



TCSA Model Board Policy Series

Module 100: *Financial Operations 2012*

*Charter Board Policy for SCHOOL OF EXCELLENCE IN
EDUCATION*

INTRODUCTION

The Model Board Policies for Charter Schools is a series of publications by the Texas Charter Schools Association (TCSA). These publications are an educational tool for charter school leaders to aid in the operation and management of open-enrollment charter schools in Texas.

Overall Policy Framework

Each module in the Board Policy Series provides a summary of federal and state statutes, regulations, and related materials applicable to open enrollment charter schools. Citations to these materials are provided throughout the module and many contain a hyperlink so the actual statutory or regulatory provision can be accessed on the Internet. The summary is designated by the LEGAL AUTHORITY tab on the right edge of each page.

After the LEGAL AUTHORITY portion of the module you will find the model policy section designed to comply with current statutory and regulatory requirements described in the LEGAL AUTHORITY summaries. These policies are designated by the red CHARTER BOARD POLICY tab on the right edge of each page.

These are suggested policies to address the requirements set forth in this Module. Prior to adoption of the model policies by the Board of a charter school, each policy should be customized by including the school's name and by tailoring the language, if appropriate, to fit the specific needs, culture and requirements of the school. TCSA recommends that the Board of a charter school consult with and obtain the advice of the school's legal counsel in connection with adopting policies to comply with laws governing charter schools.

TCSA plans to update the Model Board Policies for Charter Schools after each Texas Legislative Session to reflect changes in applicable laws and regulations. We encourage you to renew your subscription to the policy series after each update to ensure that your school has the most recent laws and regulations.

Scope of Service & Copyright Notice

This policy module prepared by the TCSA is designed and intended as a resource of information for charter schools and is not to be construed as legal advice. It should be used in connection with consulting and obtaining the advice of the school's legal counsel to ensure compliance with applicable legal requirements.

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Module 100: Financial Operations 2012

The Financial Operations, Module 100, is the first module of the Model Board Policies. The material included in this module provides a comprehensive summary of statutes and regulations that apply to the financial operations of charter schools, as well as specific model board policies designed to comply with these legal requirements. Other policy modules in the series include:

Module 200: Charter School Governance & Organization

Module 300: General School Operations

Module 400: Students

Module 500: Open Government

Module 600: Human Resources

Legal Abbreviations Used In the TCSA Model Board Policy Series

Atty. Gen. Op.	Attorney General Opinion
C.F.R	Code of Federal Regulations
Tex. Admin. Code	Texas Administrative Code
Tex. Educ. Code	Texas Education Code
Texas Gov't Code	Texas Government Code
Tex. Labor Code	Texas Labor Code
Texas Local Gov't Code	Texas Local Government Code
U.S.C.A	United States Code Annotated

100.020. ANNUAL OPERATING BUDGET

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Budget Process

SECTION 1.1. FASRG. SUPERINTENDENT will ensure that SCHOOL OF EXCELLENCE IN EDUCATION follows a budgeting process that is consistent with the requirements in the Budgeting Module of the Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide.

SECTION 1.2. SUPERINTENDENT. The CFO/BUSINESS MANAGER/COMPTROLLER is responsible for the preparation of the annual budget.

SECTION 1.3. Campus Improvement Plan. Each year before the annual operating budget is drafted the SUPERINTENDENT shall ensure that a campus improvement plan, which is based on a needs assessment of SCHOOL OF EXCELLENCE IN EDUCATION, is drafted and finalized. The needs assessment and campus improvement plan shall be completed by MAY. The campus improvement plan shall inform the drafting of the annual budget.

SECTION 1.4. Adoption. The Board shall formally adopt the budget, in a meeting open to the public, before the fiscal year of September 1st begins and before the expenditure of any funds.

SECTION 1.5. Minutes. The Secretary LAVERGIE WASHINGTON of the Board will record the adoption of the budget and any amendments in the Board meeting minutes in which the adoption occurs.

SECTION 1.6. Post-Adoption. After the adoption of the budget the SUPERINTENDENT and the Board shall review actual fund disbursements compared to the adopted budget and make amendments as needed. This shall occur soon after actual student enrollment is determined.

SECTION 2. Fiscal Compliance

The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION complies with all state and federal laws and rules concerning the budget and related processes of the school, including but not limited to, laws and rules concerning online budget posting and financial solvency.

100.040. USE OF STATE FUNDS

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Use of State Funds

SUPERINTENDENT of SCHOOL OF EXCELLENCE IN EDUCATION shall ensure that the school uses state funds only for lawful purposes.

