accounting treatment is required in order to provide information to oversight entities. Oversight entities are required to ensure separate detailed accountability is maintained in order to be able to determine charter schools' compliance with applicable state and federal rules and regulations. The object code net assets released from temporary restrictions will be utilized in annual financial statements.

Nonprofit charter schools should establish and maintain those net asset classes and grant accounting required by law and sound financial administration. Only the minimum number of net asset classes consistent with legal and operating requirements should be established since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration. This is particularly important in the area of grant administration because all grants must have separate accountability for revenues and expenses.

**Budget Fund Codes**

A mandatory 3 digit code is used to separately identify revenues and expenses pertaining to each local, state, grant project, and federal program.

<b>STATE FUNDS</b>	<b>DESCRETIONARY FUNDS</b>
420 – Foundation School Program	
<b>FEDERAL FUNDS</b>	
211 - Title I, Part A	
224 - IDEA, Part B, Formula	
244 - CATE	
255 - Title II, Part A; Teacher/Principal	
263 - Title III, Part A;	

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	ORG.	YEAR	PROGRAM	LOCAL CODE
420	11	6119	002	0	11	000

**NOTE: Funds may not be transferred between fund accounts.**

**Budget Function Codes**

A mandatory 2 digit code applied to expenses that identify the purpose of the transaction. The first digit identifies the major class and *the* second digit refers to the specific function within the area.

- 11 Instruction
- 12 Instructional Resources and Media Services
- 13 Curriculum Development and Instructional Staff Development
- 21 Instructional Leadership
- 23 School Leadership
- 31 Guidance, Counseling and Evaluation Services
- 32 Attendance, Social Work (Student Advisors)
- 33 Health Services
- 34 Student Transportation
- 35 Food Services
- 36 Co-curricular/Extracurricular Activities
- 41 General Administration/Board
- 51 Plant Maintenance and Operations
- 52 Security and Monitoring Services
- 53 Data Processing Services
- 61 Community Services
- 71 Debt Services
- 81 Fund Raising

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	SUB.OBJECT	ORG	YEAR	PROGRAM	LOCAL
420	11	6119	003	01	0	11	000

**Note: Funds may be transferred between function accounts, with Superintendent’s approval.**

## **Budget Object Codes**

A mandatory is a 4-digit code identifying the nature and object of an account, transaction, or source. The first of the four digits identifies the type of account or transaction, the second digit identifies *the major area*, and the third and fourth digits provide further sub-classifications.

### **61XX Payroll Costs**

- 6112 Substitute Teachers
- 6118 Stipends
- 6119 Salaries or Wages -Teachers & Other Professional Personnel
- 6121 Extra Duty Pay/Overtime - Support Personnel
- 6122 Substitute Support Personnel
- 6129 Salaries or Wages *for* Support Personnel
- 6139 Employee Allowance/Awards
- 6141 Social Security/Medicare
- 6142 Group Health and Life Insurance
- 6143 Workers' Compensation
- 6145 Unemployment Compensation
- 6146 Teacher Retirement System CARE
- 6148 Long Term Disability Insurance
- 6149 Dental Insurance Expense

### **62XX Professional and Contracted Services**

- 6211 Legal Service
- 6212 Audit Service
- 6213 Support Service
- 6216 Advertising-Employee Related
- 6218 Advertising - Student Recruitment
- 6219 Professional Service
- 6239 ESC Service Fees
- 6244 Contracted Maintenance - Buildings
- 6245 Contracted Maintenance - Equipment
- 6246 Contracted Maintenance -Technology/Computers
- 6247 Software Upgrades
- 6248 Maintenance - Auto
- 6249 Contracted Maintenance and Repair
- 6255 Utilities: Telephone
- 6256 Utilities: Electricity
- 6257 Utilities: Gas
- 6258 Utilities: Trash
- 6259 Utilities: Water
- 6264 Rental Expense - Equipment
- 6265 Rental Expense - Buildings
- 6266 Rental Expense - Parking Lots
- 6291 Consulting Services
- 6299 Miscellaneous Contracted Service

**63XX Supplies and Materials**

- 6311 Gasoline/Fuel
- 6315 Building Maintenance Supplies
- 6320 Training Materials
- 6321 Non State-adopted textbooks
- 6329 Reading Materials/Library Books
- 6339 Testing Materials
- 6340 Food Service - Other Resale Items
- 6341 Food Service – Food
- 6342 Food Service - Non Food
- 6349 Food Service - Misc. Supplies
- 6395 Computers & Software (under \$5,000)
- 6396 Equipment Expense (under \$5,000)
- 6397 Printing
- 6398 Postage/Shipping
- 6399 General Supplies

**64XX Other Operating Costs**

- 6411 Travel, Employee
- 6412 Travel, Student
- 6413 Stipends, Non-Employee
- 6419 Travel, Non-Employee
- 6425 Insurance - General Liability
- 6426 Insurance - Auto
- 6427 Insurance - Officers & Directors
- 6449 Depreciation Expense
- 6481 Property Tax Expense
- 6494 Building Taxes and Insurance
- 6495 Dues
- 6496 Food- Non-Travel Meals
- 6497 Subscriptions and Fees
- 6498 Extra Curricular Activities/Graduation
- 6499 Miscellaneous Operating Costs

**6500 Debt Service**

- 6523 Interest on Debt

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	SUB.OBJECT	ORG	YEAR	PROGRAM	LOCAL
420	11	6119	01	003	0	11	000

**NOTE: Funds may not be transferred between object accounts 6100, 6200, 6300, or 6400 without Board approval.**

**Budget Organization Codes**

A mandatory 3 digit code identifying the organization, i.e., High School, Middle School, Elementary School, Administration's office, etc.

- 001 Hawkins
- 003 Lee
- 041 Saenz
- 101 Kelley
- 103 Burch
- 104 PreK
- 105 Copeland
- 106 Walker
- 701 Superintendent
- 702 Board of Trustees
- 720 Administrative – Direct Cost
- 750 Administrative – Indirect Cost

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	SUB. OBJECT	ORG	YEAR	PROGRAM	LOCAL
420	11	6119	01	003	0	11	000

**Budget Fiscal Year Code**

A mandatory single digit code that identifies the fiscal year of the transaction or the project year of inception of the project.

- 0 2009-10 School Year
- 1 2010-11 School Year
- 2 2011-12 School Year
- 3 2012-13 School Year
- 4 2013-14 School Year
- 5 2014-15 School Year
- 6 2015-16 School Year
- 7 2016-17 School Year
- 8 2017-18 School Year
- 9 2018-19 School Year

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	SUB. OBJECT	ORG.	YEAR	PROGRAM	PROJECT
420	11	6119	01	002	0	11	000

**Budget Program Intent Codes**

A 2 digit code used to designate the intent of a program provided to students. The intent (*the student group toward which the instructional or other service is directed*) determines the program intent code, not the demographic makeup of the students served.

- 00** Undefined
- 11** Basic Instruction
- 22** Career and Technology
- 23** Special Education
- 24** Accelerated Education
- 25** ESL Programs
- 30** State Compensatory Education (School Wide Costs)
- 31** High School Allotment
- 33** Pre-K
- 91** Physical Education
- 99** Undistributed

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	SUB. OBJECT	ORG.	YEAR	PROGRAM	PROJECT
420	11	6119	01	002	0	<b>11</b>	000

**EXAMPLE LINE CODE**

FUND	FUNCTION	OBJECT	SUB. OBJECT	ORG.	YEAR	PROGRAM	PROJECT
420	11	6119	21	003	0	11	<b>000</b>

**Determination of Special Revenue Funds**

If funds indicate one of the following attributes, it is considered a grant:

1. States a specific timeframe for expenditures to occur, or
2. Requires specific use of funds, or
3. Requires financial reporting of the use of funds.

## **Grants Management & Administrative Procedures**

Along with the acceptance and receipt of a grant award come many responsibilities involving the management and administration of programmatic, financial and reporting aspects of the grant project. Communication and coordination between personnel is essential for a successful grant project. Please bear in mind that past performance is a consideration in evaluating the award of *future grant* funding.

To assure proper and efficient administration of the grant award, responsibilities should be identified, disaggregated and assigned to key personnel within the grantee organization. It is critical that someone in the grantee organization be directly responsible for each of the functions associated with the administration of the grant project.

To facilitate this process, the School of Excellence in Education has prepared a separate District Grants Administration Procedures Manual. That manual is hereby incorporated by reference and shall be used by all personnel for the administration of grants awarded to the school. Note that the Grants Administration Procedures Manual is supplemental to these finance procedures. In the event of discrepancy or conflict between the two documents the conflict or discrepancy is to be brought to the attention of the Director of Finance, Assistant Superintendent for Technology for resolution.

## **Texas Education Agency Responsibilities**

The Texas Education Agency (TEA) has divided fiscal and programmatic responsibilities for administering the program from the state level. For concerns related to programmatic activities, contact the Program Manager listed in the packet of information containing the grant agreement. For financial concerns related to grants administered by the Division of Grants Administration (GA), a Grant Manager from the GA can assist you. Discretionary grants may be "decentralized." This means that the program division has been given the responsibility for both the funding and financial assistance and for managing the program at TEA. In these cases, grantees should always contact the program manager first for information. The phone numbers for these divisions are in your grant agreement.

## **Grantee/Fiscal Agent Responsibilities**

Administering a grant project requires collaboration and coordination between both the local program office and the local business office. However, each of these offices has areas of primary responsibilities for the local grant project. Shared Services Arrangements (SSAs), *comprised of* two or more local educational agencies (LEAs), including open enrollment charter schools, will be managed by a fiscal agent. The fiscal agent of the SSA serves as the Project Manager and the Business Manager for the entirety of the LEAs within that SSA.

The OMB Circulars A-87, A-133 and A-122 is the federal cost principals adhered to. Note in addition to these OMB Circulars, other state and local policies and procedures may apply.

