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## **Module 100: Financial Operations**

*Charter Board Policy for New Frontiers Public Schools, Inc.*

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#### PURPOSE OF POLICY.

Through this policy, the Board of Directors (hereafter, the “Board”) of New Frontiers Public Schools doing business as New Frontiers Public Schools (hereafter, the “School”) shall address the legal requirements, as applicable, promulgated at:

- a) Texas Business Organizations Code (“Tex. Bus. Org. Code”) Sections 3.101, 22.201, 22.221 and 22.235;
- b) Texas Education Code (“Tex. Ed. Code”) Sections 12.111(a)(16), 12.115(a)(2) and 12.121;
- c) Texas Administrative Code, Title 19 (“19 TAC”), §§ 100.1033 and 100.1101;
- d) Code of Federal Regulations, Title 2 (“2 CFR”), § 200.303;
- e) Title 34, Code of Federal Regulations (CFR)
- f) Standards for Internal Control in the Federal Government (September 2014) promulgated by the Comptroller General of the United States;
- g) Internal Control – Integrated Framework (2013 Update) issued by Committee of Sponsoring Organizations of the Treadway Commission;
- h) Government Auditing Standards (2018 Revision) promulgated by the U.S. Government Accountability Office; and
- i) Financial Accountability System Resource Guide.

Additionally, through this policy, the Board shall address best practices adopted by public schools.

#### APPLICABILITY.

This policy shall act as a keystone fiscal policy and shall apply to all other Board policies or administrative procedures. In the event of any conflict with other Board policy or administrative procedure, the requirements set forth in this policy shall prevail and govern. Accordingly, Board policies should include an appropriate reference to this policy.

#### FINAL AUTHORITY.

Absent a specific delegation of a power or duty (as approved by the commissioner of education, where applicable), the Board may not delegate, and thus retains, functioning as a body corporate, final authority to exercise the following powers and duties:

- a) Adopt and amend policy;
- b) Adopt and amend the budget, including the number and type of personnel units to be employed by the School;
- c) Approve amendments to School’s charter with TEA, including the organizational structure of the School;
- d) Approve the obligation and expenditure of funds;
- e) Approve the use of property;
- f) Approve the purchase, lease or sale of real property.
- g) Direct the disposition and safekeeping of records, including access to, control over and possession of such records;
- h) Approve the annual financial and compliance report;
- i) Set compensation for the CEO/Superintendent and for officers, as defined in Sec. 5 of this policy, and employees through the adoption of policy and the annual operating budget, including the School’s compensation plan and salary and wage schedules;
- j) Approve contracts for the acquisition of personal property and the purchase of goods and services;
- k) Amend its governing documents (articles of incorporation or certificate of formation, corporate

- bylaws and any other document or record establishing the protocols and practices of the Board and School) subject to approval of a charter amendment by the commissioner of education; and
- l) Establish and staff committees to support the Board with its fiscal oversight of the School's business affairs, finances and operations.

This final authority notwithstanding, the Board hereby authorizes the Chief Financial Officer (the "Delegate") to initially exercise the authority set forth in Sec. 3.1(d), (e), and (g) of this policy in a manner consistent with this and other Board policy. Notwithstanding the above initial delegation, the Delegate shall bring recommendations through the Board's committee process and to the Board for final review and consideration of approval

In accordance with applicable Board policy, the Delegate shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of this policy, and any conflicted,<sup>1</sup> interested,<sup>2</sup> or related<sup>3</sup> party, as defined in other Board policy or applicable law, expressly including family members by blood or marriage to the third-degree. The School and its officers may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

At the Board's discretion, the Board may, at any time, review any business arrangement or transaction subject to this policy and approve or disapprove the Delegate's initial action on the Board's behalf.

Any delegation of authority notwithstanding, the Board remains responsible for any business arrangement or transaction undertaken by the Delegate.

#### DESIGNEE.

In Board policy, where the Delegate is authorized to confer authority to a designee (as denoted by the phrase "or designee"), the Delegate may confer such authority to a single designee. If the Delegate confers authority to a designee, the Delegate shall do so in writing through an administrative procedure, job description, or internal memorandum. The Delegate's conferred authority to a designee must be specific and must cite the policy section from which it is derived. Any delegation of authority to a designee not documented as set forth in this section shall be null and void.

#### OFFICER.

For the purposes set forth in this and other Board policy, *Officer* means a person charged with the duties of, or acting as, a chief executive officer, a central administration officer, a campus administration officer, or a business manager<sup>4</sup> including individuals employed in the following central administrative and campus leadership positions:

- (a) Chief Executive Officer and Superintendent,
- (b) Deputy Superintendent(s),
- (c) Assistant Superintendent of Curriculum and Instruction,
- (d) CFO; Business Manager,
- (e) Director of Federal Programs,
- (f) Principal,
- (g) Assistant Principal, and
- (h) Any other person that may be characterized as an officer under applicable law.

BOARD AUTHORIZATION REQUIRED.

Consistent with the Final Authority section of this policy and the Board’s fiduciary duties and standard of care established under applicable law, the Delegate shall present to the Board for approval any business arrangement or transaction with a cost or value of \$50,000 or that relates to an officer, as defined in this policy, or conflicted, interested, or related party, as defined in other Board policy or applicable law.

The Delegate shall present all contracts to the Board for its approval.

PRUDENT PERSON RULE.

In their use of the funds, property and other organizational resources, such as established lines of credit and the talents of and time worked by employees and contractors, officers and employees shall limit their use of funds and property to purposes pertaining to the School’s mission and to those activities, functions, programs, and services that are ordinary and necessary for the conduct of the School’s mission. Importantly, in their use of funds, officers and employees shall only incur costs that, by their nature and amount, do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time that the decision was made to incur the cost.

ABUSE AND WASTE PROHIBITED.

Officers and employees shall not abuse or waste funds, property and other organizational resources, such as established lines of credit and the talents of and time worked by employees and contractors.

For purposes of this policy, abuse is defined as behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.

For purposes of this policy, waste is defined as the act of using or expending resources carelessly, extravagantly, or to no purpose. In this context, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.

**100.002 Code of Ethics and Fiscal Stewardship**

MISSION STATEMENT.

New Frontiers Public Schools is dedicated to offering a pathway where each students receives a collegiate experience. Students build a sense of pride and purpose and are inspired to become tomorrow’s leaders.

BOARD STEWARDSHIP.

It is the policy of New Frontiers Public Schools to advocate for and issue financial decisions and practices that both further the mission of New Frontiers Public Schools, as described above, and that are made in the interest of the charter holder in compliance with its fiduciary duty owed to New Frontiers Public Schools students.

As such, the Board of Directors (“Board”) shall make financial decisions with integrity, fairness, objectivity, and that maximize benefits while minimizing the cost of goods and services to New Frontiers Public Schools.

The Board shall, as a body corporate and as individual members, explore and develop fiscal stewardship through training and other means of educating Board members in the understanding of legal and other requirements pertaining to financial management of New Frontiers Public Schools.

Such training and education shall consider, but shall not necessarily be limited to, the development of management controls and monitoring of business activities, addressing possible fraud and irregularities through special audits and investigations and referrals to oversight agencies and law enforcement, as well as the General Ethical Standards (page 93) in Module 3 of the Texas Financial Accountability System Resource Guide (Version 15.0).

### **100.003. Authorization for the Obligation and Expenditure of Funds.**

#### PURPOSE OF POLICY.

Through this policy, the Board of Directors (hereafter, the “Board”) of New Frontiers Public Schools doing business as New Frontiers Public Schools (hereafter, the “School”) shall address the legal requirements, as applicable, promulgated at:

- a) Texas Constitution, Article III, Sec. 51, 52 and 53;
- b) Texas Business Organizations Code (“Tex. Bus. Org. Code”) Sections 3.101, 22.201, 22.221 and 22.235;
- c) Texas Education Code (“Tex. Ed. Code”) Sections 12.104(b)(1), 12.107, 12.111(a)(10), 12.115(a)(2), 12.121 and 44.052;
- d) Texas Administrative Code, Title 19 (“19 TAC”), §§ 100.1033 and 100.1101;
- e) Code of Federal Regulations, Title 2 (“2 CFR”), § 200.303; and
- f) Financial Accountability System Resource Guide (“FASRG”).

Additionally, through this policy, the Board shall address best practices adopted by public schools.

#### AUTHORITY OVER FISCAL MATTERS.

In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Policy relating to its Authority Over Fiscal Matters (the “Controlling Policy”) for requirements applicable to this policy.

The Delegate, as defined the Controlling Policy, shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,<sup>5</sup> interested<sup>6</sup> or related<sup>7</sup> party, as defined in other Board policy or applicable law. The School and its officers may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

As established in the Controlling Policy, where the Delegate is authorized to confer authority to a designee (as denoted by the phrase “or designee”), the Delegate may confer such authority to a single designee.

#### INITIAL ADOPTION.

Proposed Budget. In accordance with the policy statements set forth in this policy, the Delegate or designee shall prepare and recommend an annual budget for the School (“Proposed Budget”), for consideration and adoption by the Board. In preparing the Proposed Budget, the Delegate or designee shall include any and all descriptions and amounts for estimated revenues from all sources of local, state and Federal funding, both known and anticipated, and proposed expenses and outlays for personnel, professional and contracted services, real and personal property, debt service, materials,

supplies, and other operating expenses reasonable and necessary for the conduct of the School's operations and the furtherance of its mission.

**TEDS Compliance.** The Delegate or designee shall prepare the Proposed Budget in a form to facilitate the school's compliance with the Texas Education Data Standards ("TEDS") and submission of the required budgeted financial data to the Texas Student Data System Public Education Information Management System.

**Coordination and Collaboration.** The Delegate or designee shall coordinate and collaborate with the Chief Executive Officer and other officers, as defined in the Controlling Policy, to develop the Proposed Budget.

**Compensation Plan.** As part of the Proposed Budget, the Delegate or designee shall prepare a compensation plan that identifies all remuneration to be provided to School employees, including, but not limited to, salary, hourly wages, stipends and supplemental pay, extra-duty pay, incentives, and fringe benefits.<sup>8</sup> In the compensation plan, the Delegate or designee shall identify the salary and hourly wage range for each position. Additionally, the Delegate or designee shall identify the amount for each stipend and supplement pay by type of qualification or requirement, such as having an advanced degree or teaching certification, or performing additional duties to chair a campus department. The Delegate or designee shall base extra-duty pay upon the position's salary, as an hourly amount, or hourly wage in a manner consistent with applicable law.

**Incentives.** As part of the compensation plan, the Delegate or designee shall develop a performance incentive program that provides incentive compensation to employees for longevity, perfect attendance, retention, safety, student performance, and other data driven, measurable performance related outcomes.

**Chief Executive Officer Review.** Prior to submitting the Proposed Budget to the Board, the Chief Executive Officer shall review and approve the Proposed Budget.

**Finance Committee Review.** Prior to submitting the Proposed Budget to the Board, the Delegate shall first submit the Proposed Budget to the Board's Finance Committee. The Finance Committee may propose modifications to the Proposed Budget.

**Adopted Budget.** After reviewing, deliberating, and as appropriate and necessary, revising the Proposed Budget, the Board shall adopt the Proposed Budget during a meeting conducted pursuant to the Texas Open Meetings Act and applicable Board policy ("Adopted Budget").

#### AMENDMENT.

During the course of the fiscal year, and in accordance with the policy statements set forth in Sec. 8 of this policy, the Delegate or designee shall prepare a proposed amendment to the Adopted Budget ("Proposed Amendment") to account for any material variances between realized and estimated revenues and actual and budgeted expenses and outlays.

For purposes of this section and in regard to revenues, a material variance is any difference between realized and estimated revenues that is equal to or greater than ten percent (**10%**) of the estimated revenues, as amended. For purposes of this subsection, the comparison shall be by major object classification.

For purposes of this section and in regard to expenses, a material variance is any difference between actual and budgeted expenses that is equal to or greater than ten percent (**10%**) of the budgeted

expenses, as amended. For purposes of this subsection, the comparison shall be at the level of detail as disclosed in the Adopted Budget.