SECTION 2. Comingling of Charter & Non-Charter Business Prohibited

The SUPERINTENDENT shall ensure that the business activities of SCHOOL OF EXCELLENCE IN EDUCATION that are not directly related to the management and operation of SCHOOL OF EXCELLENCE IN EDUCATION are kept in a separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of SCHOOL OF EXCELLENCE IN EDUCATION.

SECTION 3. Interested Transactions

SECTION 3.1. Each member of the Board shall comply with all conflict of interest laws and rules applicable to affected board members.

SECTION 3.2. The SUPERINTENDENT shall ensure that the employees of SCHOOL OF EXCELLENCE IN EDUCATION shall comply with all conflict of interest laws and rules applicable to affected employees.

SECTION 3.3. The SUPERINTENDENT shall ensure that the following shall be recorded in the accounting, auditing, budgeting, reporting, and recordkeeping systems for the management and operation of the school:

- a. Financial transactions between the school and the non-charter activities of the charter holder;
- b. Financial transactions between the school and an officer or employee of the charter holder or the school;
- c. Financial transactions between the school and a member of the governing body of the charter holder or the school;
- d. Financial transactions between the school and a management company charged with managing the finances of a school; and
- e. Financial transactions between the school and any other person or entity in a position of influence over the charter holder or the school.

100.060. STATE FISCAL COMPLIANCE

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Fiscal Year

The SCHOOL OF EXCELLENCE IN EDUCATION Board adopts September 1st as the fiscal year for SCHOOL OF EXCELLENCE IN EDUCATION.

SECTION 2. Financial Accounting

SECTION 2.1. Compliance. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION fully complies with: generally accepted accounting principles, Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide, TEA’s Student Attendance Accounting Handbook, Public Education Information Management System (PEIMS), and any other applicable federal or state standards for financial management systems.

SECTION 2.2. Financial Reporting. The SUPERINTENDENT, or designee, shall make an accurate, current, and complete disclosure of financially assisted activities in accordance with financial reporting requirements of each grant or sub grant.

SECTION 2.3. Accounting Records. The SUPERINTENDENT, or designee, shall maintain records that adequately identify the source and application of funds provided for activities assisted with state or federal funds.

SECTION 2.4. Internal Control. The SUPERINTENDENT, or designee, shall maintain effective control and accountability of all federal grant and sub-grant cash, real and personal property, and other assets obtained with federal funds. The SUPERINTENDENT, or designee, shall safeguard all such property and assure that it is used solely for authorized purposes.

SECTION 3. Grant Management Standards

SECTION 3.1. Compliance. If SCHOOL OF EXCELLENCE IN EDUCATION receives a grant directly from a state or federal agency the SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION is in compliance with the grant requirements of that state or federal agency.

SECTION 3.2. Employee Time Sheet. If an SCHOOL OF EXCELLENCE IN EDUCATION employee’s compensation is funded by any grant, the SUPERINTENDENT shall ensure that the employee maintains a time sheet on which he or she records the time spent during the work day along with a description of the service he or she performed during that time.

SECTION 3.3. Signature. The SUPERINTENDENT shall ensure that the time sheets will contain the signatures of the employee that completed the time sheet, a school official, and the SCHOOL OF EXCELLENCE IN EDUCATION’s Grant Manager.

SECTION 4. Annual Audit by the Charter

SECTION 4.1. Annual Audit. Annually, the President of the Board for SCHOOL OF EXCELLENCE IN EDUCATION shall ensure the engagement of a certified public accountant (“CPA”) to have the financial and programmatic operations of

SCHOOL OF EXCELLENCE IN EDUCATION audited. SCHOOL OF EXCELLENCE IN EDUCATION shall select and contract only with CPAs that are licensed by the Texas State Board of Public Accountancy and registered as a provider of public accounting services.

SECTION 4.2. Filing with TEA. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION timely files a copy of the annual audit report with the TEA division responsible for school financial audits. The report shall include a certificate of the Board which will include the original signatures of both the presiding officer and the secretary of the Board. The certificate shall indicate if the Board approved or disapproved the contents of the report along with the date of the Board's approval or disapproval. This approval or disapproval shall be supported in the Board's meeting minutes. The SUPERINTENDENT shall ensure that if the Board disapproved the audit, it shall still be filed with TEA along with a statement identifying the reason(s) for Board disapproval.