## **Project Manager Responsibilities**

Local project managers are responsible for the following (not all inclusive):

1. Coordinating the preparation of the grant budget with the business office.
2. Negotiating the grant budget with the TEA Program Manager.
3. Making any/all necessary copies and distribution of the documents, including the original RFA, for grant personnel. This distribution must include individuals in the business office and the grant program area;
4. Coordinating with local decision making committees and other appropriate state and federal programs to maximize the effectiveness of the grant;
5. Identifying additional resources to carry out grant project activities;
6. Providing reasonable opportunities for teachers, parents, and other interested parties to participate in the planning and operation of the grant project;
7. Employing effective procedures for acquiring and disseminating to participating teachers and administrators significant information from educational research and promising educational practices developed through similar projects;
8. Reviewing the contents of the grant packet as soon as it *is received*;
9. Ensuring that appropriate personnel review the approved application; and verifying any necessary modifications that may have taken place before, during, or after negotiation with TEA personnel;
10. Ensuring that funds are expended as approved in the application. The primary program manager will initiate the purchase of goods and/or services. This request is submitted to the assistant superintendent for approval. The assistant superintendent ensures compliance has been met in the following areas: needs assessment, campus improvement plan, and local/state/federal requirements. Once *approval* has been obtained, the request is forwarded to the business office.
11. Ensuring the appropriate inventory of equipment is purchased;
12. Ensuring all expenditures and activities are properly documented;
13. Although the business office records are the official grant fiscal accounting documents, the project manager must ensure that the project program office's books are compared and reconciled to the business office accounting records on a regular basis;
14. Ensuring that all the proposed activities are planned, implemented, and completed as approved in the application;
15. Filing necessary amendments;
16. Filing the following reports, as applicable and in coordination with the business office as needed:
  - a. Progress/Activity Reports;
  - b. Replication Manuals;
  - c. Evaluation Reports (also known as final reports);



## **Business Office Responsibilities**

Grant management consist of *two components of review* in the business office: compliance and accounting. The first component is fiscal compliance. All federal expenses are forwarded to the grant manager. The grant manager ensures the request adhere to *the* fiscal requirements set forth in the application, budget, and local/state/federal guidelines. The second component is accounting. The grant administrator reviews the request from the general ledger standpoint. Attention is given to any reconciliation, adjustments, and/or corrections to ensure request adhere to application, budget, local/state/federal guidelines, and the financial accountability system resource guide, and generally accepted accounting principles.

Business *Offices* are responsible for the following (not all inclusive):

1. Maintaining fiduciary and financial responsibility for all grant *activities*.
2. Coordinate the preparation of the grant budget with the program manager. This will ensure the budgeted line items are classified correctly according to the Financial Accountability System Resource Guide, also known as the FASRG;
3. Ensure the funds are expended as approved in the application.
4. Processing and approving grant purchases for compliance & budgetary purposes.
5. Maintaining the accounting data for retrieval on all grant projects.
6. Ensure all expenditures and activities are properly documented.
7. Grant accounting shall include the details of all grant transactions, from the approval of the proposed grant to final action by the Grantee and Grantor.
8. Requesting funds through the purchase order system and billing invoices,
9. Preparing and filing the following reports, as applicable and in coordination with the program manager as needed:
  - a. Mid-Project Expenditure Reports
  - b. Compliance Reports
  - c. Final Expenditure Reports
  - d. Revised Final Expenditure Reports
10. Certifying expenses are true and correct.
11. Classifying and reconciling the accounting transactions properly, according to FASRG.

## **Grant Financial Management and Accounting**

Grantees must have a proper financial management system in place in order to receive a grant and expend funds associated with a grant awarded by TEA. Grantees must expend and account for the expenditure of funds in accordance with certain standards. Failure to establish and maintain a proper financial management system could result in the return of funds to TEA and/or the termination of the grant. Grantees must have a proper financial management system in place.

Grantees are accountable for the accumulation and reporting of data concerning grant funds as stipulated in the grant agreement. Requirements and procedures are established to ensure that grant funds are expended and accounted for in a method that provides accuracy, uniformity, and consistency

Grantees must maintain adequate documentation to support charges to the grant. Grant accounting shall include the details of all grant transactions, from the approval of the proposed grant, to final action by the Grantee and Grantor. The execution of an agreement or the approval of an application establishes a commitment of funds. Grantees are required to follow the conditions of the grant (listed in 1.1.3 of FASRG) that includes, but may not be limited to:

1. spending funds in accordance with the terms and *approved* budget of the grant;
2. returning unused balances of grant funds, even if only one cent of cash on hand remains unexpended;
3. establishing property records of grant-acquired property, if so indicated; and
4. providing reports at given intervals.

The major components of grantee financial management include:

1. accounting records;
2. allocation of costs to projects;
3. documentation of time and attendance (i.e. Personnel Activity Report);
4. financial reports;
5. grant payments;
6. program income; and
7. audit responsibilities.

For more detailed information on a particular requirement, please consult in the appropriate section of FASRG.

### **Basic Requirements**

School districts, ESCs and open-enrollment charter schools in Texas are required to comply with the accounting requirements in FASRG. Grant costs must be planned, controlled and reported in accordance with the grant agreement and with FASRG. However, under 34 CFR § 80, a grantee organization not listed above is not required to change its formal accounting system to comply with federal/state requirements but must be capable of providing the financial information required within the grant agreement. All grantee accounting systems must comply with Generally Accepted Accounting Principles (GAAP). Due to differences in budgetary and grant cost categories, a grantee may be required to develop subsystems to account for grant funds. All grantee accounting systems must comply with Generally Accepted Accounting Principles.

## **Financial Management Standards (34 CFR § 80.20)**

At a minimum, grantee financial management standards must provide:

1. Fiscal control and accounting procedures that are sufficient to prepare required grant reports;
2. Accurate, current and complete disclosure of the financial results of each grant program;
3. Accounting records that identify the source (by CFDA number and grantor agency) and use of grant funds adequate to permit the tracing of funds to determine that funds have been used appropriately and legally;
4. Effective control and accountability for all grant funds, property, and other assets;
5. Comparison of actual expenditures with budgeted amounts for each grant;
6. Source documentation must support accounting records such as receipts, canceled checks, paid bills, payroll record, Personnel Activity Report records, contract and sub grant award documents;
7. Cash management procedures to minimize the time elapsing between the receipt of grant funds and disbursement (i.e. payment) of funds;
8. Procedures for determining reasonableness, allowability, and allocability of grant costs. Such costs must be in accordance with the appropriate OMB Circular for that organization; Department of Education regulations; Texas Education Agency regulations; and the terms of the grant agreements.

## **Common Elements of a Financial Management System**

Grantee accounting systems have basic elements that are common to all grants: (1) internal controls, (2) record keeping, and (3) reporting.

### **Internal Controls**

Internal controls means a process designed by the grantee organization to provide reasonable assurance the following objectives will be achieved:

1. effectiveness and efficiency of operations;
2. reliability of financial reporting;
3. consistency from one grant program to another; and
4. compliance with applicable laws and regulations.

These controls must include all methods adopted by a grantee to safeguard its assets, comply with management policies and grant terms and conditions, and provide reliability of accounting information data. (See OMB Circulars, A-87, A-122 and A-133 and FASRG § 1.5 for additional information on internal control systems and an internal control checklist.)

An independent auditor, conducting an audit under the Single Audit Act, examines internal controls. Operating controls verify that adopted management policies are followed. These include organization charts, procedure manuals, budgetary system, reporting system, and record keeping system. Accounting controls are procedures implemented to ensure reliability of financial data and assurances that transactions are reviewed and authorized.

Controls include appropriate separation of duties, approval authority of goods and services,

and review of financial activity. (See FASRG § 1.5.4) Compliance controls ensure the appropriateness of grant expenditures in accordance with the grant agreement terms and conditions.

TEA is responsible for monitoring the grantee's reporting, record keeping, internal operating, accounting control systems, and compliance with applicable program requirements, guidelines, and the approved application. It is the responsibility of the grantee to monitor any subgrantees/subcontractors for compliance as applicable. Grantees must also conduct periodic self-assessments to determine compliance with applicable regulation and guidelines.

Written documentation of internal operating and accounting controls should be developed as a means to provide one consistent policy across an organization. In addition, management must test the controls in place for efficiency and successfulness and correct any deficiencies that may be detected.

### **Record Keeping**

Grantees must provide a mechanism to ensure that data is accumulated, financial reports can be generated, and costs do not exceed the approved budgeted amount or allowable budget variation for each program, activity, or other budget category.

### Cash Management Requirements

When grantees are reimbursed for expenditures, the grantee must pay the costs before requesting reimbursement from TEA. *When* TEA advances funds to the grantee, both TEA and the grantee must follow procedures to minimize the time elapsing between the transfer of funds from TEA and the disbursement of funds by the grantee. Requests for advances will be considered on a case-by-case basis.

### Supporting Documentation

Supporting or source documents are required to support all transactions entered into the Grantee's record keeping system. Source documents that authorize the disbursement of grant funds consist of purchase orders, contracts, time & effort records, delivery receipts, vendor invoices, travel documentation and payment documents, including check stubs. Transactions should always be organized, summarized, and maintained.

### Audit Trail

Transactions should be organized, summarized and maintained in a manner that provides the information necessary for the financial statements. The audit trail should allow an auditor to trace financial statement balances through the general ledger and other summary journals to each detailed accounting transaction and supporting source documentation. The audit trail should allow an auditor to trace financial statement balances.

### **Retention Requirements**

Retention of grant records is a requirement. A period of seven (7) years is the minimum amount of time to retain records. These records include but not limited to applications, budget, and budget amendments, purchases of goods and services, payroll, adjusting journal entries, program and fiscal reports, and draw down request. Files newer than three year are kept in hard copy in the corporate finance office. Files older than three years are archived and housed at an offsite facility. Grant administrator and grant manager are responsible for ensuring grant records are filed, inventoried, and archived in an appropriate manner. Final approval to dispose of grant records requires the approval of the Assistant Superintendent of Technology and Grant administrator and grant manager.

### **Reporting**

Although the business office records are the official grant fiscal accounting documents, the project manager must ensure that the project program office coordinates with the business office to establish a financial accounting system to record expenditures and receive grant payments. This will ensure that budgeted line items are classified correctly according to the Financial Accountability System Resource Guide, also known as FASRG.

Reports required for draw-downs include RSCCC detail general ledger inquiry and summary general ledger inquiry reports plus copies of all invoices to support the dollar amount of the expenditures posted to the GL for the particular draw-down.

Workflow procedures for data collection/maintenance *and* expenditure/progress/ evaluation reporting must be established and books must be compared and reconciled to the business office accounting records on a regular basis. The following reports, as applicable and in coordination with the business office must be filed as needed.

- Mid-Project Expenditure Reports;
- Final Expenditure Report; and
- Revised Final Expenditure Report

In addition to mid-project, final, and revised final reporting, cash flow is sustained thru monthly drawdowns of reimbursable expenditures. Statements of revenue and expenditures, as well as expanded general ledgers, are used for reconciliation and backup documentation for reimbursements request. The grant administrator is responsible for ensuring accurate and timely request for reimbursements. The procedure is handled both by hard copy (billings) and electronic methods (TEA ER access). The Director of Finance's approval is required before actual draw down occurs. Upon approval, grant administrator submits request.