For purposes of this section, the Delegate or designee shall prepare a Proposed Amendment for an affected line item as presented to and adopted by the Board in the Adopted Budget, as amended. The Delegate shall submit Proposed Amendments to the Finance Committee for review and approval. After reviewing, deliberating, and as appropriate and necessary, revising the Proposed Amendment, the Finance Committee shall approve the Proposed Amendment (“Approved Amendment”).

At the Board’s discretion, the Board may, at any time, review any Approved Amendment subject to this policy and approve or disapprove the Finance Committee’s initial action on the Board’s behalf.

The Delegate shall obtain an Approved Amendment required under this section prior to the obligation and expenditure of funds.

Prior to the conclusion of the fiscal year, the Delegate or designee shall prepare a final Proposed Amendment to the Adopted Budget, as amended, to account for all unfavorable, material variances between actual and budgeted expenses. For purposes of this subsection, and for the specific line item authorized by the Board, “unfavorable” means that actual expenses exceed budgeted expenses, as adopted and amended by the Board, and “material” means that the variance exceeds ten percent (10%) of the budgeted expenses, as adopted and amended by the Board.

#### AUTHORITY TO OBLIGATE AND EXPEND.

The Adopted Budget, as amended, constitutes the Board’s authorization to the School to obligate and expend funds. The School shall not obligate or expend any funds without the Board’s authorization as set forth in the Adopted Budget, as amended.

Because the Board’s appropriation of funds is contingent on continued funding from the state and federal governments, the Delegate or designee shall include the following provisions in any agreement or contract, including a purchase order, that results in a business arrangement or transaction that extends beyond the current fiscal year.

- a) A clause that enables the Board to terminate the agreement or contract at the end of the fiscal year due to the non-appropriation of funds.
- b) A clause that allows the Board to make a best effort attempt to obtain and appropriate funds for the payment of the contract.

#### NOTICE TO THE PUBLIC.

Recognizing that transparency in the administration of public funds is of paramount importance to the administration of the School, the Board or designee shall publish a notice to the public of the meeting(s) at which it will deliberate and adopt the Proposed Budget and Proposed Amendments. The notice shall conform to the form and content requirements for other notices to the public of the meetings of the Board.

#### DEADLINE FOR ADOPTION.

The Superintendent shall submit the proposed budget to the Board and the Finance Committee at least ten **(10) business days** prior to the start of the fiscal year or school year, whichever date is earliest.

#### FORM AND CONTENT OF BUDGET AND AMENDMENTS.

The Proposed Budget and all Proposed Amendments to the Adopted Budget presented by the



Delegate to the Board shall conform to the requirements set forth in this section. At its discretion, the Board may disapprove any Proposed Budget or Proposed Amendment not conforming to the requirements set forth herein.

The Delegate or designee shall prepare the Proposed Budget and Proposed Amendments utilizing the account code structure required by the Texas Education Agency (“TEA”) and providing sufficient itemization to provide the Board and the Finance Committee meaningful financial information to make an informed decision.<sup>9</sup> In the Proposed Budget, except for net assets (or fund balance), the Delegate or designee shall exclude any amounts set aside for future use without a specific purpose in mind and not include any amounts that do not constitute anticipated expenses.

The Delegate or designee shall prepare a Proposed Budget and Proposed Amendments that include an adequate and sufficiently descriptive disclosure of the proposed expenses for:

- a) salaries, wages and fringe benefits, including allowances, awards, gifts, incentives of any kind, and any form of monetary or in-kind benefit, both taxable and tax-exempt and irrespective of value;
- b) professional services, as defined in state law;
- c) public works and construction services contracts;
- d) supplies, materials, travel, non-employee incentives, and other operating costs;
- e) debt service;
- f) the acquisition of capital assets, other than for public works; and
- g) any other type of activity, cost, expense function, program, or service required by the Board or Finance Committee.

#### ACCURACY OF REVENUE ESTIMATE.

Recognizing the critical significance of an accurate revenue estimate upon which to make an informed decision as to the amounts to be appropriated for expenses in the Adopted Budget, the Delegate or designee shall prepare a revenue estimate that is found to be within ten percent (10%) of the School’s realized revenues.

#### PROPOSED EXPENSES TO COMPLY WITH ALLOWABLE USES OF FUNDS.

The Delegate or designee shall prepare a Proposed Budget and Proposed Amendments that include proposed expenses that comply with applicable Board policy and state and federal law and are not prohibited as to purpose, for an activity, function, program, or service or for the purchase of a particular item or service.

#### FISCAL COMPLIANCE.

The Delegate or designee shall prepare a Proposed Budget and Proposed Amendment(s) that comply with:

- a) The Financial Integrity Rating System of Texas (“FIRST”) to yield a favorable financial accountability rating.
- b) The maintenance of effort requirements for Federal awards received under the Elementary and Secondary Education Act and the Individuals with Disabilities Education Act.
- c) State law mandating the minimum percentage that must be expended for the following student-based allotments:
  - (1) Special education allotment,
  - (2) Allotment for student with dyslexia or other related disorder,

- (3) Compensatory education allotment,
  - (4) Bilingual education allotment,
  - (5) Career and technology education allotment,
  - (6) Early education allotment,
  - (7) Gifted and talented education allotment, and
  - (8) College, career, or military readiness outcomes bonus.
- d) Other applicable Federal or state legal requirements.

PUBLICATION OF ADOPTED BUDGET.

After the Board adopts the Proposed Budget, the Delegate or designee shall post the Adopted Budget on the School's website.

REPORT TO THE FINANCE COMMITTEE.

Within ten (10) business days after each calendar month, the Delegate shall provide to the Board's Finance Committee a comparison of actual expenses to budgeted expenses, as amended, and provide a statement accounting for any variances exceeding **ten percent (10%)**. In the statement, the Delegate shall disclose any corrective measures undertaken to address any and all variances exceeding ten percent (10%), including the preparation of a Proposed Amendment. The Finance Committee Chair shall report to the Board any findings under this section.

**100.004. Allowable and Prohibited Uses of Funds**

APPLICABILITY OF POLICY.

Unless otherwise noted herein, this policy applies to the use of local, state and Federal funds regardless of the originating source of the funds.

FIDUCIARY DUTY.

As fiduciaries, the Board and officers, as defined in the Controlling Policy, have been entrusted with funds for the benefit of the school's students. Accordingly, School funds, property and other resources shall be used for the benefit of the School's students to provide elementary and secondary instruction and to implement the approved open-enrollment charter as amended.

FIDUCIARY DUTY.

The Board and officers, as defined in the Controlling Policy, may not pledge or use public funds to secure loans or bonds for any other organization, including a non-charter operation or out-of-state operation conducted by the charter holder or a related party or use public funds to support an operation or activity not related to the educational activities of the School.

FUNDS TO SUPPORT INSTRUCTIONAL PLAN.

The Board and officers, as defined in the Controlling Policy, shall ensure that funds are used to support the implementation of the School's instructional plan.

AUTHORITY TO OBLIGATE AND EXPEND.

As established in the Board's Policy governing the Authorization for the Obligation and Expenditure of Funds, officers and employees shall not obligate or expend any funds without the Board's authorization, as set forth in the Adopted Budget, as amended.

GENERAL REQUIREMENT.

Recognizing that it is impractical to list every conceivable allowable use of funds and that a general framework is beneficial in guiding decisions regarding the use of funds, the School shall adhere to the general requirements set forth in this section prior to and when it obligates and expends funds.

The Delegate and the School's officers shall ensure that a proposed use of funds:

- a) Is reasonable in its nature and amount;
- b) Does not exceed that which a prudent person would incur under the circumstances prevailing at the time the decision was made to incur the cost(s);
- c) Is ordinary and necessary to achieve the goals and implement the strategies and activities of the open-enrollment charter and instructional plan;
- d) Conforms to School's documented and established practices;
- e) Is generally or specifically allowed by applicable state or federal law, rule or other legal authority;
- f) Is not prohibited by applicable state or federal law, rule or other legal requirement; and
- g) Complies with Board policy and the administrative procedures adopted by the Delegate.

GENERALLY AUTHORIZED EXPENSES.

In general, consistent with this policy and the Board's Policy relating to the Authorization for the Obligation and Expenditure of Funds, the School is authorized to obligate and expend funds for the following purposes.

- a) To compensate the Superintendent, teachers, janitors and other employees for employment services rendered.
- b) To pay the interest for short-term loans acquired to compensate employees.
- c) To purchase equipment, furniture, materials, software, supplies and vehicles.
- d) To pay for insurance premiums.
- e) To purchase real property for use as a school site pursuant to Board authorization.
- f) To purchase, build, repair and rent school buildings pursuant to Board authorization.
- g) As authorized by the Board, to acquire school buildings and real property by leasing through annual payments with an ultimate option to purchase.
- h) For other purposes necessary in the conduct of the School as determined by the Board including for the following purposes.
  - (1) To develop and monitor a system of controls to ensure compliance with state and federal laws and rules.
  - (2) To administer state and federal grants.
  - (3) To conduct Board meetings and provide Board members with training.
  - (4) To procure legal, audit and other professional services necessary for the proper administration and oversight of School.
  - (5) To record, compile, maintain and report data on student attendance, student enrollment, staff, finances, grants and other functions, programs, services and activities as required by the state and federal governments.
  - (6) To develop, maintain and update a charter instructional plan including conducting a comprehensive needs assessment.
  - (7) To conduct periodic assessments of students to identify potential learning deficiencies and to measure the students' progress towards desired academic goals.
  - (8) For the upkeep and repair of facilities and instructional and instructionally related materials and equipment in the classroom and library, of food service equipment, and of vehicles.
  - (9) To provide breakfast and lunch meals and snacks to students pursuant to the guidelines and requirements of the Texas Department of Agriculture.
  - (10) To conduct field trips as authorized by the Board.
  - (11) For athletic and band equipment, instruments and uniforms.
  - (12) To conduct graduation and award ceremonies recognizing the achievements of students and staff.
  - (13) To conduct pre/post-employment physicals or drug testing and background checks.

- (14) For the research, development and maintenance of curriculum and innovative, new or modified instruction.
- (15) For in-service training or staff development for instructional and instructionally related staff conducted by a regional education service center, an outside consultant(s) or School employee(s).
- (16) To travel to conduct official School business.
- (17) For utilities and the maintenance of telecommunication and computer networks and systems.
- (18) To provide a safe and drug free school environment.
- (19) For memberships in civic and professional organizations that further the School's mission.
- (20) For any other specifically identified purpose, function, activity, program or service authorized by the Board through the adoption of the School's annual operating budget and charter instructional plan including any amendments thereto.
- (21) For other purposes determined by the Board to be in the best interest of School's students.

For any proposed obligation or expenditure of public funds in this policy that may appear to be a violation of the Texas Constitution,10 the Board and Delegate may seek legal counsel to ascertain if a board resolution is necessary to meet the following requirements:

- a) Identify the public purpose, amount, fund source, return benefit to the School and control(s) for the proposed expense: and
- b) Certify that:
  - (1) The statutes and regulations applicable to the fund source to be used allow and do not otherwise prohibit the proposed expense;
  - (2) The predominant purpose of the proposed expense is to accomplish a public purpose and not to benefit private parties;
  - (3) The proposed expense shall provide a clear, public benefit in return; and
  - (4) Sufficient control shall be retained over the expense to ensure that the public purpose is accomplished, and a return benefit is received.

#### GENERALLY PROHIBITED EXPENSES.

In general, the School is prohibited from obligating and expending funds for the following purposes.

- a) Alcoholic beverages.
- b) Any good or service for personal benefit or use.
- c) Entertainment, including amusement, diversion, and social activities.
- d) Field trips that are not part of a teacher's lesson plan or that do not meet the instructional objectives of the charter instructional plan.
- e) Fines and penalties levied against individuals.
- f) Gifts, including donations.

#### AUTHORIZED USES OF FUNDS FOR SPECIAL PROGRAMS.

In addition to the general requirement and generally authorized expenses enumerated above, the Superintendent may use and may allow the use of the following types of state funds pertaining to the educational programs established under Tex Ed. Code Chapter 29 and other state law for the authorized purposes.

#### AUTHORIZED USES OF FUNDS FOR FEDERAL PROGRAMS.

The Superintendent may use and may allow the use of Federal funds for those purposes authorized by Federal law, and rule and the approved grant application, as amended.