SECTION 4.3. Disclosure of Interest. On behalf of the SCHOOL OF EXCELLENCE IN EDUCATION, the SUPERINTENDENT shall ensure that all persons with a substantial interest in a management company are separately disclosed in the annual audit.

SECTION 5. Annual Financial Statement

SECTION 5.1. Annual Financial Statement. The SUPERINTENDENT of SCHOOL OF EXCELLENCE IN EDUCATION shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

- a. the total receipts of the fund, itemized by source of revenue, including taxes, assessments, service charges, grants of state money, gifts, or other general sources from which funds are derived;
- b. the total disbursements of the fund, itemized by the nature of the expenditure; and
- c. the balance in the fund at the close of the fiscal year.

SECTION 6. Annual Financial Management Report

SECTION 6.1. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION complies with the reporting procedures TEA develops for charter holders to prepare and distribute the school's annual financial management report.

SECTION 7. Audit by the Commissioner

SECTION 7.1. SCHOOL OF EXCELLENCE IN EDUCATION and its officers, employees and agents shall fully cooperate with an audit by the commissioner of education and will take all actions necessary to secure the cooperation of a management company.

SECTION 8. Attendance Accounting

SECTION 8.1. Compliance. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION complies with the TEA Student Attendance Accounting Handbook and all other laws and rules concerning charter school student attending accounting, reporting, and record keeping.

SECTION 8.2. Responsibility. The SUPERINTENDENT, chief campus leaders, and teachers of SCHOOL OF EXCELLENCE IN EDUCATION will be responsible to the Board of SCHOOL OF EXCELLENCE IN EDUCATION and to the state to maintain accurate, current student attendance records;

SECTION 8.3. When Attendance is Taken. Attendance at SCHOOL OF EXCELLENCE IN EDUCATION will be determined by [(i) A student who is not actually in school at the time attendance is taken must not be counted in attendance for FSP funding purposes, unless the student is participating in an activity that meets the conditions set out in subsection (j) of this section, or unless the student is enrolled in and participating in an alternative attendance accounting program approved by the commissioner.]. SCHOOL OF EXCELLENCE IN EDUCATION will not change the established period in which absences are recorded during the school year;

SECTION 9. PEIMS Data Standard

SECTION 9.1. PEIMS. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION's fiscal accounting system is compatible with PEIMS data standards and conforms to Generally Accepted Accounting Principles.

SECTION 9.2. Account Code Structure. The SUPERINTENDENT shall ensure that, with the exception of the codes that may be used at local option, SCHOOL OF EXCELLENCE IN EDUCATION shall use the account code structure described in TEA's Special Supplement to the Financial Accountability System Resource Guide, Nonprofit Charter School of Accounts.

100.080. FEDERAL FISCAL COMPLIANCE

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Fiscal Requirements under Title I, Part A of NCLB (“Title I”)

SECTION 1.1. Supplement not Supplant. The SUPERINTENDENT shall ensure that Title I funds will be used to supplement, not supplant regular non-federal funds.

SECTION 1.2. Documentation. Documentation shall be maintained, or caused to be maintained, by the SUPERINTENDENT. The documentation must clearly demonstrate the supplementary nature of federal funds.

SECTION 1.3. Campus Improvement Plan. The SUPERINTENDENT shall ensure that Title I funds used by SCHOOL OF EXCELLENCE IN EDUCATION shall be aligned to the campus improvement plan. There shall be no costs expended that are not directly related to the campus improvement plan.

- a. A comprehensive needs assessment shall be conducted that will inform the drafting of the campus improvement plan. The campus improvement plan shall be aligned to the needs assessment and only needs that can be met with current funding levels shall be addressed in the campus improvement plan.
- b. New goals shall be added as new money is identified.
- c. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION shall conduct the needs assessment and campus improvement plan prior to any grant application.

SECTION 2. Federal Grant Allowable Expenditures

SECTION 2.1. OMB Circulars. Prior to expending funds, the SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION consults the appropriate OMB Circular, applicable to open-enrollment charter schools, to determine what costs are allowable. The SUPERINTENDENT shall ensure that all grant funds are expended in accordance with the circular.

SECTION 3. Time and Effort

SECTION 3.1. Employee Time Sheet. If an SCHOOL OF EXCELLENCE IN EDUCATION employee’s compensation is funded by any grant, the SUPERINTENDENT shall ensure that the employee maintains a time sheet on which he or she records the time spent during the work day along with a description of the service he or she performed during that time.