### **Monitoring**

TEA is required to monitor the expenditures and activities of local grant programs. The focus of the monitoring visits is the review of the project to determine if it is in compliance with laws, regulations, rules, and the approved application, and to verify that it is on schedule regarding the project goals, objectives and timelines, as established in the application. TEA is required to monitor the expenditures and activities of local grant programs.

In preparation for such monitoring visits, grantees should practice the following strategies:

1. On an ongoing basis, adjust the program as needed to ensure the success of project; consider if amendments are necessary; file necessary amendments; and consult regularly with the TEA program office of responsibility regarding significant changes to the grant program.

2. As part of the ongoing monitoring process, grantees may use the TEA monitoring instrument as a self-assessment checklist (available from TEA's Division of Grants Administration and from the Division of Grants Administration website). Grantees will then be expected to have all documents and records readily available and organized in advance of the monitoring team's arrival.

Grantees scheduled for on-site monitoring will be notified and sent the monitoring instrument that may be used as a checklist in preparation for the visit. Examples of the types of documents that may be requested for review include:

1. Local written policy documents;
2. Payroll records, including Personnel Activity Report records, the payroll ledger, and payroll policies and procedures;
3. Financial records, including purchase orders, expenditure reports, Web ER/IVR printouts, invoices, accounting journal, and purchased material
4. Travel records, travel receipts, travel vouchers, and mileage log;
5. Approved contracts and amendments;
6. Planning documents, training logs, sign-in sheets, service activities, meeting agendas, etc.
7. Program activities, campus improvement plans, and district plans *as applicable*;
8. Student enrollment data, participant data, and evaluation data as applicable; and
9. Any other records, reports, data, etc. pertaining to this project.

### **Budget Requirements**

Grants must have the funds budgeted in the detail as provided for in the grant application on the budget summary (i.e., Budget Summary Schedule of the Standard Application System (SAS) of the approved grant.) Public schools districts, ESCs and open-enrollment charter schools in Texas must account for the expenditure of grant funds in accordance with the Financial Accounting & Reporting (FASRG) Module of the Texas Education Agency Financial Accountability System Resource Guide (see FASRG 1.1.3 for further information). A copy of FASRG is available to every school district business office. Other entities, such as universities/colleges and nonprofit organizations, may have other account codes (i.e., chart of accounts), but in all cases grant accounting must be in accordance with Generally Accepted Accounting Principles (GAAP). Grants must have funds budgeted in detail.

Emphasis must be placed on referring to the approved budget and line items in the approved grant application to set up the budget in the accounting records and to record obligations and expenditures. Grantees, auditors, and monitors must be able to compare actual expenditures to budgeted expenditures.

In most grant applications approved by TEA, there is a Budget Summary (usually Schedule 3), which summarizes the budget by costs category/object code of expenditures. There are usually

supporting Budget Schedules which identify the specific line items requested and approved in a grant application.

It is important to obligate and expend funds in accordance with the approved budget. Noncompliance could result in detailed expenditure reporting, return of funds to TEA, or termination of the grant.

Amendments must be prepared and submitted to TEA in advance of incurring obligations/expenditures if: 1) a line item change exceeded 25 percent of the total grant budget, 2) an increase or decrease in the number and composition of the positions funded, 3) the classification of an amount to a line item that was not previously budgeted, 4) an increase or decrease in the budgeted capital outlays.

### **Personnel Activity Reporting** (Formerly known as time and effort reporting)

Educational Flexibility Partnership Act where only a semi-annual certification is allowable does not apply to charter schools. OMB Circular A-87 and A-133 does give authorization for periodic certification. Therefore, personnel activity reports required for every employee that is federally funded or funded by special program allocations such as SCE, Special Education, and CATE in whole or in part.

- Be mindful to not only account for the actual work performed but also account for the total activity. Personnel activity reports must be signed by the employee and by the responsible supervisory/official having first-hand knowledge of the activities performed (ex. immediate supervisor).
- The personnel activity reports must include certification that the time reported represents the actual work performed by the employee during the period covered by the report. The reports must be prepared hi-monthly in accordance to payroll schedule. It is due the 1st and the 16th proceeding each time period worked and must coincide with the pay periods.
- Personnel activity reports must bear relationship to fund source and job description. The activity must be required in order to fulfill the employee's obligations to the organization.
- If an employee is paid from two or more fund sources, the supervisor must ensure that the employee is paid in proportion to services rendered.

If procedures are not upheld, it will reflect widespread internal control issues, poorly documented activities, lack of clear understanding of guidance and/or procedures, and poor safeguarding of public funds.

*Information is from an excerpt of "Lessons Learned...Reflections on What Went Wrong" presented by Ramon Medina, TEA, Division of Financial Audits, Grant Audits Section.*

### **Supplement, Not Supplant**

The authorizing statute may state that a state agency or local educational agency may use and allocate funds received under a particular grant only to supplement and not to supplant funds from non-federal sources. Therefore, to the extent practical, the grantee must increase the level

of funds that would, in the absence of federal funds, be made available from non-federal sources, and in no case may such funds be used to replace funds from non-federal sources. This means:

1. LEAs may not divert state and local funds for other uses simply because these particular grant funds are available;
2. LEAs may not use these grant funds to pay for activities required by state law, State Board of Education rule, or local district policy; and/or
3. LEAs may use these funds to expand existing programs and/or add new programs that would not otherwise be available from state and local sources.

**Limitation on Administrative Costs**

The authorizing statute may limit the amount of funds that may be expended to administer the program for any fiscal year. Administrative funds include both direct administrative costs and indirect costs and must be requested in the application on the appropriate budget schedules. The table below may prove useful in determining whether an administrative cost is considered direct or indirect.

<b>Administrative Cost</b>	<b>Definition</b>	<b>Typical Usage</b>
Direct	A cost that can be identified specifically with a particular cost objective, such as a grant, project, service or other activity of an organization.	Costs for personnel who supervise the activities of program staff, or any direct costs for personnel who perform fiscal and reporting activities related to the grant; Costs for contracted services associated with the administration of the program; Costs for supplies and materials requested for administrative use; Other operating costs requested for administrative purposes; and Equipment requested for administrative purposes.
Indirect	A cost that has been incurred for common, joint or multiple objectives of an organization that cannot be readily identified with any one particular cost objective.	Costs of operating and maintaining facilities; General administration and general expenses, such as budgeting, accounting, human resources, legal, and purchasing. Centralized services, such as motor pools and information systems; and Personnel and accounting administration.

Reimbursement of indirect costs under federal awards is determined by an organization's indirect cost rate, which recipients negotiate with their cognizant agency.



For public school districts, Education Service Centers and open enrollment charter schools associated with same, TEA is the cognizant agency.

Reimbursement of indirect costs under state funded awards is not allowed.

### **Direct and Indirect Costs**

All allowable direct and indirect costs allocated to the grant, minus any applicable credits, constitute the total costs.

Direct Costs are any costs that can be specifically identified with an item of expense such as those identified in the Financial Accounting and Reporting (FASRG) Expenditures/Expense Control Accounts.

Direct Costs include:

1. Costs for personnel who supervise the activities of program staff, or any direct costs for personnel who perform fiscal and reporting activities related to the grant;
2. Costs for contracted services associated with the administration of the program;
3. Costs for supplies and materials requested for administrative use;
4. Other operating costs requested for administrative purposes; and
5. Equipment requested for administrative purposes.

Indirect Costs are costs incurred that are common by nature and benefit more than one grant program or project.

Indirect Costs include:

1. Costs of operating and maintaining facilities;
2. General administration and general expenses, such as budgeting, accounting, human resources, legal, and purchasing.
3. Centralized services, such as motor pools and information systems; and
4. Personnel and accounting administration.

The indirect costs for Texas LEAs are computed using a TEA-approved restricted indirect cost rate. The indirect cost rates change annually and are effective from July 1 of the current year to June 30 of the following year. Computation of indirect cost is subject to audit. For grantees other than Texas LEAs, for example private nonprofit organizations, the indirect costs are computed and assigned by their cognizant agency.

Federally funded grant programs may claim indirect costs provided that an indirect cost rate has been established and approved. State funded grants are not allowed to claim indirect costs.

### **Expending Grant Funds**

Grant funds must be expended in accordance with the approved budget in the application and in accordance with the applicable cost principles. The Office of Management and Budget (OMB) defines allowable costs for federally funded grants through established cost principles as outlined in OMB Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments. OMB Circular A-122 and A-133.

All encumbrances shall occur on or between the beginning and ending dates of the contract. All goods must be received and services rendered and subsequently liquidated (recorded as an expenditure, or accounts payable) within the contract dates. In no manner shall encumbrances be considered or reflected as accounts payable or as expenditures. Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles in OMB Circular A-87 (See Appendix A, B, C, D and E for further details.)

### **General Principles for Allowable Costs**

To be an allowable cost it must:

1. be necessary, reasonable and allocable to the grant program in a manner as provided for in the grant agreement budget;
2. comply with grant agreement as well as other applicable federal and state laws and regulations;
3. be consistent with allocation policies that apply to all activities of the grantee (i.e., determination of direct/indirect costs must be applied uniformly to all grant agreements when costs are incurred for same purpose in like circumstances);
4. be accounted for on a consistent basis and in accordance with generally accepted accounting principles (GAAP);
5. not be allocated or expended on any other grant agreement unless allowed by federal/state law or regulations;
6. not be used for cost sharing or matching on any other grant agreement unless allowed by federal/state law or regulations;
7. be properly documented; and
8. be net of applicable credits (i.e., purchase discounts, rebates or allowances, adjustments of overpayments; and insurance refunds).

### **Unallowable Costs**

An unallowable cost is any cost that cannot be charged to the grant regardless of whether the cost is treated as direct or indirect. Costs listed as allowable under an OMB Circular may not be allowable under the terms and conditions of a grant program.

Grant programs are for specified purposes. Costs may be allowable provided that they are necessary and reasonable to the success of the grant program. Although a cost may be identified as "allowable" in the cost principles, this does not always guarantee that TEA staff/management will support the use of funds in a particular program. Therefore, certain costs that might ordinarily be allowable, may be negotiated out of the application. Be sure to read the grant agreement thoroughly to verify allowable costs. For any questions, please refer to the appropriate TEA Program Manager. Any charge deemed unallowable will be removed from the grant fund and placed on current year budgeted state funding.

### **Disposition of Equipment**

When equipment purchased with federal program funds can no longer be used for the originally authorized purpose or for other activities currently or previously supported by the federal government, disposition of the equipment will be as follows:

**Unit-cost less than \$5,000 ---** Items with a current per-unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of without special authorization from the TEA.