DOCUMENTATION REQUIRED.

The Superintendent shall prepare or cause to have prepared records for all uses of funds. All recorded uses of funds shall adequately demonstrate compliance with this policy and applicable legal requirements.

MONITORING AND OVERSIGHT OF BUDGETARY AUTHORIZATION.

The Delegate or designee shall regularly monitor and oversee the use of funds through the review and approval of purchase requisitions, purchase orders, payment authorizations, travel authorization requests, travel reimbursement forms, receiving reports, itemized vendor invoices and receipts, and any and all other such original record deemed appropriate and necessary to ascertain if a proposed or actual use of funds constitutes an allowable cost. The Delegate or designee shall document monitoring and oversight activities.

USE OF RESTRICTED PHILANTHROPIC FUNDS.

If a donor restricts a contribution or School implies or states a specific purpose for its fundraising effort(s), the Delegate or designee may only use or allow the use of the contribution(s) received for the restricted purpose. See Board Policy relating to Fundraising and Gift Acceptance.

**200.000 Accounting**

**200.001 Fiscal Compliance Monitoring.**

GENERAL PRINCIPLES.

The Superintendent of New Frontiers Public Schools is charged with developing and implementing the monitoring systems described in this Policy.

STATE REQUIREMENTS.

The Superintendent or designee shall develop and implement a system to monitor the compliance of each New Frontiers Public Schools campus with the following state requirements:

Financial Solvency:

The Superintendent or designee shall monitor the financial solvency of each individual New Frontiers Public Schools campus through the use of historical, budgeted and projected financial and other relevant data. In developing the monitoring system for financial solvency, the Superintendent shall consider the impact of the charter instructional plan for the current fiscal year and the long-term strategic plan for the subsequent three fiscal years. Additionally, the Superintendent shall consider conservative estimates of student enrollment, student attendance and revenue projections based upon historical data for the last five academic and fiscal years and data for the current and subsequent academic and fiscal year.

Financial Accountability Rating System of Texas (FIRST):

The Superintendent or designee shall monitor the finances and operation of each individual New Frontiers Public Schools campus to attain a favorable FIRST rating. In developing the monitoring system for financial solvency, the Superintendent shall consider the adequacy of the system of internal controls to ensure that it enables each individual New Frontiers Public Schools campus to achieve compliance with applicable legal requirements. To the degree appropriate and necessary, the Superintendent may consult with New Frontiers Public School’s independent auditor or other qualified professional to identify potential issues that may result in an unfavorable FIRST rating.

Indirect Cost Limitation:

The Superintendent or designee shall monitor the budgeted and actual expenditures for the special allotments allocated to each individual New Frontiers Public Schools campus to ensure that the

minimum required amount of state funds for each special program is expended. In developing the monitoring system for limiting the amount of indirect costs charged to each special program, the Superintendent shall consider the charter instructional plan and the total amount of common costs incurred to support New Frontiers Public School's instructional and instructionally related program and the special programs required by the state.

#### FEDERAL REQUIREMENTS.

The Superintendent or designee shall develop and implement or cause to have developed and implemented a system to monitor each individual New Frontiers Public Schools campus's compliance with the following Federal requirements.

##### Maintenance of Effort (MOE):

The Superintendent or designee shall monitor the finances and operation of each New Frontiers Public Schools campus to ensure that the minimal fiscal effort required by the Federal government for general and special education is attained. In developing the monitoring system for MOE the Superintendent shall consider the impact of the charter instructional plan for the current fiscal year.

##### General Education:

In assessing New Frontiers Public School's compliance with the Federal MOE requirement for programs funded pursuant to the No Child Left Behind Act/Elementary and Secondary Education Act/Every Student Succeeds Act, the Superintendent or designee may consider the impact of exceptional or uncontrollable circumstances or a precipitous decline in financial resources.

##### Special Education:

In assessing New Frontiers Public School's compliance with the Federal MOE requirement for programs funded pursuant to the Individuals with Disabilities Education Act, the Superintendent or designee may consider the impact of changes in staff and student enrollment, the termination of an exceptionally costly program provided to a particular child, the termination of costly expenditures for long-term purchases, and New Frontiers Public School's participation in the high cost grant program.

##### Supplement; Not Supplant:

The Superintendent or designee shall monitor the finances and operation of each individual New Frontiers Public Schools campus to ensure that Federal funds are expended to supplement and not supplant non-Federal sources of funding. In developing the monitoring system for the proper use of Federal funds the Superintendent shall consider the charter instructional plan, the approved budget and subsequent amendments, the identified needs of the students enrolled in New Frontiers Public Schools, and the actual method of funding for a particular cost for the prior and current academic years.

##### Excess Cost:

The Superintendent or designee shall monitor the finances and operation of each individual New Frontiers Public Schools campus to ensure that Federal funds are used only to pay the excess costs for students enrolled in the special education program.

#### PROJECTION OF POTENTIAL NONCOMPLIANCE.

The Superintendent or designee shall develop or cause to have developed monitoring systems that are based upon the regulatory models implemented by the Texas Education Agency.

#### REQUIREMENT TO BE EXCEEDED.

To the degree feasible, the Superintendent or designee should develop monitoring systems that include additional data and indicators beyond those used by the Texas Education Agency in its regulatory models.

DATA TO BE USED.

To the degree feasible, the Superintendent or designee should develop or cause to have developed monitoring systems that include historical, budgeted, actual and projected data to be periodically updated to include actual, year-to-date data and revised projections.

MONITORING TIMELINE.

To the degree feasible, the Superintendent or designee should develop or cause to have developed monitoring systems that produce results at the beginning, middle and end of the fiscal year.

CORRECTIVE ACTION PLAN.

Upon identifying a potential instance of noncompliance, the Superintendent or designee shall prepare a plan that addresses the condition(s) that resulted or may result in the School's failure to comply with the fiscal requirements addressed by this policy.

REPORT TO THE BOARD.

At the beginning, middle and end of the fiscal year, the Superintendent shall report to the Board the status of each individual New Frontiers Public Schools campus's compliance with the critical state and Federal fiscal requirements addressed by this policy. In the event that an instance or potential instance of noncompliance is identified, the Superintendent shall inform the Board of New Frontiers Public School's corrective action plan undertaken or to be undertaken.

**200.002 Financial Management System.**

CHART OF ACCOUNTS.

In accordance with Module 11 of the Financial Accountability System Resource Guide ("FASRG"), New Frontiers Public Schools shall maintain financial accounting records that utilize the minimum account code structure mandated by the State Board of Education and the Texas Education Agency ("TEA").

Required Account Codes:

New Frontiers Public Schools shall utilize the account codes mandated in FASRG Module 11 to account for public funds and public property. As appropriate and necessary, the Superintendent may authorize the use of the local option codes and locally defined classifications provided in FASRG Module 11

Local Account Codes:

Within the mandated account code structure, the Superintendent may authorize the development and use of locally defined account codes that facilitate the administration and oversight of non-New Frontiers Public Schools functions and activities and the use of local funds and property.

OBLIGATIONS.

The Superintendent or designee shall authorize or cause to be authorized any obligation of public funds. Additionally, the Superintendent or designee shall prepare a financial accounting record(s) that accounts for any obligation of local or public funds through the execution of a contract or the issuance of a purchase order. In authorizing the obligation of local or public funds, the Superintendent or designee shall determine if the obligation was authorized by the Board in the approved budget, as amended, and through applicable Board policy or resolution.

DISBURSEMENTS FOR GOODS AND SERVICES.

The Superintendent or designee shall authorize any disbursement of public funds through check, electronic funds transfer, charge or credit account, promissory note, or other means or method of disbursing funds to a third party. Prior to authorizing the disbursement of funds, the Superintendent shall prepare or cause to be prepared a sufficiently detailed, original internal accounting record

identifying the BUSINESS-RELATED purpose of the disbursement. Additionally, the Superintendent or designee shall obtain a sufficiently detailed, original third-party record identifying the goods received or services rendered.

DISBURSEMENTS FOR EMPLOYMENT SERVICES.

As authorized by the Board through policy or resolution, the Superintendent or designee shall approve the employment of qualified individuals for Board approved positions. Moreover, the Superintendent or designee shall prepare sufficiently detailed payroll, personnel and time or activity accounting records to support the use of local and public funds for employment services.

COMPETITIVE PROCUREMENT.

Pursuant to applicable Federal and state law and rules, the Superintendent or designee shall ensure that goods and services are procured competitively to ensure that limited financial resources are maximized without unreasonably sacrificing the quality of the goods and services received.

CONTRACT ADMINISTRATION.

The Superintendent or designee shall maintain a contract administration process to ensure that contractors deliver goods or provide services in accordance with the terms, conditions, and other legal requirements of the applicable contract or purchase order.

**200.003 ACCOUNTS PAYABLE.**

This policy pertains to the payment of invoiced amounts or accounts payable, pertaining to the purchase of goods and services, through the use of local, state, or federal funds.

GOOD STANDING.

To ensure that the School remains in good standing with its vendors and that its credit or financial ratings are not adversely affected, the Delegate or designee shall issue payments to vendors for invoiced amounts pursuant to this policy and to the agreed-upon terms and conditions noted on the purchase order, executed contract, or invoice.

AUTHORIZED PAYMENTS FOR AMOUNTS DUE.

The Delegate or designee shall only disburse School funds to a vendor if the following conditions have been met.

- a. The invoice:
  - 1) Fully identifies the vendor, including the vendor's authorized representative, and said identifying information conforms to that on the purchase order issued by the school to the vendor and/or the executed contract;
  - 2) Includes an invoice number and date;
  - 3) Is addressed to the school, including the proper mailing address for accounts payable and the address to which goods and/or services were delivered;
  - 4) References the purchase order number issued and/or contract number; and
  - 5) Delineates in sufficient detail the goods and/or services provided to the School, including the quantity and the date that the goods were delivered or the services were rendered;
- b. As applicable, the vendor has filed:
  - 1) Form W-9,
  - 2) Affidavit of Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying,



- 3) Felony Conviction Disclosure Statement,
  - 4) Criminal History Record Review Certification,
  - 5) Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions,
  - 6) Conflict of Interest Questionnaire (Form CIQ) and any related Conflict of Interest Statements (Form CIS) from officers, directors, employees or agents of the School,
  - 7) Child Support Certification (Form 1903), and
  - 8) Other affidavits, certifications and forms as required by applicable law;
- c. School personnel have confirmed, in writing, that the goods and/or services delineated on the vendor’s invoice have in fact been received and there is no cause for dispute;
  - d. School personnel have confirmed, in writing, that the terms and conditions of a properly issued purchase order and/or the executed contract have been satisfied, including, but not limited to:
    - (1) The conformance of the goods and/or services to the agreed-upon specifications;
    - (2) The quantity of goods and/or services ordered; and
    - (3) The agreed-upon price per unit;
  - e. The vendor did not levy a sales or other tax from which the School is exempt and did not charge a finance fee or other amount to which the School did not previously agree; and
  - f. The vendor has satisfactorily addressed any concerns or issues identified by School personnel regarding the goods and/or services received and/or the invoiced amount(s).

If the requirements in this section of this policy are met, the Delegate or designee may issue payment to the vendor pursuant to the terms set forth in the invoice or as previously agreed-upon in the purchase order or executed contract.

DEFECTIVE INVOICE.

The Delegate or designee shall return any invoice that fails to conform to the requirements of this policy. In doing so, the Delegate or designee shall issue written notice to the vendor along with the defective invoice describing the defect(s) and requesting the issuance of a new invoice and requiring that a revised due date for the invoiced amount(s) be provided.

INVOICE REVIEW AND APPROVAL.

The Delegate or designee may only issue payment to a vendor for an invoice meeting the requirements of this policy after it has been reviewed and approved by the Delegate or designee. If the requirements of this section have been satisfactorily addressed, the Delegate or designee may issue payment to the vendor in the most administratively expeditious manner if the invoice amount is less than **\$1,000**.

The Delegate or designee shall have any invoices for construction services relating to a public works contract reviewed by the school’s third-party architect, engineer, construction management consultant or other qualified advisor. The advisor shall provide a recommendation to the Delegate.

PREPAID ITEMS.