SECTION 3.2. Signature. The SUPERINTENDENT shall ensure that the time sheets contain the signatures of the employee that completed the time sheet, a school official, and the SCHOOL OF EXCELLENCE IN EDUCATION’s grant manager.

SECTION 4. Charter Schools Program (CSP), NCLB Title V, Part B

SECTION 4.1. Compliance. If SCHOOL OF EXCELLENCE IN EDUCATION receives CSP grants, the SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION shall comply and use the federal funds in accordance with all statutes, regulations, and approved applications.

SECTION 4.2. Fiscal Control. The SUPERINTENDENT shall directly administer or supervise the administration of any projects funded through CSP funds, and shall use fiscal control and fund accounting procedures that ensure proper disbursement of, and accounting for, federal funds.

SECTION 4.3. Conflicts of Interest. SCHOOL OF EXCELLENCE IN EDUCATION Board members and employees shall avoid apparent and actual conflicts of interest. An individual is prohibited from participating in an administrative decision regarding a project funded through CSP funds if the decision is likely to benefit that person or an immediate family member and the person is a public official or has a family or business relationship with SCHOOL OF EXCELLENCE IN EDUCATION.

A person is prohibited from participating in a project to use his or her position for a purpose that is, or gives the appearance of being, motivated by a desire for a private or financial gain for that person or for others.

SECTION 4.4. Procurement. When using CSP funds to enter into a contract for equipment or services the SUPERINTENDENT, or the SUPERINTENDENT'S designee, shall comply with the applicable federal procurement standards. No Board member, employee, officer, or agent of SCHOOL OF EXCELLENCE IN EDUCATION may participate in the selection, award, or administration of any contract supported by federal funds if a real or apparent conflict of interest exists.

SECTION 5. Use of Federal Grant Funds for Procurement

SECTION 5.1. Compliance. When expending federal grant funds, The SUPERINTENDENT, or the SUPERINTENDENT's designee shall ensure compliance by SCHOOL OF EXCELLENCE IN EDUCATION's employees, officers, and agents with all applicable federal and state procurement standards and policies. Violations of applicable laws or policies may lead to disciplinary consequences including and up to termination of employment or removal from any officer position if applicable. The SUPERINTENDENT shall develop procedures that ensure compliance with the following provisions:

- a. The purchase of unnecessary items will be avoided;
- b. The solicitation of bids or offers must provide a clear and accurate description of the requirements to be fulfilled by the bidder, technical requirements to be performed including the minimum acceptable standards, specific features of brand name or equal descriptions that bidders are required to meet, the acceptance of products and services dimensioned in the metric system of measurement, a preference, where economically feasible, for products that conserve natural resources, protect the environment, and are energy efficient;

- c. Positive efforts shall be made to utilize small businesses, minority-owned firms, and women's business enterprises whenever possible;
- d. The type of procurement instruments used (e.g. purchase orders) must be appropriate for the particular procurement;
- e. Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement;
- f. Procurement documents shall be made available, upon request, to appropriate government officials when:
 - i. Procurement procedures fail to comply with the standards in this section;
 - ii. The procurement is expected to exceed the small purchase threshold (currently \$25,000) and is to be awarded without a competitive bidding process or there is only one bid received in response to a solicitation;
 - iii. The procurement which is expected to exceed the small purchase threshold specifies a brand name product;
 - iv. The proposed award over the small purchase threshold is to be awarded to a bidder under a sealed bid procurement; or
 - v. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the small purchase threshold.

SECTION 5.2. Open and Free Competition. The SUPERINTENDENT shall ensure that all procurement transactions are conducted in a manner that provides open and free competition. Awards must be made to the bidder/offeror whose bid/offer is responsive to the solicitation and is most advantageous to SCHOOL OF EXCELLENCE IN EDUCATION, considering price, quality, and other relevant factors deemed appropriate by the SUPERINTENDENT.

SECTION 5.3. Conflicts of Interest. The SUPERINTENDENT shall ensure that no employee, officer, or agent of SCHOOL OF EXCELLENCE IN EDUCATION, who has a real or apparent conflict of interest, participates in the selection, award, or administration of a contract supported by federal funds. Employees, officers, and agents may also not solicit or accept favors, gratuities, or anything of monetary value from contractors or their agents.

SECTION 5.4. Record Documentation. The SUPERINTENDENT shall ensure there is a cost or price analysis made and documented with every procurement action. He/she shall also ensure the evaluation of the contractor performance and document whether the contractor has met the terms, conditions, and specifications of the contract. Procurement records for purchases over the small purchase threshold shall also contain the following information:

- a. The basis for contractor selection;
- b. The justification for lack of competition when competitive bids or offers are not obtained; and
- c. The basis for award cost or price.