**Unit-cost \$5,000 or more -** Equipment with a current per-unit fair market value of \$5,000 or more may be retained or sold. If the district/campus elects to retain the equipment, it shall purchase the equipment for use in nonfederal programmatic activities and make an operating transfer to the appropriate federal program fund for revenues, expenditures, other revenues and/or other uses, as appropriate, in the amount of the fair market value of the equipment. Market value may be determined by an independent appraiser. If the district/campus elects to sell the equipment, the equipment may be sold according to the district policies for disposing of surplus property and 34 CFR 80.32. In either case, the proceeds from the purchase/sale must be credited to the appropriate federal program fund and be used to expand the program(s) at the district. If the district does not wish to use the proceeds in that program, the proceeds will be refunded to TEA.

### **Year End Final Purchases**

Ideally entitlement and grant funds should be spend throughout the school year; 50% by January 1; 75% by April 1; and 90% by June 1. Towards that end, all entitlement and grant funded purchase requisitions must be submitted by May 1. Invoices for the purchases must be received in the Accounts Payables department by June 1. Payments for all entitlement and grant funded purchases must be made by June 30 or the extended date of the grant.

### **Grant Funds Descriptions**

(Federal, State, & Local)

- 211 NCLB Title I, Part A, Improving Basic Programs -** To provide supplemental resources to local educational agencies to provide high quality education which will enable all children to meet the state student performance standards.
- 224 IDEA-B –** To provide supplemental resources to LEAs to provide high quality education to children with special needs or disabilities.
- 244 Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV) -** To provide an increased focus on the academic achievement of career and technical education students, strengthens the connections between secondary and postsecondary education, and improves state and local accountability,
- 255 NCLB Title II, Part A, Teacher and Principal Training and Recruiting -** To increase student academic achievement through improving teacher and principal quality, increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools and to hold local education agencies and schools accountable for improving student academic achievement.
- 263 Title III, (ESL) -** This fund is used to address English as a second language. The areas are 1) adopt rigorous standards and high-quality assessments, 2) establish data systems and using data for improvement, 3) increasing teacher effectiveness and equitable distribution of effective teachers, and 4) turning around the lowest-performing schools.

## **Payroll Procedures**

### *Policy CFEA (Legal)*

The District shall make the following periodic deductions from its employees' salaries or wages or shall reduce its employees' salaries or wages in accordance with state law or salary reduction agreements executed between the district and its employees:

1. The amount of income tax required to be withheld by federal law.
2. The amount of Medicare tax required by law (only those employees hired after March 31, 1986).
3. The required contribution to the Teacher Retirement System of Texas in accordance with applicable law and rules.
4. The required contribution to the retired school employee's group insurance fund in accordance with applicable law and rules.
5. The amount specified in an order or writ of withholding issued under Family Code Chapter 158 for child support payments. The amount withheld shall be remitted to the person or office named in the order on each regular due date or pay date.
6. The amount specified in an order or writ of withholding issued under Family Code Chapter 8 for spousal maintenance. The amount withheld shall be remitted to the person or office named in the order or writ on each regular pay date. The district will deduct an administrative fee of not more than \$5 from the employee's disposable earnings in addition to the amount withheld as spousal maintenance.
7. The amount designated by an employee for payment of professional organization membership fees or dues.
8. The amount authorized by any employee who has made a valid assignment, transfer, or pledge of his or her salary or wages as security for indebtedness.
9. Contributions for participation in approved insurance programs.
10. Amounts designated by employees for participation in approved deferred compensation or annuity programs
11. Amounts designated by employees for participation in any other cafeteria plan options authorized under Section 125 of the Internal Revenue Code.
12. Deductions shall be made for unauthorized or excess personal leave or sick leave.

### **General Payroll Guidelines**

1. Employees may elect to receive their paycheck through direct deposit into the bank account of their choice or by pay card prepared by the District Payroll Department.
2. Payroll will respond to information requests within 24 hours for current year data and 48

for prior year data. If we are unable to meet this deadline then we will give you a call.

3. Payroll will handle wage garnishments. A copy for request for garnishment will be forwarded to Human Resources as well.
4. Payroll will notify employees of any additional funds being held out of pay.
5. Payroll will handle inquiries regarding pay amounts or leave time.
6. Payroll will setup an employee's leave time according to the policy manual unless notified by Human Resources of an exception.
7. Payroll will keep track of the leave time taken and accrued.
8. Pay changes that come in after the cut-off date will be scheduled for the next pay period. In some instances, exceptions will be made and these pay changes will be corrected typically on the data of pay.
9. Pay changes will be entered based on Personnel Action Forms submitted by Human Resources.
10. Special Cases: The Executive Director of Human Resources may notify Payroll in writing or via e-mail to temporarily stop payment of an employee's pay. This should only be a temporary solution and should be followed up before the next pay period by a Personnel Action Form for a permanent change.

### **Payroll Preparation**

Each pay period a file of all payroll related changes shall be maintained. As the time for the payroll processing approaches, the employee records shall be updated according to the approved updates forwarded from the Human Resources office to the Payroll office.

The site directors or other supervisors shall submit a notice of any salaried employees terminating during a pay period, or who should not receive a full paycheck as soon as it is known. After all changes have been entered to the employee pay status, a pre-check report shall be printed for final review. The change report from the payroll service shall be printed and presented to the Comptroller, for review and approval.

Hourly employees shall submit timesheets to their supervisor for approval. The supervisor shall submit employee timesheets to the payroll office before 12:00 noon, according to the payroll schedule.

### **Salary Deductions**

Employees may request additional voluntary salary deductions or change the amount(s) of those deductions in accordance with administrative procedures. In addition to legally required deductions, the Board shall permit voluntary deductions [see CFEA(LEGAL)] for:

1. Approved insurance programs;
2. Annuities/deferred compensation programs;
3. Other cafeteria plan options authorized by the internal Revenue Service; and
4. Area teachers' credit unions.

## **Payroll Records**

The District will maintain in the central payroll office weekly time records on all nonexempt employees. Records will indicate all hours worked, including compensatory time earned and used. Weekly time records must be verified by the supervisor and the employee and submitted to the payroll office on designated dates. All payroll records, including time records, will be maintained for a period of three years and will be made available for inspection by government authorities upon request.

The Payroll shall maintain and preserve payroll or other records for nonexempt employees containing the information required by the regulations under the Fair Labor Standards Act. The following information will be maintained in payroll files:

1. Withholding forms
2. Copies of Social Security cards
3. Time sheets for nonexempt employees
4. Leave administration information
5. Personnel Action Form approved by the principal/supervisor, Executive Director, Human Resources, and the Comptroller.
6. Detail job description
  - a) indicating the budget code
  - b) signed by the employee and supervisor
7. Personnel Activity Report (as needed for grant funded positions)

## **Time Card Procedures**

**Non-exempt employees are eligible for compensation of one and a half times their regular hourly rate for all time beyond 40 hours each week. Non-exempt employees shall not work overtime without getting compensation in accordance with the Fair Labor Standards Act.**

**Non-exempt Employees** include: *Custodians, Maintenance Workers, Sec Instructional Aides, Cafeteria Staff and other non-professional staff.*

**Exempt Employees** include: *Administrators, Teachers, Student Advisors, Specialists, and other professional staff*

## **Work Hours**

Non-exempt employees shall not be scheduled to work more than 7.75 hours per day; 38.75 hours per week. Non-exempt employees shall not be allowed to work overtime (more than 40 hours) without written approval from their principal/supervisor, and the appropriate Assistant-Superintendent.

### **Time Card Information**

1. Employee **name**
2. Dates of time **period**

### **Recording Time**

1. Clock in no earlier than 5 minutes before scheduled time to **begin work**.
2. Clock out no later than 5 minutes before scheduled time to **begin lunch**.
3. Clock in no earlier than 5 minutes after scheduled time to **end lunch**.
4. Clock out no later than 5 minutes after scheduled time to end work.

### **Recording Time Manual**

1. If time is not recorded sufficiently with the time machine, the employee must **manually** record the times.
2. Employee must **initial** each manual recording.

### **Leave Time**

1. Employee leave time will be adjust at the end of the week so that the employee will have 40 hours for the week.

### **Processing Time Card**

1. Supervisor will **calculate** the total **time** for each week, excluding lunch.
2. Employee or Supervisor must sign the time card **after** the total time has been calculated.
3. Supervisor will provide for **overtime** payment as necessary. Overtime payment is required when non-exempt employees work more than 40 hours per week.
  - a. Send a copy of the time card to the **Office of Human Resources** for review.
  - b. Provide a written statement of the **reason** for the overtime.
  - c. Submit a copy of the approved overtime request with the employee's time sheet.

### **Time Card Storage**

1. Store time cards in a dry, secure location for at least three years.
2. Record the campus name, contents, and date of storage on all sides of the container.

## **Overtime Payment**

Nonexempt employees will receive compensation, either monetarily or in time, for all hours actually worked in excess of 40 hours per week. Prior to working overtime, employees will be informed whether the overtime is to be compensated monetarily or in time. Hours of sick leave, personal leave, or vacation time will not be considered time worked. Hours in excess of eight per day will not be considered overtime unless the total exceeds 40 hours actually worked within the particular week.

All overtime worked must be approved in advance by the principal/supervisor, and the appropriate Assistant Superintendent. Supervisors are responsible for preventing unauthorized overtime. Employees who work unauthorized overtime may be subject to disciplinary action.

Overtime will be calculated by multiplying hours worked in excess of 40 by one and one-half times the regular *hourly* rate of pay. If a nonexempt employee has more than one nonexempt job in the District, hours will be combined for calculating overtime; if the level of compensation differs, compensation for any overtime will be based upon a weighted average of the hourly rates in the two positions.

## **Pay Cycle-Annual**

Employees are employed for specific periods of time. The calendar of work days is dependent on the employees' position location. The annual calendar of work days are effective for the following:

- a) Central Office staff: July 1 - June 30
- b) Campus Administrators, Administrative Assistants, Admission Clerks: July 16 - July 15
- c) Teachers, and other campus staff: August 1 - July 31

## **Payday**

Employee wages and salaries are based on 24 pay periods per year. *For* non-exempt employees, payday is the 15<sup>th</sup>, as payment for 1<sup>st</sup> day of the month through the 15th day; and the last day of the month, as payment for 16<sup>th</sup> day of the month through the last day. If the payday falls on a weekend *or* a holiday, employees will be paid the last working *day* proceeding the usual *payday*.

The payday for hourly and salary nonexempt employees is according to the Payroll Schedule. The Payroll Schedule is published each year, and distributed to all employees.