The Delegate or designee may prepay an amount to a vendor but must account for such prepaid items in accordance with generally accepted accounting principles, state and federal fiscal requirements, and Board policy. Generally, the Delegate or designee may only prepay an amount from funds appropriated by the Board for the current fiscal year.

COMMUNICATION WITH VENDORS.

School personnel shall document all communications with vendors regarding their invoice(s) for any goods and/or services, including concerns relating to price, quality, quantity, type, and other agreed-upon terms or conditions.

DISBURSEMENT FROM PROPER FUND SOURCE.

The Delegate or designee shall disburse funds from a fund source to the vendor for an invoiced amount(s) if the goods and/or services received were:

- a) For an activity authorized by applicable law and rule;
- b) For an allowable use of funds, as established under applicable law and rule; and
- c) In compliance with other applicable law, rule and policy.

DISBURSEMENT TO VENDORS.

The Delegate or designee shall only issue payment to a vendor's mailing address or directly into the vendor's bank account.

RECORDS.

The Delegate or designee shall create, obtain, and maintain adequate and sufficient records to support the disbursement of School funds to a vendor for invoice amounts, as required by applicable law, rule and policy.

**200.004 GRANT ACCOUNTING.**

GRANT ACCOUNTING RECORDS.

For each grant, the Delegate or designee shall maintain the following records:

- (a) Notice of Grant Award (NOGA), Grant Award Notice (GAN), or private grant award letter.
- (b) The approved grant application, including guidelines in effect during the grant period, the budgeted, and amendments.
- (c) Communications with grantor, including call logs, emails, and negotiation notes.
- (d) Grant expenditure, evaluation, and programmatic reports.
- (e) All accounting, administrative, business, charge or credit, contract, finance, disbursement, payroll, personnel, procurement, time accounting, and other records that support the use of grant funds.

RESPONSIBILITY FOR GRANT ADMINISTRATION.

Financial Management.

The Delegate or designee shall bear responsibility for the following financial management activities:

- (a) Maintaining fiduciary and financial responsibility over each grant.
- (b) Maintaining accurate and complete contemporaneous financial accounting records for each grant, including the use of grant funds and property and the maintenance of employee time accounting records.
- (c) Reviewing and approving the budget for each grant, including budget amendments.
- (d) Ensuring compliance with applicable law, rule, and grant requirement governing grant financial management, including the appropriate expenditure of grant funds.
- (e) Ensuring the lawful procurement of goods and services with grant funds.
- (f) Timely preparing and submitting accurate and complete expense reports for the reimbursement or advanced payment of grant expenses from the grantor.
- (g) Perform other duties and responsibilities necessary to ensure fiscal compliance with applicable law, rule and grant requirement.

Program management.

Each grant shall have a manger assigned who shall be responsible for:

- (a) Initiating, planning, and preparing grant applications, including conducting a needs assessment, developing goals, strategies, and performance measures, and preparing the grant budget.
- (b) Monitoring grant program implementation to ensure that grant terms and conditions are met and that grant goals are attained.
- (c) Ensuring compliance with applicable law, rule, and grant requirement governing grant program activities.
- (d) Identify, prepare and propose amendments to the approved grant program to address changed circumstances.
- (e) Monitoring, assessing, and ensuring that individuals and entities awarded a contract supported with grant funds comply with the contract terms and conditions.
- (f) Initiating, planning, and conducting evaluations, surveys and studies to recommend adjustments to the grant program and to submit required evaluations and reports to the grantor.
- (g) Preparing and submitting grant reports.
- (h) Perform other duties and responsibilities necessary to yield a successful outcome for the grant program.

#### Audits.

The Program Manager shall be responsible for:

- (a) Liaising with external auditors to coordinate the conduct of the annual audit and other audits.
- (b) Reporting to the Board, the Audit Committee and the Finance Committee the results of the annual and other audits.

#### Requirements Specific to Federal Funds.

School officers and employees shall ensure that:

- (a) The expenditure of funds is reasonable and necessary for the performance of the grant program.
- (b) Costs are allocable to the grant program, in accordance with applicable legal requirements.
- (c) Federal funds are used to support legally authorized activities.
- (d) Federal funds are used in a manner consistent with School policies and procedures that apply uniformly to both federally financed and other activities of School.
- (e) Costs are incurred during the approved budget period.
- (f) The use of funds is adequately documented.
- (g) Costs and expenses incurred conform with the Federal Cost Principles

In determining if a cost is reasonable, School officers and employees shall consider the following factors.

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the School or the proper and efficient performance of the grant program. Importantly, School officers and staff shall adhere to the accepted practices of Texas public schools relating to the use of grant funds.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local and other laws and regulations; and terms and conditions of the grant.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the School, its employees, where applicable its students, the public at large, and the Federal Government.
- (e) Whether the School significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the cost to the grant program.

To support payroll costs charged to a grant, the Delegate or designee shall prepare or cause to be

prepared records that accurately reflect the work performed by employees and that conform to the following requirements:

- (a) Are supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- (b) Are incorporated into the School's official records.
- (c) Reasonably reflect the total activity for which an employee is compensated by the School, not exceeding 100% of compensated activities.
- (d) Encompass both federally-assisted and all other activities compensated by the School on an integrated basis.
- (e) Comply with the School's established accounting policies and practices.
- (f) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on:
  - (1) More than one Federal award;
  - (2) A Federal award and non-Federal award;
  - (3) An indirect cost activity and a direct cost activity;
  - (4) Two or more indirect activities which are allocated using different allocation bases; or
  - (5) An unallowable activity and a direct or indirect cost activity.

#### General Costs.

Federal funds may not be used for general costs of the school normally incurred to provide instruction to students at one or more elementary or secondary grade levels as provided by the charter, unless provided for as a direct cost under a Federal program statute or regulation.

#### Supplement Not Supplant.

In accordance with applicable Federal law for the pertinent Federal grant program, the Delegate or designee shall ensure that the School uses federal grant funds to supplement and, not supplant, federal, state, and local funds, as applicable to the federal grant program.

#### Cash Management.

The Delegate or designee shall implement a system of internal controls that provides for the periodic and timely draw down of grant funds to reasonably coincide with the disbursement of School funds to pay for grant expenses. Importantly, with respect to Federal grants, the Delegate or designee must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the School. The Delegate or designee shall maintain a record of all draw down requests and the corresponding costs charged to the grant program.

### **200.005 TRAVEL.**

For purposes of this policy, the following terms have the meanings provided in this section

- Commercial lodging establishment means a motel, hotel, inn, apartment, house or similar establishment that provides lodging to the public for pay.
- Duty point means the destination, other than a place of employment, to which a School employee travels to conduct official School business.
- Incidental expense means an expense incurred while traveling on official state business except for a meal, lodging or transportation expense, a personal expense, an expense that an individual would incur regardless of whether the individual were traveling on official state business, a tip or a gratuity. Incidental expense also excludes expenses for laundry, cleaning and pressing of clothing, lodging taxes, costs of telegrams or telephone calls, transportation between places of lodging or business and places where meals are taken, or the mailing cost of filing travel vouchers and paying employer-sponsored charge card billings.
- Place of employment means the office or other physical location at which a School employee most frequently conducts official School business. Additionally, the employee's place of

employment includes the entire city or general area in which the employee's office or other physical location is located. If a School employee has more than one place of work, the following factors are determinative of which one is the employee's main place of work:

- (a) The total time the employee ordinarily spends at each place;
  - (b) The level of the employee's business activity in each place; and
  - (c) Whether the employee's income from each place is significant or insignificant.
- Sponsor means a School employee who is primarily responsible for student travel and includes teachers and coaches.

#### GENERAL.

- The School shall reimburse employees for reasonable and necessary travel expenses that do not exceed the maximum amounts allowed under this policy. Moreover, the School shall only reimburse employees for travel expenses incurred only if the purpose of the travel clearly involves official School business as authorized under applicable legal authority.
- The School shall minimize the amount of travel expenses reimbursed by ensuring that each travel arrangement is the most cost-effective considering all relevant circumstances.
- School employees shall plan their travel in advance to minimize the total cost of travel. Generally, employees should make their travel arrangements once the business purpose for their travel has been confirmed and is not subject to change and in a manner that provides with flexibility and avoids costs that may arise as a result of a sudden and unanticipated circumstance or event.
- A section of this policy notwithstanding, the School shall reimburse employees for costs incurred for which flexibility could not be arranged and resulting from a sudden and unanticipated circumstance or event.
- School employees should select the most cost effective, and not the most convenient, method of transportation available.
- School employees shall not conduct personal travel to coincide with business travel and vice versa.
- School employees are responsible for adequately and clearly documenting the business purpose of their travel to support the expenses incurred.
- School employees must submit their travel reimbursement requests within ten (10) business days after the date they return from conducting official School business.
- The School shall not reimburse an employee for any expenses incurred that do not pertain to official school business, do not conform to Board policy, or violate applicable law.
- The School shall not reimburse an employee for travel expenses that are not accurately and completely itemized and documented as required by this policy and applicable legal requirements.
- The School shall not reimburse an employee for the travel expenses of spouses and other persons who have no responsibilities or duties to perform for the School.
- The School shall not reimburse any person who is not an employee and who incurs travel expenses except as agreed-upon in a written, fully executed agreement between the person and the School.

#### STUDENT TRAVEL.

- Purpose of Off-Campus. Campus principals and sponsors shall plan any off-campus activity to align with classroom instruction or a goal and strategy adopted in the campus instructional plan.
- Instructional Trips. Sponsors shall obtain the Board's approval for any activity conducted off campus during an instructional day. Campus principals and sponsors shall describe the purpose of instructional trips and how said trips enhance student learning in the pertinent instructional plan. For purposes of this policy, instructional trips conforming with this section and taken during the scheduled class day or course period shall be deemed cocurricular activities.
- Extracurricular Trips. Sponsors shall obtain the Board's approval for any activity conducted off campus outside of the instructional day. Upon approval, students and sponsors may travel to actively participate in an extracurricular activity, including club activities, contests, demonstrations, and public performances.

- Duration of Trips. Generally, campus principals and sponsors shall commence and conclude travel for any activity conducted off campus on the same day. The Delegate shall approve any trips requiring an overnight stay.
- Out-of-State and Out-of-Country Trips. School employees shall obtain the Board's approval for any out-of-state and out-of-country travel before making any arrangements.
- Written Consent Required. Students shall not be allowed to participate in any activities that require travel of any kind without the written consent of the student's parent or legal guardian.
- Consent Form. The School shall use a consent form that includes all of the following information:
  - a) Student's name.
  - b) Student's campus, classroom, and teacher's name.
  - c) Name of student's parent or legal guardian authorizing the student's participation and emergency contact information.
  - d) Description of activity, including destination, itinerary, and mode of transportation.
  - e) Costs and expenses (if any).
  - f) Authorization for medical emergency.
  - g) Hold harmless, indemnification, or release clause
- Lodging. Campus principals and sponsors shall arrange for sponsors, students and chaperones to stay overnight at a hotel closest to the off-campus activity. If a student(s) is eliminated from continued participation in the off-campus activity, the sponsor shall ensure that the student(s) returns home and cancel any lodging arrangements.
- Required Documentation. Sponsors shall submit an internal accounting record disclosing the travel expenses paid and the original, third-party itemized receipts for any travel expenses paid.
- Meal Receipts. The Delegate may require original, third-party itemized receipts for any meal expenses.

#### TRAVEL BY GROUND TRANSPORTATION.

The School shall reimburse employees only for the following modes of ground transportation:

- Personal Vehicle.
  - School employees may use their personal vehicles to travel on official business.
  - The School may reimburse an employee for the use of their personal vehicle in an amount not to exceed the maximum mileage reimbursement rate approved by the Texas Comptroller of Public Accounts applied to the total number of miles traveled for official business.
  - The total number of miles traveled for official business shall be based upon the most cost-effective, reasonably safe route between an employee's origin of travel and the final duty point.
  - The School shall reimburse an employee for the use of their personal vehicle to travel from their residence or place of employment to the airport if they commence their travel outside of their scheduled work hours. The School shall reimburse the employee for the cost of one (1) trip to and from the airport.
  - Travel between an employee's private residence and place of employment (commuting) is not a reimbursable travel expense.
  - In accordance with applicable state law, School employees shall maintain adequate automotive insurance for any personal vehicles used for business travel.
- Rental Vehicles.
  - School employees may rent vehicles to conduct official School business provided that the travel expense does not exceed the cost for any other mode of transportation.
  - School employees traveling together may rent a standard-sized or full-size car. School employees traveling by themselves may only rent an economy or intermediate-sized car. School employees shall not rent sport utility, premium, elite, luxury or other similarly classed vehicles.