SECTION 5.5. Mandated Contract Provisions. The SUPERINTENDENT shall ensure that all legally mandated provisions are included in each procurement contract.

SECTION 6. Breakfast Program Child Nutrition Programs

SECTION 6.1. National School Breakfast Program Participation.

If at least 10 percent of enrolled students in SCHOOL OF EXCELLENCE IN EDUCATION are eligible for free or reduced-price breakfasts under the national school breakfast program, provided for by the Child Nutrition Act of 1966, the SCHOOL OF EXCELLENCE IN EDUCATION shall participate in the program and make the benefits of the program available to all eligible students.

The SUPERINTENDENT shall ensure the school's compliance with all federal and state rules governing administration of the program.

SECTION 6.2. National School Lunch Program.

The SUPERINTENDENT or designee shall ensure compliance with all federal and state rules governing the administration of the National School Lunch Program.

100.100 CASH MANAGEMENT & CREDIT CARD PROCEDURES

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

School funds are public funds. Consequently, all expenditures of school funds, including cash expenditures, shall be documented and accounted for by daily receipts.

As a general rule, cash will not be used to make purchases except from petty cash, as described below. School checks shall not be made payable to “Cash”.

The SUPERINTENDENT of the SCHOOL OF EXCELLENCE IN EDUCATION shall ensure that appropriate “separation of duties” are complied with in the handling of all money transactions, including reconciliation.

SECTION 1. Accounting for Cash Transactions

SECTION 1.1. Documentation. All cash transactions shall be recorded in writing, such as by hand a written receipt, which shall be signed and dated by the individual who receives the cash. Staff members who receive or collect money from parents or teachers shall document from whom the money was received and in what amount. A copy of the receipt shall be kept with the cash received. Such money shall be submitted to the [FINANCE DEPARTMENT] on the same school day as it is received for deposit.

SECTION 1.2. Depositing Cash. The SUPERINTENDENT shall be responsible for ensuring that cash received is deposited in SCHOOL OF EXCELLENCE IN EDUCATION’s bank account. Deposits shall be made whenever cash receipts total \$500.00, or, at a minimum, weekly. A copy of the validated deposit slip shall be returned to the school on same day the deposit is made or the next day after the deposit is made.

SECTION 1.3. Petty Cash. Petty cash shall be maintained in a locked box in each campus principal’s office, in an amount not to exceed \$1,000.00. All disbursements from petty cash shall be documented in writing, indicating the date, amount disbursed, the identity of the individual receiving the funds, and the reason for the disbursement. Receipts from purchases made with petty cash shall be remitted to the campus principal’s office as soon as practicable. Petty cash funds shall not be used to cash checks.

SECTION 1.4. Petty Cash Prohibited. The use of petty cash shall not be allowed at SCHOOL OF EXCELLENCE IN EDUCATION, except for the Athletic Director to distribute for athletic events.

SECTION 2. Checks

SECTION 2.1. SCHOOL OF EXCELLENCE IN EDUCATION Checks. Any authorized check drafted on SCHOOL OF EXCELLENCE IN EDUCATION's bank account shall have two authorized check signers.

The following SCHOOL OF EXCELLENCE IN EDUCATION officers are authorized to sign checks from SCHOOL OF EXCELLENCE IN EDUCATION's bank account on behalf of SCHOOL OF EXCELLENCE IN EDUCATION: Board President and Board Secretary. Each check must be completed in its entirety before it is signed by either party.

SECTION 2.2. Checks Received. Checks received shall be endorsed "for deposit only" and shall either be deposited when the total amount is at least \$500.00 or at least weekly, whichever is more frequent.

SECTION 2.3. Check Requests. Services or products rendered, reimbursement requests with original receipts, or mileage reimbursements may receive payment with a check. A check request form must be completed by the requestor and approved with a signature by the CFO/BUSINESS MANAGER/COMPTROLLER. The check request form shall contain the name of the payee, the date the check is requested to be written, the amount of the check, a brief description for the issuance of the check, and the funding source that will be drawn from. Checks made payable to "Cash" are prohibited. The check request shall then be submitted to ACCOUNTS PAYABLE DEPARTMENT for processing. All check request forms shall be maintained by the ACCOUNTS PAYABLE DEPARTMENT in the FINANCE DEPARTMENT.