New employees will receive their first paycheck on the last day of the month if hired on the 1<sup>st</sup> - 15th, or the 15th of the month if hired on the 16th – 31st of the month. The first paycheck will include all salaries and payments due based on your salary calculation worksheet.

A negative amount for the first paycheck will be spread over two or three paychecks at the employee's option,

## **Paychecks and Form W-2 Distribution**

Paychecks, as warranted in special situations, and W-2s will be mailed to employees. There will be a \$ 10.00 fee for a replacement copy of the W-2 form.

## **Pay Wages Garnishment**

The District will follow applicable state and federal law regarding required garnishment of employee wages. The District will not garnish an employee's wages unless; a) the employee provides written authorization for the garnishment; b) the garnishment is authorized by state or federal law (i.e., payment of child support, student loans, etc.) or c) pursuant to a court order,





### **New Employees**

When new employees are added to the staff, Human Resources will provide Payroll with the documents to begin the payroll process. All documents must be received in the payroll office before paychecks will be processed for new employees. The required documents include:

1. copy of the **approved** Personnel Action Form,
2. original signed TRS form,
3. original signed copy of the W-4,
4. copy of social security card,
5. original signed copy of the direct deposit form,
6. original signed Social Security Form SSA 1945, and
7. original signed copy of the Finger Printing Deduction form.

### **Teachers Retirement System Reporting**

The employee contributions to the TRS shall be gathered and transmitted to the TRS on a monthly basis. This data shall be formatted according to TRS guidelines. This report shall be attached to the TRS report forms. This information is then dialed in to the TRS and they initiate an ACH draw down from the School of Excellence in Education bank account. This information must be transmitted via phone by the 6<sup>th</sup> of next month.

## **Purchasing Procedures**

The Board of Trustees has adopted rules and procedures for the acquisition of goods and services. All district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$25,000 or more in the aggregate for each 12-month period, shall be made by the method that provides the best value for a district:

1. Competitive bidding.
2. Competitive sealed proposals.
3. A request for proposals for services other than construction services.
4. A catalog purchase as provided by Government Code Chapter 2157, Subchapter B.

## **Awarding Contracts**

**Only the Superintendent or his approved designee, are authorized to sign contracts on behalf of School of Excellence in Education** In awarding a contract, the district may consider:

1. Purchase price.
2. The reputation of the vendor and of the vendor's goods and services.
3. The quality of the vendor's goods or services.
4. The extent to which the goods or services meet the district's needs.
5. The vendor's past relationship with the district.
6. The impact on the ability of the district to comply with laws relating to historically underutilized businesses.
7. The total long-term cost to the district to acquire the goods or services.
8. Any other relevant factor specifically listed in the request for bids or proposals.

## **Personal Property Value**

(a) If less than \$10,000.00 the district will require three written proposals (including faxes and emails).

(b) When the district seeks to purchase personal property of a value of at least \$10,000 but less than \$25,000, in the aggregate, for a 12-month period, the district may either purchase those items in accordance with Education Code 44.031(a) and (b) or use interlocal agreements.

## Notice

The charter school posts notices of bids and proposals on the school's website and in the local newspaper as needed per Education Code 44.031.

## Professional Services

The purchasing requirements of Education Code Section 44.031 do not apply to a contract for professional services rendered, including the services of an architect, attorney, or fiscal agent. As such, the district may contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Government Code 2254.003, in lieu of the methods provided by Education Code 44.031.

Competitive bids shall not be solicited for professional services of any licensed or registered certified *public* accountant, architect, landscape architect, land surveyor, physician, optometrist, professional engineer, state-certified or state-licensed real estate appraiser, or registered nurse. Contracts for these professional services shall be made on the *basis of* demonstrated competence and qualifications to perform the services and for a fair and reasonable price. *Govt, Code 2254.002, 2254.003(a)*

## Component Purchases

A trustee, employee, or agent shall not, with criminal negligence, make or authorize separate, sequential, or component purchases to avoid the purchasing requirements set out in Education Code 44.031. An officer or employee shall not knowingly violate Education Code 44.031 in any other manner. Violation of this provision is a Class B misdemeanor and an offense involving moral turpitude, conviction of which shall result in removal from office or dismissal from employment.

"Component purchases" *means* purchases of the component parts of an item that in normal purchasing practices would be made in one purchase. "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be made in one purchase. "Sequential purchases" means purchases, over a period, of items that in normal purchasing practices would be made in one purchase.

The district may acquire computers and computer-related equipment, including computer software, through the Texas Building and Procurement Commission (BPC) under contracts with the BPC in accordance with Government Code Chapter 2157. *Education Code 44.031(:)*

Compliance with Education Code 44.031 is not required for purchases that are available from only one source, including:

1. An item for which competition is precluded because of a patent, copyright, secret process, or monopoly.
2. A film, manuscript, or book.
3. A utility service, including electricity, gas, or water,
4. A captive replacement part or component for equipment.

The sole source exception shall not apply to mainframe data processing equipment and peripheral attachments with a single-item purchase price in excess of \$15,000.

## **Competitive Bidding**

If a district receives two or more bids from responsible bidders that are identical, in nature and amount, as the lowest and best bids, it shall select *only* one bidder from the identical bids. If only one of the bidders submitting identical bids is a resident of a district, that bidder shall be selected. If two or more such bidders are residents of a district, one shall be selected by the casting of lots. In all other cases, one of the identical bids shall be selected by the casting of lots.

## **Interlocal Agreements**

To increase efficiency and effectiveness, the district may choose to contract or agree with other local governments and with state agencies, including the BPC, to perform some of its purchasing functions. When used, the interlocal contract must be authorized by the board and the governing body of each contracting party; must state the purpose, terms, rights, and duties of the contracting parties; and must specify that each party paying for the performance of governmental functions or services shall make those payments from current revenues available to the paying party.

## **Personal Purchases**

District employees shall not be permitted to purchase supplies or equipment for personal use through the District's purchasing office, or with District funds.

## **Purchasing/Procurement Guidelines and Procedures**

The purchasing function is among the most important business activities of a school system. The primary objective of a good purchasing system is providing quality materials, supplies, and equipment in the right quantity in a timely, cost-effective, and consistent manner. A good design identifies the best purchasing methods and subsequently employs them throughout the school district. A sound centralized purchasing system benefits the district by:

- ✓ Providing systematic procedures for the procurement of goods and services. ✓
- Providing essential controls for budget and accounting purposes.
- ✓ Providing economic benefits through practices such as bulk purchasing and price/bid solicitation.

The purchasing process begins with the identification of goods or services that the district intends to acquire. The procurement of these goods or services is monitored in the purchasing department at the Central Office.

1. Submit purchase requisitions at least four weeks before the goods or services are needed. Be sure to keep a copy for your records.
2. The objective of procurement is to obtain services or to buy materials, supplies and equipment of *the* right quality, the right quantity, from the best source, at the best price and in compliance with all applicable legal requirements.
3. The campus principal, department director or manager is responsible for all expenditures made from their budgets.
4. The principal, department director or manager may appoint an assistant to make purchases for the department.

5. Budget allocations are intended for expenditures for goods and services to be used during the current school year.
6. Unused budget appropriations lapse at the end of the fiscal year.
7. School of Excellence in Education is a non-profit organization, and as such, is not required to pay sales taxes. Employee shall present the appropriate Sales and Use Tax Exemption form when making purchases.
8. Purchases made from personal funds for items that normally should be obtained through the requisition process must be approved in writing from the employee's supervisor, and the appropriate Director, prior to making the purchase. **Otherwise, the purchases will not be reimbursed.**
9. The Bidding process for all goods and services will be obtained in a manner that provides maximum and full competition.
10. Any supply order totaling **\$5,000.00 or more** must be accompanied by three documented bids.
11. For instances in which exceptions exist, the reason for the exception must be written on the Requisition/PO, with accompanying signature of the appropriate budget manager.
12. If we are limited to a certain vendor for any product or service, we must have written documentation on file in the Finance Office that said vendor is providing us the lowest possible price for the item(s).
13. Any goods or services with an aggregate cost exceeding **\$25,000.00** must be procured using one of two formal advertisement methods. The nature of the goods/services needed generally specifies the method used. The sealed bid method is generally used to obtain goods and services where precise requirements can be easily specified, The competitive negotiation method is generally used to obtain services that cannot be specifically defined. Both methods solicit written responses via public invitation (advertising).
14. District officials and employees cannot accept anything of value from a vendor, such as personal gifts or gratuities, which may be construed to have been given to influence the purchasing process.

### **Records Management**

Accurate record-keeping and documentation shall be a fundamental element of the procurement process. Precise and systematic record-keeping and records management withstands the constant scrutiny of various interest groups including vendors, the general public, and outside agencies as well as internal groups which are the users or customers of the purchasing system.

The records management function should generally provide for:

1. Both the flow and retention of forms including purchase requisitions, purchase orders, and cash reimbursement receipts.
2. Full documentation of all competitive procurements with comprehensive competitive procurement files containing specifications, competitive procurement advertisement, pre-

competitive procurement conference minutes (as appropriate), competitive procurements submitted, competitive procurement tabulation, board minutes indicating competitive procurement awards (or a similar award notice) and related records.

3. Full documentation of procurement procedures utilized to obtain goods and services through competitive sealed proposals, design/build contracts and other procurement options.
4. Documentation of price quotations whether these are informal quotations obtained by school district staff or formal quotations which are required for purchases costing between \$10,000 and \$25,000.

### **Purchase Requisition Procedures**

Purchase orders are among the most commonly utilized method for procuring goods and services. A purchase order serves as a formal budget encumbrance for goods, materials and/or services from a vendor.

Purchase Requisitions must be initiated before *the* goods or services are ordered. The purchase requisition shall go through the approval path process in TxEIS with final review and approval from the Finance Department.

When a Purchase Requisition receives final approval it becomes a **Purchase Order (P.O.)**

The TxEIS system will maintain a record of all purchase orders issued for control purposes. The log will include the date of submission, purchase order number, vendor name and campus/department name.

### **Step I: Purchase Requisitions**

1. Complete the TxEIS Purchase Requisition form in the Purchasing Module, including budget account codes, purpose of order and reference to the CIP. Be sure to keep a copy for your records.
2. Purchase Requisitions are obtained as follows:
  - a. TxEIS Purchasing Module
3. All Purchase Requisitions must include:
  - a. Requestors name, position, campus/location, department, address, (including city, state, and zip code), phone, and email address.
  - b. Vendor's name, address (including city, state, and zip code), telephone and fax numbers, contact name, and email address.
  - c. Budget Line Code
  - d. Complete description of items requested; quantity, description, item number, unit cost, and extended costs. (*Attach internal page indicating the hero; preferably a quote.*)
  - e. Shipping cost (Do not leave blank.)
  - f. Detail explanation of purchases requested and how it links to the DIP and

CIP (This information backs up your budget line code).