- School employees shall present Form 14-305, “Motor Vehicle Rental Tax Exemption Certificate”, in order to avoid being charged the Texas motor vehicle gross rental receipts tax.
- School employees must report any vandalism, thefts or accidents of a rental car to the rental car agency and local law enforcement and must obtain copy of the police report filed.
- Other. The School may reimburse an employee for the actual cost of transportation by bus, limousine, network transportation driver (e.g., Uber), taxi, or other similar mode of transportation if incurred to conduct official business and if it was the most cost-effective mode of transportation available considering all relevant circumstances.

#### LODGING.

- The School shall reimburse an employee for the actual cost incurred at a commercial lodging establishment not to exceed the maximum lodging reimbursement rate authorized by the Texas Comptroller of Public Accounts except as provided under this policy.
- The School may reimburse an employee for actual lodging expenses incurred for no more than the night before official business begins and the night after official business ends.
- School employees attending conferences and training may stay at the conference hotel or conference partner hotels. However, the School shall only reimburse the employee as set forth in this policy.
- Employees are responsible for canceling hotel and other arrangements if a trip is cancelled and for presenting a Form 12-302, “Texas Hotel Occupancy Tax Exemption Certificate” to the commercial lodging establishment during the check in process.

#### MEALS.

- The School shall reimburse an employee for actual meal expenses incurred, not to exceed the maximum meal reimbursement rate for the duty point authorized by the Texas Comptroller of Public Accounts, on a day that the employee conducts official School business outside of the employee’s place of employment, as defined this policy, for at least six (6) consecutive hours.
- The School’s maximum meal reimbursement rate is not a per diem. Accordingly, an employee may only claim the maximum meal reimbursement rate if the employee’s actual meal expenses equal or exceed the maximum meal reimbursement rate.
- An employee whose duties require the employee to travel outside the employee's place of employment without an overnight stay away from the employee's place of employment may be reimbursed for the actual cost of the employee's meals not to exceed thirty-six dollars (\$36.00).

#### MAXIMUM ALLOWABLE TRAVEL RATES.

- School officers, as defined in Sec. 5 of the Controlling Policy, and employees shall adhere to and shall not exceed the maximum allowable travel rates authorized by the Texas Comptroller of Public Accounts.
- Upon receipt of a written request, the Delegate may approve a higher lodging rate if it is determined that local conditions necessitate an increase in the lodging rate for a particular location.

#### ADVANCE.

- Upon receipt of a written request, the Delegate may authorize that an employee receive the estimated travel expenses in advance.
- The employee shall submit a travel expense report itemizing the use of the advanced payment.
- The School may reimburse the employee any additional travel expenses incurred provided that the amounts paid do not exceed the maximum allowable travel rates and are supported in accordance with this policy.
- The employee shall refund to the School any advanced payment received in excess of the total travel expenses incurred, paid and documented by the employee.

- The School shall report to the IRS any amount advanced to the employee as taxable income if the employee fails to comply with this section.

#### REQUEST FOR REIMBURSEMENT OF TRAVEL EXPENSES.

- Required Filing. Upon their return to their place of employment, employees shall file a request for reimbursement of travel expenses form and the required supporting documentation, as established under this policy, except as otherwise provided below, within **ten (10)** business days.
- Required Content. Employees shall prepare a Request for Reimbursement of Travel Expenses form that includes the following information:
  - The employee's full, legal name, identification number, and place of employment.
  - The travel destination and dates of travel.
  - The actual amounts expended by the employee for lodging, meals, mileage for personal vehicle driven, parking, transportation, and other travel-related expenses.
  - The amount of the travel advance received by the employee, if any, and a reconciliation of the travel advance amount with the actual travel expenses incurred.
  - A statement certifying that the employee's request is accurate, complete and true.
  - A statement certifying that the supporting documents attached to the form are accurate, complete, true and unaltered records.
  - The employee's signature and date of signature.

#### **200.006** ACTIVITY FUNDS.

##### DEFINITIONS.

- Cocurricular Activities - are School sponsored activities that directly add value to classroom instruction and curriculum.
- Extracurricular Activities - are School sponsored activities outside the school day that are generally ones designed to motivate students and provide them with enjoyment and skill improvement in either a competitive or noncompetitive setting.
- Student Activity Funds - are comprised of monies raised and collected by students through School approved fundraising activities, club dues, donations, or other School approved activities. As the monies raised are the property of the students, the student organization must approve student activity funds for the benefit of the student organization's membership.
- Campus or School Activity Funds - are funds that belong to and are under the control of the School and campus and that are used to support campus and or School programs and activities.
- Staff Activity Funds - are comprised of monies contributed by employees to be used for the benefit of campus or district staff.

##### ACTIVITY FUND ACCOUNTING.

- The Delegate or designee shall account for the receipt and use of fundraising proceeds as a campus, School, staff, or student activity fund, as applicable.
- The Delegate or designee shall maintain control of and disburse activity funds through the School's central accounting office
- To enable campuses and student organizations to acquire goods and services with their available campus and student activity funds, the Delegate or designee shall facilitate a process whereby campuses and student organizations may acquire goods and services as and when needed.
- The School shall account for all funds collected by staff from students as student activity funds.
- The School shall not account for funds collected, disbursed, and controlled by parents, patrons, or alumni organizations because these funds are not activity funds.
- Organizations controlled by parents, patrons, or alumni are separate legal entities from the School and shall maintain separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of the charter school.



#### RESPONSIBILITY FOR ACTIVITY FUNDS.

##### Delegate.

- The Delegate or designee shall be responsible for the overall administration and accounting of all activity funds.
- The Delegate or designee shall approve any staff or student organizations that raise funds. Designees shall inform the Delegate of any staff or student organizations that they approve.

##### Designees.

Designated School and campus staff are responsible for:

- a) Proper collection, disbursement, and control of activity funds.
- b) Safekeeping of the activity funds, which includes depositing and securing the funds.
- c) Accounting, which includes, but is not limited to, creating and maintain cash receipt records and reconciling bank statements.
- d) Record keeping, which requires charter schools to keep activity fund records for the same length of time as other accounting records.
- e) Conducting annual audits of activity funds by using an internal or external auditor.
- f) Ensuring activity fund purchases comply with the School's purchasing procedures and applicable legal requirements.

##### Sponsors.

The sponsor of each student organization, including student groups and clubs, is responsible for supervising all activities of the organization. This responsibility includes the students' adoption and maintenance of a charter, developing fundraising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, and safekeeping activity fund money until it is deposited by the school and other fiduciary responsibilities.

#### BANK ACCOUNT.

The School shall establish and maintain a single bank account for all activity funds. The activity funds' bank account must be reconciled **monthly**.

#### ACTIVITY FUND RECEIPTS.

The Delegate or designee shall ensure that School retains adequate custody and control over activity funds and shall ensure that a receipt is issued to any student or parent submitting fundraising or other proceeds. The Delegate or designee shall ensure that all activity fund proceeds are deposited to the activity fund bank account and that the cash collected is not used to make purchases or payments of any kind.

#### DISBURSEMENTS FROM STUDENT ACTIVITY FUNDS.

Student activity funds may be expended pursuant to direction from the student group provided that the expenditure is legal and that the vendor and purchase has been authorized. All expenditures drawn from student activity funds must be approved by the designated student officer, sponsor, and campus principal.

#### FUNDRAISING.

- When fundraising activities are in the name of the School, all funds raised become School funds, belonging to the campus, School or staff or student organization responsible for raising the money.
- Prior to undertaking any fundraising activities, the campus principal must approve all fundraising and sales activities and said approval must occur within thirty (30) days after a request is submitted. Once the purpose has been declared, funds cannot be repurposed at a later date.
- Campus principals and sponsors shall submit an annual plan for fundraising to the Delegate or designee which lists the organizations which will engage in fundraising activities and the intended

use of the funds. At the end of the school year, campus principals and sponsors shall report the outcome of each fundraising activity and how the funds were used.

- Sponsors must keep control of the merchandise, petty cash funds, and fundraising proceeds and maintain records.
- Raffles and gambling are prohibited.
- The Delegate or designee must collect any sales taxes due on all sales which are not specifically exempted.

#### CONTRIBUTIONS.

Campuses may receive contributions from donors in the form of cash or check. The School shall issue a tax-exempt letter to a donor upon request. Refer to the Board's Policy for Gift Acceptance for additional requirements.

#### ACTIVITY FUND ROLL FORWARD.

At the end of each fiscal year, any account balance remaining in a student activity fund shall roll forward to the following fiscal year.

#### AUDITS.

- Campus principals and sponsors must be prepared to have their activity funds audited at least annually.
- The Delegate or designee shall require an audit when a change in campus principal, campus finance staff, or sponsor occurs.

### **200.007 FINANCIAL REPORTING.**

#### DEVELOPMENT OF MONTHLY FINANCIAL STATEMENTS AND BUDGET AMENDMENTS.

- Except for the first and last month of the fiscal year, the Delegate or designee shall prepare and provide unaudited financial statements to the Board within ten (10) business days after the end of each calendar month. The Board Chair may grant extensions as appropriate and necessary.
- As appropriate and necessary and consistent with Board policy governing the annual operating budget, the Delegate or designee shall prepare amendments to the budget adopted by the Board. In accordance with applicable law, no obligation of funds or expenditure may be made prior to the Board's budget approval or approval of a budget amendment.
- Within ten (10) business days after the end of each calendar month, the Delegate or designee shall prepare and provide to the Board a sufficiently detailed report disclosing, without exception, any and all:
  - a) In accordance with this policy, business arrangements and transactions with an officer and any conflicted, interested, or related party;
  - b) Instances of a corporate charge or credit account cardholder who failed to comply with applicable Board policy and administrative procedure relating to the School's corporate charge or credit accounts and who incurred prohibited expenses, including the amount(s) that the cardholder refunded to School or that the cardholder was required to pay from personal funds and any penalty and/or interest incurred by School;
  - c) Purchases of property and/or services that did not conform to the Board's policy on purchasing; and
  - d) Observed noncompliance and weaknesses in internal controls, regardless of materiality.

#### PRESENTING FINANCIAL STATEMENTS AND BUDGET AMENDMENTS TO BOARD.

During each meeting, the Board shall review approve unaudited financial statements and budget amendments. The Delegate or designee shall address any inquiries from the Board regarding budget amendments and financial disclosures during these meetings.

#### FINANCIAL REPORTING DATA SUBMISSION.

The School shall submit, in the form and manner specified by the Texas Education Agency (“TEA”) or other grantor or regulatory entity and by the date required under applicable law or rule:

- a) A financial and compliance report, management letter (if issued by the independent auditor) and any required supplementary data submission;
- b) Budgeted financial data and actual, audited financial data to the Public Education Information Management System (“PEIMS”);
- c) Expenditure reports for draw down requests from grants awarded by the TEA or other grantor; and
- d) Other forms and reports required by state or federal law or rule.

#### IRS FILINGS.

In accordance with the Internal Revenue Code and Treasury Regulations, the School shall file a Form 990 annually on or before the date due. Additionally, School shall file Form 941s quarterly on or before the dates due. The 990 and 941s shall be presented to the Board for review and approval before filing.

#### ANNUAL AUDIT; ANNUAL FINANCIAL AND COMPLIANCE REPORT.

Annual and Interim Audit.

- In accordance with the Professional Services Procurement Act, the School shall procure the services of a certified public accountant that meets the requirements established in rule by the TEA to conduct an annual, independent audit of its financial statements, the financial and programmatic operations of the School, and the accuracy of the fiscal information submitted through the PEIMS and to provide an opinion on the financial statements and issue a report on internal control over financial reporting and on compliance and a report on compliance for major federal programs and on internal control over compliance.
- The Delegate or designee shall ensure that the independent auditor conducts both an interim and end of year audit for each fiscal year.

Independent Auditor’s Qualifications.