SECTION 2.4. Check Acceptance Policy. Parents of students enrolled at SCHOOL OF EXCELLENCE IN EDUCATION and employees of SCHOOL OF EXCELLENCE IN EDUCATION must receive prior notice from SCHOOL OF EXCELLENCE IN EDUCATION that in the event a check they have submitted to SCHOOL OF EXCELLENCE IN EDUCATION is returned for insufficient funds, or any other reason, SCHOOL OF EXCELLENCE IN EDUCATION shall collect from the check maker the amount originally due in addition to any fee assessed to SCHOOL OF EXCELLENCE IN EDUCATION by the bank because of the returned check.

SECTION 3. Paying Bills with State or Federal Grant Funds

SECTION 3.1. Grant funds shall not be requested from the Texas Education Agency until SCHOOL OF EXCELLENCE IN EDUCATION is prepared to pay any outstanding balances within three days from when the funds are deposited in SCHOOL OF EXCELLENCE IN EDUCATION's bank account. The ED shall ensure that all bills, including payroll and related withholding taxes, shall be paid by SCHOOL OF EXCELLENCE IN EDUCATION within three working days from when such funds are deposited in SCHOOL OF EXCELLENCE IN EDUCATION's bank account.

SECTION 4. Bank Reconciliations

The SUPERINTENDENT or SUPERINTENDENT's designee is responsible for bank reconciliations a minimum of once a month. Each SCHOOL OF EXCELLENCE IN EDUCATION bank statement, assets, and liabilities shall be reconciled to both the checkbook and the general ledger.

SECTION 5. Credit Card Procedures

Only the following are authorized to use the SCHOOL OF EXCELLENCE IN EDUCATION credit card: ATHLETIC DIRECTOR AND HUMAN RESOURCE SPECIALIST.

All authorized users of the SCHOOL OF EXCELLENCE IN EDUCATION credit card assume the responsibilities pertaining to the use and reconciliation of the credit card. The SCHOOL OF EXCELLENCE IN EDUCATION credit card shall only be used for school business expenditures. It may not be used for personal purchases and/or cash transactions and shall be maintained by the highest level of security.

Employees issued an SCHOOL OF EXCELLENCE IN EDUCATION credit card must receive prior, documented approval from the SUPERINTENDENT or designee before the use of the credit card. Each credit card transaction by any user must be accompanied by appropriate documentation such as original receipts documenting each transaction.

SECTION 6. Activity Funds

SECTION 6.1. Parent/Volunteer Groups. The SUPERINTENDENT, or SUPERINTENDENT's designee, shall develop procedures for parent and school volunteer groups to follow in the collection of funds. Such procedures should distinguish between what the school is collecting and what the parent group is collecting. See Texas Education Code §12.108 for allowable fees that may be collected by SCHOOL OF EXCELLENCE IN EDUCATION.

SECTION 6.2. Activity Expenditures. The following individual(s) is/are authorized to approve activity expenditures: CAMPUSPRINCIPALS and CAMPUS SUPERVISORS.

100.120. ACCOUNTING FOR CAPITAL ASSETS

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1

SECTION 1.1. Capital Asset. A capital asset for SCHOOL OF EXCELLENCE IN EDUCATION is an asset that is:

- a. Tangible in nature;
- b. Has a life that exceeds one year;
- c. Is valued at \$5,000 Board must designate an amount of \$5000 or more per unit;
- and d. Is reasonably identified and controlled through a physical inventory system.

SECTION 1.2. Documentation. The SUPERINTENDENT or designee shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION maintains accurate records of capital assets in accordance with applicable rules.

SECTION 1.3. Inventory. The SUPERINTENDENT or designee will ensure that a physical inventory of capital assets takes place once every two years in accordance with rules.

SECTION 1.4. Financial and Compliance Report. For purposes of the Financial and Compliance Report, the SUPERINTENDENT or designee shall ensure that the report includes:

- a. An exhibit in the financial and compliance report identifying all capital assets and the ownership interest of local, state, and federal parties; or
- b. A statement that all property acquired during the term of the SCHOOL OF EXCELLENCE IN EDUCATION, and all property presently held by SCHOOL OF EXCELLENCE IN EDUCATION, may be considered public property.

100.140. INVESTMENT OF STATE FUNDS

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Compliance. The SUPERINTENDENT shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION invests state funds in accordance with applicable state law and rules. The investment of state funds shall be made with judgment and care and not for speculation, but for investment, considering the probable safety of capital and the probable derived income.