- g. Originator signature
  - h. Principal/Department supervisor's signature (if different from originator)
4. Submit the Purchase Requisition form in the system for the appropriate campus or department head's approval within the system's approval path .
  5. If the purchase is to be split funded, then each budget manager must approve the purchase.
  6. If the purchase is to be funded by a grant, get the approval of the grants manager who will verify that the item is budgeted and that funds are available. The Grant manager should be in the requisition approval path.

### **Step 2: Approvals**

1. Upon campus/departmental approval, the original purchase requisition form will be sent to the Finance Department for approval.
2. In general, requisitions will be reviewed, and purchase orders completed in the order in which they are received, unless special arrangements are made.
3. The TxEIS System will assign a Purchase Order number. Do not give Purchase Order numbers to vendors without approval.
4. No vendor shall begin work, accept, or deliver an order without an accompanying Purchase Order number.
5. The order will be delivered to the appropriate campus.

### **Step 3: Order Receipt**

1. When the order is received, the receiver will initial the packing receipt, verifying the order has been received in full. Please make sure the PO#1 appears on the packing receipt (and any invoices received).
2. Send the signed packing receipt to the Purchasing Coordinator. (Remote sites may fax a copy of the receipt to the Purchasing Coordinator.)
3. Upon receipt of the packing receipt, the Purchasing Coordinator will match the PO and requisition with the packing receipt and forward to Accounts Payable for verification that the vendor invoice matches the encumbered funds before making Vendor Payment.

### **Step 4: Inventory Control**

In order to provide accurate information for the annual audit of the District's fiscal accounts, the District shall maintain inventories of its assets as recommended and directed by the *TEA Financial Accountability System Resource Guide. 19 TAC 109.1(c); 19 7AC 109.41* School of Excellence in Education will capitalize purchases of \$5,000 or more per item that will have a useful life of more than one year.

Certain items will be designated to receive Inventory Asset Tags upon receipt. These items include, but are not limited to: executive desks, executive chairs, dry erase boards, file cabinets, storage cabinets, printer stands, bookcases, bookshelves, appliances owned by the facility,



folding tables, conference room tables, etc.

Information Technology is responsible for the tagging of all computer-related equipment received by the School of Excellence in Education

When computers are delivered, the Information Technology Department will receive the orders, ensuring proper and complete receipt of orders.

Such orders will then be placed in the Information Technology Department holding room until such time as they are to be opened, tagged and deployed.

Inventory-eligible items received will be tagged and recorded into the Inventory Database.

## **Printing Requisitions**

### Business Cards and Stationary

Printed items such as business cards and stationary must be ordered through the normal requisition procedures. After receiving a quote and proof from the printing company, for it with a completed requisition form to Purchasing. See the procedures above.

Ordering Procedures:

1. Submit the requisition to Purchasing with the business card information attached.
2. Purchasing will process a purchase order and send it to the requestor, and the printing company.
3. The printing company to send a proof to the requestor for approval of the copy,
4. The requestor will approve the copy with the printing company.
5. The requestor will send receipt of the print order to Purchasing.

### Printing - Special Orders

Occasionally, there may be a need for printing for items other than business cards and stationary. Other printing requests must be processed through the Finance Department. After receiving a quote and proof from the printing company, for it with a completed requisition form to Purchasing.

Ordering Procedures:

1. Contact the Finance Department to discuss the printing need and design.
2. Public Relations will obtain a quote and proof from the printing company, and forward it to the requestor.
3. The requestor will submit the requisition with the quote and proof to Purchasing.
4. The Purchasing Order will processed by the purchasing clerk.
5. The requestor will notify Purchasing of receipt of the print order.

## **Technology Equipment and Software Purchases**

All requests for technology and computers-related items must be reviewed and approved by the IT department. Quotes, bids, or purchasing coops for groups will be used to ensure that competitive pricing is obtained on all supply orders.

Proof of purchasing steps will be maintained with the Finance Department for reference. The Finance Department will comply with all standards established by the Texas Education Agency for Charter Schools and governmental agencies as warranted.

## **Technology Equipment Purchases**

1. Select an Information Technology-approved technology item from the pre-approved equipment catalog by the IT Department.
2. Submit a Purchase Requisition, with required approvals, to the Finance Department.
3. Purchasing will request a formal quote from IT for the requested item.
4. IT will provide a quote to Purchasing.
5. If pricing or product has not changed significantly. The Finance Department will process the order and notify both the requestor and IT.
6. If pricing or product has changed significantly, Purchasing will contact the requestor for approval to amend the Purchase Requisition.
7. The order will be shipped to IT where it will be received, packing slip pulled, asset tagged, and prepped prior to delivery to the requestor.

#### **Technology Inventory Procedures**

- Upon receipt of any new equipment, the IT department is responsible for affixing a School of Excellence in Education asset tag to the equipment.
- IT staff will affix the asset tag(s), and is responsible for entering the appropriate information into the Inventory Control Database.
- The asset inventory will include the following information:
  - 1) Detailed description of the equipment received, including make, model, serial number, specifications, dimensions (if appropriate), etc.
  - 2) Asset tag number attached to each piece of equipment
  - 3) Building and office number in which the equipment is to be located
  - 4) Funds with which the equipment was purchased, if known
  - 5) Date purchased
- Staff must notify the Finance Department of any changes in the disposition of equipment, including changes in location and operating status of equipment.

## **Returning Goods to a Vendor**

The District only has 15 calendar days upon receipt from the carrier to legally file a claim against the carrier. It is important to examine merchandise/goods upon receipt for damaged/missing items. It is the responsibility of the originator/receiver to contact the vendor and obtain shipping instructions when the goods received are damaged or not as anticipated. The accounts payable department should be contacted to determine if the goods have been paid for or if a credit should be obtained.

The receiving campus/department is responsible for returning the package, If possible, the package should be sent via U.S. mail. If the package is too large to be mailed and must be sent freight, contact the Finance Department for proper shipping instructions.

Under no circumstances may duplicate or unsolicited shipment of goods be kept by the recipient without coordinating such arrangements with the business office.

## **Utilizing Local Vendors**

If staff wishes to utilize a local vendor, instead of a vendor previously approved by the Purchasing Department:

1. Send all pertinent vendor information to the Purchasing Coordinator (address, phone, fax, etc.)
2. Vendor *must* accept Purchase Orders, either numerical or standing.
3. Vendor must supply the Purchasing Coordinator with pricing information, ensuring the pricing to be competitive with previously approved vendors.
4. *All vendors must be approved by the Finance Department, prior to being utilized.*

## **Check Request**

Occasionally, a check must accompany an order form. When required, a Check Request form must be completed. The Check Request form cannot be used to make purchases that normally would follow the purchasing procedures.

When filling out a check request, please fill out the top portion entirely. Be sure to write a detailed description for the expense. Before turning your check request in, please attach documentation of the expense. The approval signature is to be signed by the department or campus principal. Checks will be printed and distributed on Fridays.

## **Office Supply Orders**

Staples Office Products is our preferred vendor for office supplies. Other items such as furniture and technology should be purchased through the purchase order process.

## Property and Casualty Insurance Procurement

Insurance requirements will be determined based on minimums specified in funding contracts. The School of Excellence in Education will insure to the minimum limits if not more. Every two years the policies will be placed for bid either by an independent insurance agent or on an RIP.

Currently our independent insurance agent places all the bids and the best rates and coverage is assessed. Insurance is selected and based on quality of coverage, quality of underwriting, and price.

## School Activity Accounts

### *Policy CFD-Local*

The Superintendent or designee shall ensure that a student activities account is maintained to manage all class funds, organization funds, and any other funds collected from students for a school related purpose. Receipts shall be issued by the principal or designee for all funds prior to their deposit into the appropriate District account at the District depository.

The principal and sponsor shall be responsible for the proper *administration* of student funds in accordance with state and local law, District-approved accounting practices and procedures, and *the TEA Financial Accountability System Resource Guide*. Student activity funds shall be included in the annual audit of the District's fiscal accounts.

Funds collected by student groups shall be used only for purposes authorized by the organization or upon approval of the sponsor. The principal or designee shall approve all disbursements. All funds raised by student organizations must be expended for the benefit of the students.

The principal shall be authorized to expend funds from the campus administrative activity fund to be used for activities of the students, faculty, staff, or campus. Approval from the immediate supervisor or designee shall be obtained prior to a disbursement being made to the principal.

All funds shall be left in the appropriate account and each sponsoring group shall retain the carryover funds for the next fiscal year. If an organization ceases to function or exist, the unexpended funds of the organization shall be credited to the appropriate administrative activity account.

## Centralized Accounting

School activity funds shall be controlled and disbursed through the district's Accounting Department. The advantages of accounting for activity funds from the central office include:

- ✓ Better internal controls, as all receipts and disbursements flow through one central accounting system rather than systems that can vary from school site to school site
- ✓ Easier access for performing internal and external audits
- ✓ Consistency in the manner in which repetitive matters are handled
- ✓ Better control of cash management operations including assurance that proper collateralization of cash and investment balances is occurring
- ✓ More consistency in applying district policies and procedures
- ✓ Lessened requirements to *perform an* audit of funds if the school principal and/or finance clerk is replaced.

- ✓ Funds from the campus activity account will be transferred to the general operating account upon approval of the expenditure.

## **Responsibilities**

The responsibility for activity funds involves principals, staff such as the school secretary or clerk, fund sponsors and auditors. Their responsibilities are indicated below.

The Principal is personally responsible for the proper collection, disbursement and control of all activity funds at the school. This responsibility includes providing for the safekeeping of funds at the school. This includes making sure monies are **delivered each day to the Finance Department** so they can be deposited into the Student Activity bank account.

Money on hand at the end of the school day shall be delivered to the Finance Department for safekeeping and deposit. If this is not feasible, the principal should store the money in a locked, secured area. However, the funds must be delivered to the Finance Department the next business day.

The principal is not responsible, however, for funds collected, disbursed and controlled by parents, patrons or alumni organizations, and these funds should not be accounted for in the school activity funds (i.e., Parent Teacher Organizations, athletic and band boosters clubs, etc.).

The Student Activity Committees are responsible for managing their respective activity funds. This responsibility can include developing fund raising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, safekeeping activity fund money until it is deposited by the school district and other fiduciary responsibilities.

The Finance Department is responsible for the annual audit of each activity fund and other periodic audits of such funds as deemed necessary by school district management or the board of trustees. If the district does not have an internal auditor, periodic audits of activity funds shall be performed by an independent internal or external party.