The independent auditor shall:

- (a) Be associated with a CPA firm that has a current valid license issued by the Texas State Board of Public Accountancy;
- (b) Be a CPA with a current valid license issued by the Texas State Board of Public Accountancy; and
- (c) Adhere to the generally accepted auditing standards (GAAS), adopted by the American Institute of CPAs (AICPA), as amended, and the generally accepted government auditing standards (GAGAS), adopted by the U.S. Government Accountability Office, as amended

The CPA firm required under this policy must:

- a) Be a member of the AICPA Governmental Audit Quality Center (GAQC);
- b) Adhere to GAQC's membership requirements; and
- c) Collectively have the knowledge, skills, and experience to be competent for the audit being conducted, including thorough knowledge of GAGAS and:
  - (1) Texas public school district environment; or
  - (2) public sector; or
  - (3) nonprofit sector.

### **300.000 RECEIPTS AND DISBURSEMENTS**

#### **300.001 Cash Management**

#### BOARD OVERSIGHT OF CASH.

The Board of Directors (“Board”) shall govern and manage the cash received and disbursed from all sources of funding in a manner consistent with State and Federal law and to achieve favorable cash flows to further the interests of New Frontiers Public Schools.

#### OPERATING ACCOUNT.

The Board shall require that all local, State and Federal funds be deposited into a single account maintained by a bank as defined in Education Code Section 45.201. Additionally, and except as provided in Sec. 5.4.3, the Board shall require that all local, State and Federal funds be disbursed from the same account. The bank account created and maintained pursuant to this section shall be commonly referred to as the Operating Account.

#### PAYROLL ACCOUNT.

The Board may authorize a second bank account for the sole purpose of disbursing the wages or salary and other compensation, less authorized deductions, from local, State and Federal funds to employees of New Frontiers Public Schools. A bank account so created and maintained shall be commonly referred to as the Payroll Account.

#### ACCOUNT SIGNATORIES.

The Board, by resolution, has authorized the Superintendent and the Chief Financial Officer as the signatories to New Frontiers Public School’s bank accounts.

#### RECORD OF CASH RECEIPTS AND DISBURSEMENTS.

The Superintendent or designee shall prepare a financial management system that conforms to the requirements of the Texas Education Agency to record a unique record for each deposit made for and for each disbursement made from each source of funding.

#### CHECK REGISTER.

The Superintendent or designee shall prepare a register of individual deposits and disbursements for the Operating and Payroll Accounts, commonly referred to as the Check Register.

#### ORIGINAL, ITEMIZED RECORDS.

The Superintendent or designee shall maintain an original, itemized record of each deposit and disbursement supporting the transactions listed on the Check Register for the Operating Account and the Payroll Account.

#### RECONCILIATION OF ACCOUNTS.

The Superintendent or designee shall reconcile statements received from the bank for the Operating and Payroll Accounts to the respective Check Registers, addressing and resolving discrepancies.

#### INVESTMENT OF SURPLUS CASH.

For purposes of this Policy, surplus cash shall mean the available cash balance in the Operating Account exceeding two times the amount of the charter holder’s or the charter school’s total current liabilities, as applicable. Surplus cash shall be invested as approved by Board resolution and in compliance with Education Code Section 12.1053 and Government Code Sections 2256.009 through 2256.0016.

#### INVESTMENT OF SURPLUS CASH.

The Superintendent or designee shall prepare a projection of the cash inflows and cash outflows of New Frontiers Public Schools and New Frontiers Public Schools, which shall be commonly referred

to as the Cash Flow Projection. The Cash Flow Projection shall be presented to the Board at each regularly scheduled meeting of the Board, along with explanations of any significant variances thereto. For purposes of this Policy, a significant variance is defined as a variance of the actual cash inflow or cash outflow for a specific line item that exceeds the projected cash inflow or projected cash outflow, as amended, by five percent or more. Any amendments to the Cash Flow Projection shall also be disclosed to the Board.

#### OTHER METHOD OF DISBURSEMENT.

The Superintendent or designee is authorized to disburse funds through the Operating and/or Payroll Account, petty cash accounts, charge accounts or credit accounts. Funds shall not be disbursed through debit or gift cards.

### **300.002 Corporate Credit Cards.**

#### EMPLOYEE ELIGIBILITY.

- Employment Status - District personnel shall be employed on a full-time status to be eligible to use the corporate credit account(s). School personnel employed on a less than full-time status, independent contractors, and volunteers are not eligible to use the corporate credit account(s).
- Eligible Employees. – District Officers are eligible to use the corporate credit account(s). Additionally, the Delegate may authorize a school employee not listed in said policy to use the corporate credit account(s) if, on a monthly basis, the employee purchases goods and/or services or travels in furtherance of the school's business activities and incurs \$500 or more related expenses on a monthly basis.
- Credit Worthiness - The Delegate may not approve any School employee that is not credit worthy as determined by the credit account issuer after conducting an authorized credit history check.
- Participation Optional - School employees are not required to use the School's corporate card account(s) to purchase goods and/or services or to conduct business travel. Instead, employees may submit an expense reimbursement request.

#### REQUIREMENTS FOR APPROVAL AND USE.

- Application Required - To be granted authorization to use the School's corporate credit account(s), a School employee must submit a written application in the form specified by the Delegate.
- Credit Review Required - School employees that submit a corporate credit account application shall authorize the corporate credit account issuer to conduct a review of the employee's credit history.
- Agreement Required - Prior to using the School's corporate credit account(s), the employee shall sign a standard written agreement in the form specified by the Delegate. In the standard written agreement, the Delegate shall include terms and conditions that effectively implement this policy and best practices that safeguard the use of the corporate credit account(s).
- Form - An employee authorized to use the School's corporate credit account(s) shall do so through a corporate credit account card(s).
- Financial Responsibility - Prior to using the School's corporate credit account(s), the employee shall accept financial responsibility for any expenses charged to their assigned corporate credit account and card that fails to conform to the requirements of this policy and applicable law.

#### DELEGATES' RESPONSIBILITY.

The Delegate or designee shall:

- (d) Oversee the administration of the School's corporate credit account(s).
- (e) Process all requests to use the corporate credit account(s), including any modifications to said

- use.
- (f) Restrict the use of corporate credit account(s) to specific Merchant Category Codes to mitigate the use of the account(s) at unapproved merchant types.
  - (g) Review each cardholder's expenses, approve or disapprove each cardholder's charges, and authorize the payment of all eligible expenses charged to the corporate credit account(s).
  - (h) If an expense is disapproved, inform the cardholder in writing of the amount(s) that were disallowed and the basis for the disallowance.
  - (i) Provide monthly statements to each employee authorized to use the corporate credit account(s).
  - (j) Require each employee to affirm, in writing, that the expenses disclosed on each monthly statement were incurred for official School business and conform to applicable legal requirements and Board policy.
  - (k) Monitor and enforce compliance with this policy, any other related Board policies, and any administrative procedures.
  - (l) Investigate any irregularities or alleged misconduct and report findings to the Board.
  - (m) Take control and possession of an employee's access to the corporate credit account(s) upon the employee's separation from employment with the School or other relevant change in employment status.
  - (n) Disclose, in writing, any violation of this policy by any employee to the Board.

#### AUTHORIZED EMPLOYEE DUTIES.

- Abuse and Waste Prohibited - Cardholders shall not use the corporate credit account(s) to abuse or waste the School's financial resources and established lines of credits.
- Appropriate Use - Cardholders shall agree to the appropriate use of the corporate credit account(s) and card(s) assigned to them thereby restricting the use of said account(s) and card(s) to the purchase of goods and/or services for official School business.
- Billing Errors and Unrecognized Transactions - Cardholders shall identify and satisfactorily resolve any billing errors and unrecognized expenses.
- Credits and Returns - Cardholders shall return items for credit and not for cash refunds. Cardholders shall ensure that any returned items are credited to the corporate credit account(s).
- Disclosure of Conflicted, Interested, or Related-Party Transactions - Cardholders shall disclose to the Delegate or designee any business arrangement or transaction with any conflicted, interested, or related party, as defined in other Board policy or applicable law. Cardholders may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.
- Fraudulent Charges - Cardholders shall report fraudulent charges to the corporate credit account issuer and the Delegate or designee immediately after they become aware of the fraudulent charges.
- Fraudulent Use Prohibited - Cardholders shall not use their corporate credit account(s) and card(s) to commit fraud or other criminal act. Cardholders shall be liable for any fraudulent or other charges of a criminal nature.
- Liability for Charges - Cardholders shall agree to be liable for the expenses charged to the corporate credit account(s) and card(s) assigned to them and to pay the credit account and card issuer for the expenses incurred. Notwithstanding, personal use of the corporate credit account(s) and card(s) is strictly prohibited and any abuse may lead to loss of card privileged, as well as adverse employment action up to and including termination.
- Lost or Stolen Card(s) - Cardholders shall report lost or stolen corporate credit cards to the issuer and the Delegate or designee immediately after they become aware of the loss.
- Method of Procurement - Cardholders are required to and shall be responsible for procuring goods and services pursuant to the procurement methods identified in the Board's Policy relating to Purchasing and Contracting.
- Personal Use Prohibited - Cardholders shall only use their corporate credit account(s) and card(s) for official School business only and shall not use the account(s) and card(s) for their

personal benefit. Cardholders shall agree to be liable for any charges of a personal nature and may face personnel action, up to and including termination.

- Prudent Person Rule - An authorized employee, or cardholder, shall limit the use of the corporate credit account(s) to costs that adhere to the Prudent Person Rule.
- Reconciliation Required - Cardholders shall reconcile any and all charges disclosed on the monthly statement pertaining to their assigned corporate credit account(s) to original, itemized receipts. Cardholders shall subsequently submit the receipts to the Delegate or designee and identify any expenses for which a receipt is missing, or which was not authorized by the cardholder.
- Reimbursement Request - Cardholders shall agree to submit requests for reimbursement for legitimate business expenses.
- Safeguarding Account - Cardholders shall appropriately safeguard their assigned corporate credit account(s) and card(s), including the account number, the security code, expiration date and associated mailing zip code to protect against any unauthorized access of the corporate credit account.
- Sales Taxes - Since the School is tax-exempt, cardholders shall ensure that sales taxes are not charged on any purchase.

#### PROHIBITED USE.

- Cardholders shall not use their assigned corporate credit account(s) and card(s) in excess of the specified credit limit.
- Although not all inclusive, cardholders shall not use their assigned corporate credit account(s) and card(s) for the following types of activities and expenses.
  - a) Alcoholic beverages.
  - b) Cash advances.
  - c) Donations.
  - d) Food and beverages not associated with travel for official School business.
  - e) Gift cards.
  - f) Gratuities or tips.
  - g) Information technology hardware or software.
  - h) Loans.
  - i) Medical services, prescription and nonprescription drugs, or supplements.
  - j) Non-business-related charges, including any expense resulting in a personal benefit.
  - k) Political contributions or lobbying activities.
- Cardholders may not use their assigned corporate credit account(s) and card(s) for component, separate, or sequential purchases to avoid or bypass the School's purchasing and payment policies and procedures.

#### TERMINATION OF CARDHOLDER PARTICIPATION.

A cardholder's corporate credit account(s) and card(s) may be cancelled for the following reasons:

- a) Cardholder is no longer employed by School.
- b) Cardholder changes position and their new position does not meet the requirement for eligibility
- c) In using their assigned corporate card(s), cardholder materially violated this policy or other related Board policy and any pertinent administrative procedures.
- d) Cardholder is suspended, placed on administrative leave, or is subject to other adverse employment action.

#### REQUIRED SUBSTANTIATION.

- For each transaction, cardholders shall provide:

- a) a sufficiently detailed description of:

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- (1) the business purpose for the transaction;
  - (2) how said purpose directly benefited the School; and
  - (3) the names of the individuals who were part of the transaction, including the organization they represented and the official capacity in which they represented said organization; and
- b) the original, itemized third-party receipts and other such records that fully discloses:
- 1) the vendor's name, place of business and contact information;
  - 2) the transaction date and total amount of the purchase; and
  - 3) individual line items for the goods and/or services purchased and the cost of each item.
- Cardholders shall ensure that vendors provide an original, itemized receipt conforming to the requirements set forth in Sec. 13.1(a) of this policy.
  - If the cardholder fails to provide the required substantiation under Sec. 13.1 of this policy, the cardholder shall be liable for the amount(s) of the unsubstantiated transaction(s).