SECTION 2. Investment Management Firm and/or Officer. The SUPERINTENDENT may determine to recommend to the Board to contract with an investment management firm that is registered under the appropriate governmental entities to provide for the investment and management of the funds. Such a contract shall not exceed two years. If the Board determines to renew any such contract the board shall issue the appropriate order or resolution.

SECTION 3. Discrete Maintenance of Records. The SUPERINTENDENT shall ensure that all investments will be maintained in a discrete, charter investment account, separate from any other of SCHOOL OF EXCELLENCE IN EDUCATION’s accounts.

SECTION 4. Investments. The following investments have received approval by the Board for the one year period from September 1, 2012 to August 31, 2013 or as designated by Board Policy:

1. Frost Bank Money Market

100.160. PAYROLL

SECTION 1.1. Accurate & Timely Payroll. The SUPERINTENDENT or designee shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules

SECTION 2.2. Paydays.

- a. Exempt Employees. The paydays for exempt employees shall be on a bi-weekly basis.

- b. Non-exempt Employees. The paydays for non-exempt employees shall be on a bi-weekly basis.

SECTION 2.3. Withholding of Wages. The SUPERINTENDENT or designee shall ensure that the wages of school employees are not withheld except as expressly required or expressly permitted by applicable laws and rules.

100.180. PROPERTY

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

SECTION 1. Public Property Held in Trust

SECTION 1.1. Public Property. An interest in real estate or personal property acquired, improved, or maintained using state funds that were received by SCHOOL OF EXCELLENCE IN EDUCATION on, or after, September 1, 2001, is public property for all purposes under state law.

SECTION 1.2. Public Property Held in Trust. Public property is held by the SCHOOL OF EXCELLENCE IN EDUCATION in trust for the benefit of enrolled students.

SECTION 2. Use of Public Property

SECTION 2.1. Allowable Use. The SUPERINTENDENT shall ensure that public property shall only be used for a purpose for which a school district may use school district property and only to implement a program that is described in the open-enrollment charter and is consistent with the Texas Education Code §12.102.

The SUPERINTENDENT also shall ensure that SCHOOL OF EXCELLENCE IN EDUCATION employees, agents, contractors, and management companies do not use or apply public property for any purpose but a program described in SCHOOL OF EXCELLENCE IN EDUCATION’s charter.

SECTION 2.2. Exception to Allowable Use. Employees of SCHOOL OF EXCELLENCE IN EDUCATION may use local telephone service, cellular phones, electronic mail, Internet connections, and [include additional usage at the discretion of the charter holder.] for incidental personal use under the following conditions:

- a. Such incidental personal use must not result in any direct cost paid with state funds. If this does happen, the SUPERINTENDENT shall ensure that the employee which caused the direct cost to be incurred by SCHOOL OF EXCELLENCE IN EDUCATION shall reimburse SCHOOL OF EXCELLENCE IN EDUCATION;
- b. Such incidental personal use shall not impede the functions of SCHOOL OF EXCELLENCE IN EDUCATION;
- c. The use of public property for private commercial purposes is strictly prohibited; and
- d. Only incidental amounts of an employee’s time for personal matters, comparable to reasonable coffee breaks during the day, are authorized under this section.

SECTION 2.3. Violations of Section 2.

SECTION 2.3.1. Employee Violations. The SUPERINTENDENT shall ensure that a violation of Section 2 of this policy by an employee of SCHOOL OF EXCELLENCE IN EDUCATION shall have disciplinary consequences which may include termination of employment.

SECTION 2.3.2. Contractor Violations. The SUPERINTENDENT shall ensure that each contract between SCHOOL OF EXCELLENCE IN EDUCATION and another party includes language stating the allowable use of public property and that a violation of the allowable use may lead to termination of a contract. If a contract is terminated based on a violation of Section 2 of this policy SCHOOL OF EXCELLENCE IN EDUCATION will compensate the entity for services performed as required by law.

SECTION 2.4 Joint Use of Real Property. The Board President shall ensure that the Board takes a separate vote to approve any joint use of real property for charter and non-charter activities. In the meeting minutes of the vote approving the joint use, the Board Secretary shall ensure that the minutes set forth the methodology used to allocate shared costs and the percentage allocation basis between charter and non-charter activities.

SECTION 3. Lease of SCHOOL OF EXCELLENCE IN EDUCATION Facilities

SCHOOL OF EXCELLENCE IN EDUCATION may lease its facilities to various organizations such as those that are educational, religious, or civic in nature. However, the availability of facilities for lease by out- side entities will depend on SCHOOL OF EXCELLENCE IN EDUCATION's own needs and convenience.