## **Activity Fund Types**

### **Campus Activity Funds**

1. Benefit the entire school body;
2. Received from sale of school pictures, class rings, vending machines, etc.;
3. Liability accounts titled administrative, general, hospitality, etc.;
4. Used at the discretion of the principal.

### ***Student Activity Funds***

1. Benefit a specific club or organization, i.e., band, cheerleading, choir, math, science, etc. raised by the organization's members;
2. Liability accounts titled basketball, field trip, cheerleaders, science club, etc.;
3. Used at the discretion of the student members under sponsor supervision.

## **Activity Fund Guidelines**

1. Any payment to a District employee for any reason other than reimbursement for an allowable expenditure must be processed through Payroll. No exceptions are applicable.
2. Campuses and Clubs are allowed to have two (2) fund raisers per year. One (1) in the

- Fall and one (1) in the Spring.
3. Sales tax is not to be paid on an original invoice or on a reimbursement.
  4. In the case of reimbursements, the tax exempt certificate should be sent with the school employee making the purchase; these employees should be told which stores honor the certificate upon presentation.
  5. Any payment to a consultant can be made only with a completed and current W-9 on file and completion of a consultant agreement form.
  6. All purchases become the property of the District.
  7. Purchases made with activity funds are subject to the District's competitive bidding requirements and conflict of interest guidelines.
  8. District employees are considered to be public servants and are subject to Title VIII of the Penal Code regarding offenses against public administration.
  9. Activity Fund records are to be retained at the school for a period of 5 years in accordance with the Local Government Records Act.
  10. All records and documents of the District are considered to be governmental records and the intentional destruction, concealment, removal or other impairment of a governmental record which renders the record untrue, illegible or unavailable is an offense. (Section 37.10, *Texas Penal Code*).
  11. Tampering with governmental records is considered a felony of the third degree if it is shown at trial that the governmental record was a public school record, report or assessment instrument required under Chapter 39, Education Code.

## **Proper Use of Activity Funds**

### **Allowable expenditures**

1. Contracted Services, such as disc jockey, decorator, sports costs
2. Supplies, such as trophies, certificates, dance decorations, school store
3. Student travel
4. Sponsor/chaperone travel costs
5. Beautification of campus
6. Instructional Camps

### **Prohibited expenditures**

1. Sales tax - original invoice or reimbursements
2. Gifts for students, faculty, or staff
3. Donations to charitable organizations
4. Attendance incentives
5. Payments for employee services
6. Purchase of items for individual use

## **Fundraising Guidelines and Procedures**

All fund-raising events must be pre-approved by the District Fundraising Committee and the superintendent. The written approval must be at least 10 business days in advance of the start of the event. The principal shall ensure that fund raising activities do not interfere with student instruction time.

### **Fundraising Guidelines**

1. The sponsor of a fundraising activity must be approved by the District Fundraising Committee.
2. The fundraising activity is required to offer a benefit to the club/group that is consistent with the club/group's mission.
3. The purpose for which the funds will be raised must be consistent with the purpose of the recognized student club/group.
4. All funds raised must be delivered each day to the Finance Department with a completed numbered bank deposit bag and deposit ticket. The funds will be deposited into the activity account at the designated depository bank.
5. An accounting of any funds raised must be provided to the Activity Fund Coordinator within three (3) business days after the event.
6. The club/group sponsor is responsible for ensuring the collection and reporting to the principal or designee.
7. Club/group sponsors are responsible for ensuring that proposed activities comply with all applicable federal, state and local laws, rules and regulations.
8. All fundraisers involving students should minimize the handling of money and/or products by students.
9. Material or merchandise for a fundraising project may not be ordered prior to receiving written approval for the fundraiser from the District Fundraising Committee.
10. Any person who orders merchandise without prior approval of the fundraiser will assume full responsibility of the bill.
11. As these procedures are implemented, changes may be required to accommodate circumstances which had not been foreseen.

### **Fundraising Approval Procedures**

1. The planned event must be submitted to the District Fundraising Committee and approved on a campus basis.
2. Complete the form:
  - a. Enter the campus name.
  - b. Enter the date.
  - c. Enter the club/organization.
  - d. Enter the staff sponsor.
  - e. Indicate if the fundraiser will be tax-free.
  - f. Enter the date first and second choice for the fundraiser/event date.
  - g. Indicate the type of activity.
  - h. Indicate the source of the merchandise or funds.
  - i. Indicate the purpose of the funds raised.

- j. Enter the vendor name, address, and phone number (if appropriate).
- k. Enter the estimated profits.
- l. Get written approval from the sponsor, principal, Superintendent designee, and Finance designee,
- m. After all approvals have been made, the original form will be returned to the principal.

## **Cash Handling**

1. Petty cash funds are only allowed on a very limited basis and must be approved by the Director of Finance.
2. At least 2 people should be assigned the handling of activity funds: one for collecting/receipting; the other for preparing and making deposits.
3. Only authorized receipt books ordered thru the Finance department are acceptable for use.
4. A receipt must be written for all collections at the time of collection.
5. Cash should be counted by the collector in the presence of the sponsor at the time of collection.
6. The original receipt should be written immediately and given to the sponsor.
7. Cash is to be kept in a locked, secure place, i.e., file cabinet, drawer, safe, until the next business day.
8. Only authorized personnel should have access to the locked area.
9. Cash received is not to be used for making change or cashing checks for any one or any purpose.
10. Checks written to schools should be for the amount of purchase only.
11. Postdated checks are not to be accepted. Checks are not to be held.
12. Checks written to schools are accepted under the same guidelines as checks written in the "outside world" and subject to the same penalties if returned by the bank for any reason.
13. Checks should be restrictively endorsed with the activity fund account number and "For deposit only" immediately upon receipt. (These are to be provided with your new bank supplies.)
14. Receipt numbers must be listed on the front of each deposit ticket.
15. Checks must be listed individually on the back of the deposit ticket or on a list or tape attached. As many deposit tickets can be used as are needed to list all checks included in a deposit.
16. Receipt copies and deposit tickets are to be kept intact in the receipt/deposit book.
17. If the tasks of collecting/receipting and depositing are assigned to 2 staff, the *money* should be counted and verified by both at the time the collections are given to the 2<sup>nd</sup> staff for deposit. The 2<sup>nd</sup> staff member should total all the receipts being included in the deposit and make sure the total agrees with the amount of money being deposited.



18. If it is necessary to void a receipt, put "VOID" on the receipt along with the receipt number which replaces the voided receipt.
19. If it is necessary to void a receipt and there is no replacement receipt, an explanation should be written on the receipt marked "VOID".
20. Deposit ticket copies should include a copy of the list of checks included with the original, as applicable.
21. The deposit is to be put into a deposit bag and secured.
22. Deposits shall be made on a weekly basis.
23. The bank customer receipt should be stapled to the back of the appropriate deposit ticket, after review for accuracy.
24. Any discrepancies found at any step in the process should be reported to the principal for immediate investigation and resolution.
25. Collection efforts, i.e., calls, letters, etc., should be started immediately upon return of any check from the bank for any reason.
26. In the event that it is determined that a check is uncollectible, documentation of collection efforts must be adequate and available prior to filing a check with the county office for collection.
27. Being out of authorized receipt books, deposit tickets or deposit bags is not an acceptable reason for noncompliance with collection and deposit procedures.

### **Activity Fund Disbursements**

Income received from a specific group should be expended for that group. No expenditure of funds should be approved by the principal unless sufficient funds are available in the appropriate activity account.

District issued check request forms are the authority to issue a check drawn on the activity fund checking account and the support to substantiate each bank withdrawal. Permanent original (e.g. not copies) documentation (invoices, etc.) must support the payment and should be attached to the original check request. After payment of a voucher, the original documentation should be defaced (stamped as paid, or perforated) to ensure that invoices are not mistakenly paid twice.

### **Advance Payments**

Advance payment may sometimes be requested for expenses anticipated by clubs or other student groups engaged in out-of-town travel. A travel advance should be noted on the payment, and the group sponsor should return any unused funds to the administrative assistant with supporting documentation as soon as the event is completed. A cash receipt for unused advance funds should be issued to the activity fund sponsor when such unused funds are returned.

### **Payments to Non-employees for Contracted Services**

To authorize payment to non-district personnel for consultant/instructor services, a Contract for Consultant Services or similar form should be completed before the services are rendered. The social security number of the individual should be obtained along with all critical data required for IRS Form 1099. Club sponsors should not be allowed to pay non-employees using either their own personal check or cash and then seek reimbursement from the activity fund.

## Receipts

A log of student participation should be maintained when funds are being collected for student activities. The log should be closed out after each activity concludes.

District issued cash receipts records shall be the means of accurately recording cash received and provide support to substantiate each bank deposit. In order to maintain effective cash control, if possible, at least two persons should be involved in the functions of collecting cash and receipting cash. The person who collects the cash should not be responsible **for** receipting cash receipts.

The procedures that should be followed for activity fund receipting are:

1. An official receipt should be prepared immediately for any cash and/or checks received.  
Receipts should be issued in pre-numbered sequence and should be prepared in ink. The school should not accept postdated checks.
2. A form that includes details about the payer and a description of the receipt should be completed for cash receipts.
3. An actual cash count by the person signing the receipt should be made in the presence of the person turning in the money. The total of cash and checks should be shown separately on the cash receipt.
4. The maker of a check must be indicated on the receipt if the maker is someone other than the person turning in the money. The account name should be placed on each check.
5. A copy of the receipt should be given to the person paying the money.
6. Originals of receipts must be retained in the activity fund cash receipt book.
7. Under no circumstances should a receipt amount **or the** signature be altered. If either of these **errors** occurs in the preparation of a receipt, void the receipt and issue a new receipt.
8. The original of the voided receipt must remain attached in the activity fund cash receipt book. The principal should approve the voiding of a receipt by signing the original receipt.
9. Receipts are not to be pre-signed or predated.
10. Deposit slips should include receipt numbers to allow for a proper audit trail for the disposition of all pre-numbered receipts.
11. Surplus activity funds may not be held on the campus for discretionary spending.

## Bank Accounts

Business conducted with the bank shall not be in violation of any board policies, rules or regulations. Each school should have only one bank checking account. Schools should not borrow funds or enter into deferred payment contracts from any and all sources without the written consent of the central administration office.

## Bank Deposit Slips

As cash is collected and counted, deposit slips must be completed by the appropriate activity fund personnel. When properly validated by the bank, these deposit slips serve as evidence of money deposited on specific dates. These slips are vital supporting documents for accurate cash records and should be retained as a financial record of the district. A copy of the deposit slip should be faxed to the District Finance Department with the identified project objective of the deposit, i.e. boys basketball,

prom, field trip, etc. within three (3) business days of the actual bank deposit.