### **300.003 FUNDRAISING.**

#### CONTRIBUTIONS RECEIVED.

- **Cash Defined.** For purposes of this policy, cash means coin, currency, money orders, cashier's checks, personal checks, and business checks, including any funds maintained in a bank, investment, savings, or other similar account.
- **In-Kind Contributions.** In-kind contributions are recognized and recorded at fair market value on the date received. The donor shall provide the fair market value of the donated item or service.
- **Contributions to the School Child Nutrition Program.** The School's Child Nutrition Program (CNP) staff shall collect and deposit all monies received from students, or their parents or guardians, for meals and snacks. CNP staff shall also create and maintain records of all such payments to provide parents (or guardians) and students timely, accurate account balances.
- **Contributions Received by Campus.** Campuses are only authorized to receive cash and credit card contributions from donors. Moreover, campus principals may not accept a contribution governed by the Board's Policy for Gift Acceptance.
- **Contributions Received from Vendors.** School officers, as defined in Sec. 5 of the Controlling Policy, and employees may not receive contributions directly from any vendor. If a vendor makes a cash or in-kind contribution to an officer or employee, the officer or employee shall route the contribution to the Delegate or designee. The Delegate or designee shall maintain proper control of the contribution. See Board Policy relating to Gift Acceptance for additional requirements.
- **Special Events.** The School may organize special events for the purpose of raising funds from donors. School officers, as defined in Sec. 5 of the Controlling Policy, must ensure that special events yield fundraising results that exceed the cost of the event by at least fifty percent (50%).
- **Use of Unrestricted Contributions.** An unrestricted contribution is a contribution from a donor who did not require that any condition(s) be met so that the contribution may be used. In this instance, the School may use an unrestricted contribution for any lawful purpose. However, unrestricted and lawful purposes do not mean "any purpose" but rather means and is limited to an authorized charitable purpose of the School that is in furtherance of the School's mission and in the best interest of students. The applicable grant or donation agreement must also be considered and reviewed to confirm. Any doubts on use or if it unclear, the Delegate or designee should confirm intent and/or approval in writing with the donor.
- **Use of Restricted Contributions.** A restricted contribution is a contribution from a donor who stipulated, in writing, that a specific condition(s) must be met so that the contribution may be used. In this instance, the School may only use a restricted contribution as stipulated by the donor. To ensure compliance with the donor's stipulation(s), the Delegate or designee shall obtain a written agreement from the donor setting forth the specific condition(s) that must be



met to enable School to use the contribution received.

- Reports to Donors. The Delegate or designee shall provide a report to donors disclosing the uses of their contributions.
- Compliance with Donor Agreements. The Delegate or designee shall ensure compliance with any donor/grant agreement and periodically review the same.

#### TAX-EXEMPT LETTER.

- Upon Request from Donor. The School shall issue a tax-exempt letter to a donor upon request or as otherwise where required by law.
- Written Acknowledgement of Certain Donations. In accordance with the Internal Revenue Code and Treasury Regulations, a donor is prohibited from claiming a tax deduction for any single contribution of \$250 or more unless the donor receives a contemporaneous, written acknowledgement of the contribution from the School. To facilitate the donor's compliance with applicable law, the School may provide a donor contributing \$250 or more with a timely, written annual statement that includes, on the School's letterhead:
  - (b) The School's name;
  - (c) The amount of the cash contribution(s) received from the donor during the calendar year;
  - (d) A description (but not the value) of the non-cash contribution(s), if any; and
  - (e) A statement that no goods or services were provided by School in return for the contribution, if applicable; or
  - (f) A description and good faith estimate of the value of goods or services that School provided in return for the contribution, if applicable.
- Form of Written Acknowledgement. The School may provide the written acknowledgement via U.S. Postal Service or electronic mail.
- Contemporaneous Defined. The School must provide the donor with a written acknowledgement by January 31 of the calendar year following the receipt of the donor's contribution.
- Records. The Delegate or designee shall create, obtain, and maintain adequate and sufficient records to support the receipt of contributions and fundraising proceeds, as required by applicable law, rule and policy.

### **400.000 PROPERTY**

#### **400.001 CAPITAL ASSETS.**

##### CAPITAL ASSETS DEFINED.

Capital assets means any tangible or intangible item of property acquired by the School, regardless of funding source used or if donated, with a cost of \$5,000 or more and a useful life of greater than one (1) year at the time of acquisition. The broad range of capital assets that are used in operations, include:

- a) Real property, including land, buildings and improvements to land and buildings;
- b) Leasehold improvements; and
- c) Personal property, including:
  - d) Furniture and equipment, including computer hardware;
  - e) Computer software;
  - f) Contract rights, intellectual property (such as copyrights, patents, and trademarks) and other intangible property;
  - g) Vehicles; and
  - h) Any other form of personal property recognized by Texas law

##### CAPITALIZED COSTS.

The District shall capitalize the cost of acquiring an asset if the cost per unit equals or exceeds the

following amounts.

Property Description	Capitalization Threshold
Land	\$0
Improvements to land	\$50,000
Buildings	\$50,000
Improvements to buildings	\$50,000
Leasehold improvements	\$50,000
Construction in progress	\$50,000
Furniture and equipment	\$5,000
Vehicles	\$5,000
Other personal property	\$5,000

APPROVAL REQUIRED.

The Board shall approve all purchases of real property, the purchase of construction services for a new building or the renovation of an existing building, and the acquisition of personal property requiring the execution of a contract. Refer to the Board’s Policy relating to Purchasing.

The Board may delegate its authority for construction, renovations or repairs pursuant to Education Code § 44.0312 by written resolution, with such delegation to a person, representatives or committee, but shall provide notice of this delegation and the limits of the delegation as required by law and include the same in all request for bids, proposals or qualifications or as an addendum to a request. Failure to comply with the legal requirements will render and decision not made by the Board an advisory/recommendation only and shall not be binding on the Board or charter school.

DEPRECIATION.

Authorized Method of Depreciation.

Other than the capitalized cost for land, the school shall utilize the straight-line method of depreciation to amortize the capitalized costs of all asserts over their useful life. Consistent with generally accepted accounting principles, the School shall calculate the annual depreciation of capitalized costs as:

$$(Capitalized\ Cost\ of\ Asset - Salvage\ Value) \div Estimated\ Useful\ Life$$

Useful Life.

Consistent with generally accepted accounting principles, the useful life of an asset means the period during which the asset is projected to generate revenue or provide other valuable service to the School and not how long the asset will last. Generally, the School shall observe the following useful life for each type of capital asset.

Type	Useful Life
Land	Perpetual
Improvements to land	15
Buildings	30
Modular Buildings	10
Improvements to buildings	Remaining useful life of the building
Leasehold improvements	Lease term
HVAC systems	15
Electrical/Plumbing	15

Roofing	15
Carpet replacement	7
Cabling	5
Computer hardware	3
Computer software	3
Duplicating equipment	5
Custodial equipment	7
Office and classroom furniture, fixtures and equipment	7
Grounds equipment	7
Kitchen equipment	7
Audio-Visual equipment	5
Vehicles	5

#### INVENTORY OF ASSETS.

The Delegate or designee shall maintain an inventory of all capital assets and of the following non-capital assets

- (a) Desktop computers,
  - (b) Laptops,
  - (c) Notebooks,
  - (d) Smartphones
  - (e) Tablets, and
  - (f) Other computing devices.
- The Delegate or designee shall affix upon Assets a permanent, machine-readable label that clearly identifies the asset as School property and uniquely accounts for the asset in the School's inventory records.
  - The Delegate or designee(s) shall annually conduct a physical inventory of Assets and shall ensure appropriate corrective or other measures, including reports to law enforcement, are undertaken for any Sec. 511 Assets that are not located.
  - When a change in campus principal or central office administrator occurs, the Delegate or designee and the outgoing principal or administrator shall conduct a joint inventory of Assets.
  - The District shall maintain accurate, complete, and up-to-date records of all capital assets through physical counts, the review of purchase records, and other methods, as deemed appropriate and necessary.

#### DISPOSITION OF CAPITAL ASSETS.

- Except for real property, the Delegate is authorized, by any means commonly used, to dispose of assets that have concluded their useful life, are obsolete or deemed unnecessary, are damaged beyond repair or deemed too costly to repair or are lost or stolen. If an asset is still serviceable, the Delegate or designee shall first determine if a need for the asset exists elsewhere within the School before disposing of the asset.
- The Board shall authorize any disposal of assets through a donation to another charitable, tax-exempt organization. For donations to charitable organizations, the Board shall obtain a written assurance from the organization to which the asset is being donated that it will use the donated asset for a public purpose and shall stipulate that, as a condition of the donation, ownership of the asset shall revert to School if the recipient organization discontinues using the asset for a public purpose.
- If the asset is disposed of through a sale, the Delegate or designee shall sell the asset for fair market value and shall attribute any proceeds to the originating fund source. As a condition of selling the asset, the School shall make no warranties or guarantees concerning the continued

functionality of the asset.

- In the following order of precedence, the Delegate or designee may sell assets to students, teachers and educational aides, parents, other School, personnel, and the public at large. In doing so, the Delegate or designee shall not act in a manner that is or appears to be preferential to any one individual, except as indicated in the order of precedence set forth in this section.
- If the asset has no value, the Delegate or designee may dispose of the asset as deemed administratively expedient.11
- The Delegate or designee shall adopt a system for the documented disposal of assets, including the Delegate’s approval for the disposal of any capital asset with a fair market or residual value exceeding \$5,000 per unit.
- Prior to the final disposal of an asset, the Delegate or designee shall remove or cause to have removed any School emblems and other identifying information, such as license plates and inventory tags, from the asset. Additionally, any computing device shall have its storage mediums permanently erased of any software owned or subscribed to by the School and of any data, especially personally identifiable data pertaining to students and staff.
- School personnel are prohibited from receiving, through sale or otherwise, any asset that is to be disposed except as established under this policy and pursuant to the administrative procedures adopted under this policy.
- The Delegate or designee shall dispose of assets acquired with federal funds in accordance with applicable federal regulations and grantor agency policy and grant requirements.

#### **400.002 INVESTMENT OF FUNDS.**

##### INVESTMENT OBJECTIVES.

In general, the Board and Superintendent shall observe the following objectives when investing surplus cash.

- a) Preservation and safety of principal.
- b) Liquidity.
- c) Yield.

##### ACCOUNT MAINTENANCE.

The Superintendent or designee shall ensure that investments are maintained in discrete and distinct accounts that separate funds pertaining to non-New Frontiers Public Schools activities, functions, programs and services from public funds.

##### INVESTMENT RECORDS.

The Superintendent or designee shall ensure that New Frontiers Public Schools creates and maintains accurate and complete records of any and all investments of New Frontiers Public School’s surplus cash.

##### CONTRACTUAL CONSIDERATIONS.

The Board, the Superintendent and the Investment Officers shall ensure that investments are made in accordance with any applicable provision or covenant contained in a debt instrument, bond indenture, or similar agreement.

##### AUTHORIZATION THRESHOLDS.

Refer to the approved Investment Policy.

##### AUTHORIZED INVESTMENTS.

The Board and Delegate or designee may purchase, sell and invest public funds in the following authorized investments

- Obligations of or Guaranteed by a Governmental Entity:  
Except as provided in other Subsection, the following are authorized investments under this subsection.
  - a) Obligations, including letters of credit, of the United States or its agencies or instrumentalities;
  - b) Direct obligations of the State of Texas or its agencies and instrumentalities;
  - c) Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;
  - d) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas, the United States, or their respective agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or by the explicit full faith and credit of the United States.
  - e) Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.
  - f) Bonds issued, assumed, or guaranteed by the State of Israel.
  - g) Interest-bearing banking deposits that are guaranteed or insured by (i) the Federal Deposit Insurance Corporation or its successor, or (ii) the National Credit Union Share Insurance Funds or its successor; and
  - h) Interest-bearing banking deposits other than those described in item (g) above if:
    - 1) The funds invested in the banking deposits are invested through a broker with a main office or branch office in this state that New Frontiers Public Schools selects from a list the Board or designated Investment Officers adopts or a depository institution with a main office or branch office in this state and that New Frontiers Public Schools selects;
    - 2) The broker or depository institution selected as described above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for New Frontiers Public School’s account;
    - 3) The full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and
    - 4) New Frontiers Public Schools appoints as its custodian of the banking deposits issued for New Frontiers Public School’s accounts the depository institution selected as described above, an entity described by Government Code 2257.041(d) (regarding a custodian with which to deposit securities), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission (“SEC”) and operating under SEC Rule 15c3-3.
  