100.200. PURCHASING & CONTRACTING

The governing body (“Board”) of SCHOOL OF EXCELLENCE IN EDUCATION adopts the following policy which shall be effective on the date that the policy is adopted by the Board.

Section 1. Public Works Contracts

SECTION 1.1 Applicable Law. In awarding contracts that will involve the construction, repair, or renovation of a structure, road, highway, or other improvement or addition to real property, the SCHOOL OF EXCELLENCE IN EDUCATION, will comply with [Chapter 44 of the Texas Education Code. The SUPERINTENDENT shall ensure that all applicable advertisement notice bid requirements are satisfied.

SECTION 1.2. Bidding Threshold. The SUPERINTENDENT shall engage the applicable law when an expenditure of more than \$25,000 or less in public funds is required.

SECTION 1.3. Contract Award. The SUPERINTENDENT shall make a recommendation to the Board concerning the award of a public works projects bid pursuant to this policy.

In determining the contract award, the Board may take into account several factors, including:

- a. The safety record of the bidder;
- b. Whether the bidder, its employees, and agents have relevant and mandatory licensures/registrations;
- c. Complaints and/or accident reports to relevant local and/or state agencies;
- d. The purchase price;
- e. The reputation of the bidder and of the bidder’s goods or services;
- f. The quality of the bidder’s good or services;
- g. The extent to which the goods or services meet SCHOOL OF EXCELLENCE IN EDUCATION needs;
- h. The bidder’s past relationship with SCHOOL OF EXCELLENCE IN EDUCATION;

- i. The impact on the ability of SCHOOL OF EXCELLENCE IN EDUCATION to comply with the laws and rules relating to historically underutilized businesses;
- j. The total long-term cost to SCHOOL OF EXCELLENCE IN EDUCATION to acquire the bidder's goods or services; and
- k. Any other relevant factor specifically listed in the request for bids or proposals.
- l. Any existing laws, including any criteria, related to historically underutilized businesses; and
- m. Any existing laws or rules related to the use of women, minority, small, or disadvantaged businesses.

Section 1.4. Definition of Safety Record. The safety record includes a bidder's Occupational Safety and Health Administration inspection log for the last three years, a loss analysis from the bidder's insurance career, any known safety violations on previous projects, and a loss history covering all lines of insurance coverage by the bidder.

SECTION 2. Professional Services

SECTION 2.1. Applicable Law. The SUPERINTENDENT shall ensure that professional service providers are selected in accordance with the applicable law.

SECTION 3. Cooperative Purchasing Programs

The SUPERINTENDENT shall ensure full compliance with all applicable law and rules if SCHOOL OF EXCELLENCE IN EDUCATION has amended its charter to enter into a cooperative purchasing program.

SECTION 4. Other Purchasing and Contracting

Section 4.1 Appropriate Value. In awarding contracts for goods and services that are not governed by Sections 1, 2, or 3 of this policy, the SUPERINTENDENT shall ensure that the SCHOOL OF EXCELLENCE IN EDUCATION receives appropriate value for the expenditure.

Section 4.2. Competitive Process Threshold. In an expenditure of school funds for a contract awarded under Section 4.1 will exceed \$5,000.00, then the SUPERINTENDENT shall engage a competitive process before selecting a person or entity to which to make the award.

Section 4.3. Purchase Order Required. The SUPERINTENDENT shall establish procedures identifying a purchase order process as the method for purchasing or expending funds. Approval for a purchase or expenditure of funds must be obtained by [insert title of individual(s)] before the purchase or expenditure of funds is made.

Section 5. Board Approval Required

For any contract or purchase made pursuant to this policy, the board of directors shall approve all contracts valued above \$25,000 or less. The SUPERINTENDENT does not have authority to bind the board of directors or the SCHOOL OF EXCELLENCE IN EDUCATION to any contract for goods and services valued above \$5,000.00. Any contract or purchase valued above this amount that is not approved by the SCHOOL OF EXCELLENCE IN EDUCATION board of directors is void and ineffective.

Section 6. State Travel Management Program

Board members, officers, and employees, engaged in travel on official business of SCHOOL OF EXCELLENCE IN EDUCATION, shall utilize the Texas Comptroller's State Travel Management Program where it provides a better value for SCHOOL OF EXCELLENCE IN EDUCATION.