### **Monthly Bank Statements**

The bank statement is the official bank record of all transactions affecting the cash balance on deposit during the preceding month; all bank accounts should be reconciled on a monthly basis by a person who is independent of safeguarding the activity fund assets (cash or investments). The monthly bank statements should be sent reviewed for unusual items.

When properly reconciled, the statement serves as official support for the cash balance indicated in the activity fund records. A bank statement should be received and reconciled for all accounts. The Finance Department should document approval of the bank reconciliations by signing the bank reconciliation form.

### **Auditing Activity Funds**

Schools should be prepared to have their activity funds audited at least annually. Also, we will require an audit when a change in principals or financial clerks occurs. The audits of activity funds are commonly performed by an internal auditor. Activity funds are also subject to audits by external auditors on a test basis.

### **Travel Procedures**

School of Excellence in Education has adopted guidelines to help employees comply with the State of Texas travel requirements. All employees should become familiar with the guide because they must comply with it before their travel expenses may be paid or reimbursed. The travel guidelines are contained in the Financial Management Procedures Manual. Employees with questions concerning the guide or the travel procedures should contact the Travel Coordinator in the Finance Department.

School of Excellence in Education employees should minimize the number of travel trips, and the amount of expenses paid or reimbursed as a result of traveling. Employees should ensure that all travel, and arrangements, are necessary, relevant, and cost-effective. To the greatest extent possible, in an effort to reduce travel expenditures, employees should use available technology such as interactive television, video conference technology, and telephone conferences.

The School of Excellence in Education travel guidelines generally follow the travel guidelines as established within the Texas Comptroller of Public Accounts *TexTravel*, where applicable. The *TexTravel* can be accessed online at <https://fmx.cpa.state.tx.us/fmxltravelltexttravel/index.php>.

A School of Excellence in Education employee is entitled to be reimbursed for transportation, lodging, meal and *incidental expense* incurred while conducting district business at a duty point outside of his or her designated work location. The amount and the specifics of the reimbursement are described in this section.

### **Travel Guidelines**

1. The **Travel Authorization/Reconciliation Form** should be received by the Finance Department at least three weeks prior to the initial travel date to minimize any delays.
2. Employees should begin seeking approval of their travel arrangements at least four weeks in advance of the departure date.
  - a. The employee must select the most cost effective method of transportation available.
  - b. When two or more employees travel on the same dates, with the same itinerary, for the same or similar business purpose, coordination of travel must occur among the travelers to

reduce costs.

- c. Each employee should submit their own Travel Authorization/Reconciliation Form, which includes only their own expenses.
3. All travel **advancements** will be mailed to the employee's primary work location.
4. The lowest airline ticket cost is required. First-class and Business-class airline travel is not permitted.
5. Maximum daily **lodging** rate is based on the current rate established by the General Services Administration: <http://www.gsa.gov>. NOTE: When working with an online reservations make sure they allow receipts given to the guest to document the stay. When two employees share the same room, each employee must submit a Travel Authorization/Reconciliation form, along with appropriate documentation, for their portion of the lodging expenses.
6. To **reconcile** the travel, return the completed Travel .Authorization/Reconciliation Form, with attached receipts for all monies expended. The form and all reimbursable expenditure receipts must be returned to the Travel Coordinator no later than 14 days upon return of the travel.
7. **Meal** reimbursement rates differ depending on whether the travel is in-state or out-of-state. Travel expense reimbursement is not a per diem. Maximum daily meal reimbursement rate is based on the current rate established by the General Services Administration: <http://www.gsa.gov>. An employee must claim the actual expenses incurred for meals not to exceed the maximum allowable rates. The maximum should *not be claimed unless the actual expenditures equal or exceed the maximum allowable rate.* The prorated daily amount is according to the travel schedule time;
  - a. \$7 (20%) for breakfast when *leaving before 7:00 a.m. or returning after 7:00 a.m.*
  - b. \$11 (30%) for lunch when *leaving before 11:00 am. or returning after 2:00 p.m.*
  - c. \$18 (50%) for dinner when *leaving before 6.00 p.m. or returning after 7:00 p.m.*
8. Itemized receipts, with the establishment's name included, are required for meal and other reimbursements. Credit card receipts will not be accepted. The reimbursement is for travel more than 50 miles from the primary work location.
9. Mileage will be computed using an official road map, internet map (such as MapQuest,
10. Yahoo Maps, or Google Maps) or the Texas Mileage Guide; <http://www.window.state.tx.us/lcomptrol/texastra.html>.
  - a. Reimbursement is currently .50 per mile.
  - b. Mileage to an airport is determined from place of workplace to the airport.
  - c. When driving a personal vehicle, rather than flying, mileage to a business destination is determined from of the employee's work location to the business destination.

### **Vehicle Rental**

1. Reimbursement is allowed only when justified as being reasonable, necessary, and/or a cost saving factor. Estimated costs associated with the rental will be advanced to the driver, who will make payment to the rental agency.
2. The vehicle rental shall not include charges such as supplemental protection insurance, personal accident insurance, age restriction surcharge, safe trip

insurance, navigation system, advanced pay fuel services, or personal effects insurance.

3. The employee is personally responsible for any and all comprehensive, collision, or liability claims associated with the employee's rental use of the vehicle.
4. Employee must refuel before returning the vehicle. When purchasing fuel at the car rental, only the local average price per gallon will be reimbursed.
5. Non-reimbursable expenditures include, not limited to the following:
  - a. Any expense that does not relate to official School of Excellence in Education business.
  - b. Personal incidental expenses, such as *the* rental or purchase of a video tape for personal entertainment, alcoholic beverage, dry cleaning, or laundry.
  - c. In-room internet service.
  - d. Expenses for the employee's spouse, children, or guests.
  - e. Tips or gratuities.
  - f. Any expense related to the operation of a personally owned or leased motor vehicle, with the exception of parking and toll expenses.
  - g. Valet parking.
  - h. Excess baggage charges.
  - i. Sales and use taxes if applicable law provides an exemption from those taxes, and the employee either fails to claim the exemption or does not follow the required procedures for claiming it.
  - j. Free transportation or lodging in exchange for mileage, points, or other non-monetary credits belonging to the employee
  - k. Expenses incurred by or on behalf of another employee or a person who is not employed by School of Excellence in Education.
6. In rare occasions, when it becomes necessary to **cancel travel** arrangements, the following supporting documentations are required, along with any unused cash advancement:
  - a. Copy of the approved Travel Authorization/ Reconciliation form.
  - b. Specify the reason for the cancellation.
  - c. Proof that the cancellation charge has been paid by the employee receiving the reimbursement.
  - d. The original, unused airline ticket, if the charge relates to an unused airline ticket.
7. If all documentation is not submitted as of **30 days** after the trip, no reimbursements will be issued, and the employee will not be approved for additional travel until the reconciliation is completed.
8. If all documentation is not submitted as of **60 days** after the trip, the amount advanced to the employee will be deducted from the employee's next paycheck, as indicated on the signed Travel Authorization form.

Have a safe, productive, and beneficial trip.

**Travel Authorization Procedures (*Step-by-step*)**

Retrieve the Travel Authorization/Reconciliation Form

1. Enter the **traveler information**: name, address, position, dept/campus, phone number, and supervisor's name.
2. Enter **Budget Account Code**. The budget account code **MUST** be entered.
3. Enter **destination** location, name of the event, purpose of travel, dates of travel, and departure and return times.
4. Enter **estimates** for registration, air fare, and hotel rates. Travelers may use any travel source when securing estimates.
  - a. Enter car rental costs. (*Provide a written, justification for the rental.*)
  - b. Enter registration fee.
  - c. Enter estimated air fare.
  - d. Enter lodging amount per night. *085 is the maximum amount allowed rate J r Texas.*

***The total of these estimated amounts will be advanced to you.***
5. **Save travel request form in the original Excel format to use when requesting final reconciliation and reimbursements.**
6. **Print** the form, obtain original signatures as required. Traveler must sign and date the form. Traveler must obtain supervisor's signature.
7. Attach print-out of **estimates** for air fare, hotel, and registration.
8. Forward the Travel Authorization/Reconciliation Form and attachments to Accounts Payable.
9. When the travel request has received final approval, a **travel packet** will be sent to the employee. The packet will include:
  - a. A copy of the approved Travel Authorization/Reconciliation travel authorization form will be sent via email to the traveler along with an approximate date for receipt of travel advancement. The email will serve as a notification that the travel has been approved.
  - b. Texas Hotel Occupancy Tax Exemption Certificate
  - c. Texas Sales and Use Tax Exemption Certification
  - d. Travel Authorization/Reconciliation expense report checklist
10. The traveler should receive the **advancement** at least one week after final approval of the Travel Authorization/Reconciliation form.

Have a safe and productive trip.

### **Travel Reconciliation Procedures** (*Step-by-step*)

1. **Retrieve the original Travel Authorization/Reconciliation form from your computer file.** (*See step 5 from above*)
2. Enter **actual expenditures** for the trip, including the advancement costs.
  - a. Mileage
  - b. Parking/Toll
  - c. Miscellaneous
  - d. Taxi/Shuttle
  - e. Meals (*Receipts are required*)

- f. Vehicle Rental
  - g. Registration
  - h. Air Fare
  - i. Lodging
3. Print the form and obtain original **signatures** as required. Traveler must sign and date the form. Traveler must obtain supervisor's signature,
4. Attach ALL applicable **documents and receipts** to the Travel Authorization/Reconciliation Form, including the following:
- a. Copy of the original approved *Travel* Authorization/Reconciliation Form
  - b. Mileage (*Online travel map estimates are acceptable.*)
  - c. Parking/Toll receipts
  - d. Miscellaneous receipts
  - e. Taxi/Shuttle receipts
  - f. Meals receipts (*Itemized receipts with the name of the establishment included are needed*).
  - g. Registration receipt
  - h. Air Fare receipt
  - i. Lodging receipt which must include
    - i. the name and address of the commercial lodging establishment,
    - ii. the name of the employee,
    - iii. the single room rate, and
    - iv. a daily itemization of the lodging charges.

*(NOTE, When working with online reservations make sure they allow receipts given to the guest to document the stay.)*

5. If all documentation is not submitted as of **30 days** after the trip, no reimbursements will be issued, and the employee will not be approved for additional travel until the reconciliation is completed.
6. If all documentation is not submitted as of **60 days** after the trip, the amount advanced to the employee will be deducted from the employee's next paycheck.
7. Keep a copy of the documents for your records. Submit all originals to the Finance Department, Attn: Travel Coordinator.