- Prohibited Investments: The following investments are prohibited:
  - a) Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
  - b) Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
  - c) Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
  - d) Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.
  
- Certificates of Deposit and Share Certificates: A certificate of deposit or share certificate is an authorized investment under this policy if the certificate is issued by a depository

- institution that has its main office or a branch office in the State of Texas and is:
- a) Guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
  - b) Secured by obligations authorized above, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, excluding those obligations described by above; or
  - c) secured accordance with Tex. Gov't. Code Chapter 2257 or in any other manner and amount provided by law for deposits of the School.
- Other Authorized Form for Certificates of Deposit and Share Certificates:  
An investment in a certificate of deposit is authorized under this subsection if it is made under the following conditions:
- a) the funds are invested by the School entity through;
    - 1) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the School in accordance with Tex. Gov't. Code §2256.025; or
    - 2) a depository institution that has its main office or a branch office in the State of Texas and that is selected by the School;
  - b) the broker or the depository institution selected by the School under (a)(1) above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the School;
  - c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
  - d) the School appoints the depository institution selected by the School under (a)(1) above, an entity described by Tex. Gov't. Code §2257.041(d), or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 as custodian for the School with respect to the certificates of deposit issued for the account of the School.
- Repurchase Agreements: A fully collateralized repurchase agreement is an authorized investment under this subsection if the repurchase agreement:
- a) Has a defined termination date;
  - b) Is secured by a combination of cash and obligations described by Government Code 2256.009(a)(1) (obligations of governmental entities) or 2256.013 (commercial paper);
  - c) Requires the securities being purchased by New Frontiers Public Schools or cash held by New Frontiers Public Schools to be pledged to New Frontiers Public Schools, held in New Frontiers Public School's name, and deposited with New Frontiers Public Schools or a third party selected and approved by the Board; and
  - d) Is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.
- Repurchase Agreement Defined: For purposes of this policy, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligation described at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.
- Term of Agreement: The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

- Use of Invested Funds: Money received by New Frontiers Public Schools under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- Securities Lending Programs: A securities lending program is an authorized investment if it meets the following conditions:
  - a) The value of the securities loaned is at least 100% collateralized, including accrued income;
  - b) A loan made under the program must allow for termination at any time;
  - c) A loan made under the program is secured by:
    - 1) Pledged securities described in Subsection Obligations of or Guaranteed by a Governmental Entity above;
    - 2) Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at least one nationally recognized investment rating firm at not less than “A” or its equivalent; or
    - 3) Cash invested in accordance with Policy.
  - d) The terms of the loan require that the securities being held as collateral be:
    - 1) Pledged to New Frontiers Public Schools;
    - 2) Held in New Frontiers Public School’s name; and
    - 3) Deposited at the time the investment is made with New Frontiers Public Schools or with a third party selected or approved by the Board;
  - e) The loan is placed through a primary government securities dealer<sup>12</sup> or a financial institution doing business in the State of Texas; and
  - f) The agreement to lend securities has a term of one year or less.
- Banker’s Acceptances: A banker’s acceptance is an authorized investment if it:
  - a) Has a stated maturity of 270 days or fewer from the date of its issuance;
  - b) Will be liquidated in full at maturity;
  - c) Is eligible for collateral for borrowing from a Federal Reserve Bank; and
  - d) Is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than “A-1” or “P-1” or an equivalent rating by at least one nationally recognized credit rating agency.
- Commercial Paper: Commercial paper is an authorized investment if it:
  - a) Has a stated maturity of 365 days or fewer from the date of issuance; and
  - b) Is rated not less than “A-1” or “P-1” or an equivalent rating by at least:
    - (1) Two nationally recognized credit rating agencies; or
    - (2) One nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.
- Mutual Funds: No-load money market mutual funds are authorized if they:
  - a) Are registered with and regulated by the Securities and Exchange Commission;
  - b) Provide New Frontiers Public Schools with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. § 78a, *et seq.*) or the Investment Company Act of 1940 (15 U.S.C. § 80a-1, *et seq.*);

- c) Comply with federal Securities and Exchange Commission Rule 2a-7 (17 CFR 270.2a-7), promulgated under the Investment Company Act of 1940 (15 USC Section 80a-1 et seq.).
- Other Authorized Form: An investment in a no-load market mutual fund is authorized under this subsection if the mutual fund:
  - a) Is registered with the Securities and Exchange Commission;
  - b) Has an average weighted maturity of less than two years;
  - c) Either has a duration of less than one year or more and is invested exclusively in obligations approved by the Public Funds Investment Act or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.
- Prohibited Investments: New Frontiers Public Schools may not invest:
  - a) In the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in no-load market mutual funds;
  - b) Any portion of bond proceeds, reserves, and funds held for debt service, in no-load market mutual funds; or
  - c) Funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described above in an amount that exceeds 10% of the total assets of the mutual fund.
- Guaranteed Investment Contracts:
 

Authorized Investment Form: A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

  - a) Has a defined termination date;
  - b) Is secured by obligations authorized by Obligations of or Guaranteed by a Governmental Entity above, excluding those obligations described above, in an amount at least equal to the amount of bond proceeds invested under the contract; and
  - c) Is pledged to New Frontiers Public Schools and deposited with New Frontiers Public Schools or with a third party selected and approved by the Board.
- Qualifying Requirements: To be eligible as an authorized investment,
  - a) The Board has to specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance, or resolution authorizing the issuance of bonds;
  - b) New Frontiers Public Schools must receive bids from at least three separate providers with no material financial interest in the bonds from which the proceeds were received;
  - c) New Frontiers Public Schools must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
  - d) The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
  - e) The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.
- Limitation to Contract Term: Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term longer than five years from the date of issuance of the bonds.
- Investment Pools: An investment pool is an authorized investment if:
  - a) The Board authorizes the investment in the particular pool through policy or resolution; and
  - b) The investment pool only invests the funds that it receives in the investments authorized in this policy and/or Government Code Chapter 2256, Subchapter A.



Receipt of Required Disclosure: In order to invest in an investment pool, the Delegate or his designee must receive an offering circular or other similar disclosure instrument containing, at a minimum, the following information:

- a) The types of investments in which money is allowed to be invested;
  - b) The maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;
  - c) The maximum stated maturity date any investment security within the portfolio has;
  - d) The objectives of the pool;
  - e) The size of the pool;
  - f) The names of the members of the advisory board of the pool and the dates their terms expire;
  - g) The custodian bank that will safe keep the pool's assets;
  - h) Whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;
  - i) Whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;
  - j) The name and address of the independent auditor of the pool;
  - k) The requirements to be satisfied for New Frontiers Public Schools to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and
  - l) The performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.
  - m) The pool's policy regarding holding deposits in cash.
- Continued Receipt of Required Disclosures: In order to continue investing surplus cash in the investment pool, the Superintendent or designee must receive the following information:
- a) Investment transaction confirmations; and
  - b) A monthly report that contains, at a minimum, the following information:
    - 1) The types and percentage breakdown of securities in which the pool is invested;
    - 2) The current average dollar-weighted maturity, based on the stated maturity date, of the pool;
    - 3) The current percentage of the pool's portfolio in investments that have maturities of more than one year;
    - 4) The book value versus the market value of the pool's portfolio, using amortized cost valuation;
    - 5) The size of the pool;
    - 6) The number of participants in the pool;
    - 7) The custodian bank that is safekeeping the assets of the pool;
    - 8) A listing of New Frontiers Public School's daily transaction activity;
    - 9) The yield and expense ratio of the pool;
    - 10) The portfolio managers of the pool; and
    - 11) Any changes or addenda to the offering circular.
- Yield Calculation: For purposes of an investment pool for which a \$1.00 net asset value is maintained, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the Securities and Exchange Commission.
- Monitoring of Investment Pool Compliance: The Superintendent or designee shall monitor the investment pool's compliance with Subsections above and the other statutory provisions promulgated in Section of the Texas Government Code.

**500.000 PAYROLL**

ACCURATE & TIMELY PAYROLL

The Superintendent or designee shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules. All employee’s expenses will be recorded when payroll checks are paid using the “Cash Basis” of accounting method.

PAYDAYS

All Employees shall be on or about the 15th and on or about the last day of the month.

PAYROLL ADVANCES

New Frontiers Public Schools does not issue payroll advances or loans to employees.

**600.000 ACQUISITIONS AND CONTRACTS**

**600.001 PURCHASING AND CONTRACTING (GENERAL)**

DEFINITIONS.

Component Purchases: means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.

Micro-purchase Threshold: means the amount set forth at 2 CFR §200.67, **\$10,000**, or as otherwise authorized by the Office of Management and Budget in an official policy statement.

Non-professional services: means any service not specifically identified as a professional service.

Personal Property: means an interest in tangible and intangible property other than real property including:

Personal Property: means an interest in tangible and intangible property other than real property, including:

- (a) furniture, equipment, supplies, and other goods;
- (b) computer hardware and software;
- (c) contract rights, intellectual property such as patents, and other intangible property;
- (d) cash, currency, funds, bank accounts, securities, and other investment instruments;
- (e) the right to repayment of a loan, advance, or prepayment or to the payment of other receivables; and
- (f) any other form of personal property recognized by Texas law, such as vehicles

Professional Services:

- a) Within the scope of the practice, as defined by state law, of:
  - (1) Accounting;
  - (2) Architecture;
  - (3) Landscape architecture;
  - (4) Land surveying;
  - (5) Medicine;
  - (6) Optometry;
  - (7) Professional engineering;
  - (8) Real estate appraising; or
  - (9) Professional nursing; or
- b) Provided in connection with the professional employment or practice of a person who is licensed or registered as:
  - (1) A certified public accountant;

- (2) An architect;
- (3) A landscape architect;
- (4) A land surveyor;
- (5) A physician, including a surgeon;
- (6) An optometrist;
- (7) A professional engineer;
- (8) A state certified or state licensed real estate appraiser; or
- (9) A registered nurse.

c) Provided by a person lawfully engaged in interior design.

**Public Works:** means the construction, renovation, or repair of a structure, road, highway, or other improvement or addition to real property.

**Separate Purchases:** means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.

**Sequential Purchases:** means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

**Services:** means professional services and other services.

**Simplified Acquisition Threshold:** means \$50,000 for funds administered by the Texas Department of Agriculture and for public works contracts and \$250,000 for state or other federal funds.

GENERAL REQUIREMENTS APPLICABLE TO ALL PURCHASES.

The policy requirements established under this section shall apply to all purchases of goods and services regardless of fund source used.

**Authority to Procure Goods and Services:**

- The Delegate or designee may approve the procurement of goods and services conforming with this policy and applicable law up to the amounts authorized by the Board in the Adopted Budget, as amended.
- The Delegate or designee may not approve the procurement of goods and services that result in an expenditure of funds in excess of the item(s) appropriated in the Adopted Budget, as amended.
- The Delegate or designee may not approve a procurement of goods and services failing to conform with this policy and applicable law.

**Contract Required:** The Superintendent or designee shall procure or cause the procurement of goods and services with a cost or value exceeding the Simplified Acquisition Threshold through a fully executed contract or other written legal agreement signed by all parties that protects New Frontiers Public School’s interests in the underlying business arrangement and transaction.

**Board Approval Required:** Prior to executing any contract for the procurement of goods and services, the Board shall approve the contract.

**Conflicted, Interested and Related Party Transactions.**

- The Board shall approve or disapprove any business arrangement or transaction with an individual that is an officer and any conflicted, interested or related party, as defined in other Board policy or applicable law.
- The School may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

Segregation of Duties; Checks and Balances: The Delegate shall ensure an appropriate segregation of duties between the following functions:

- (a) Preparation of purchase requisitions and purchase orders;
- (b) Solicitation of quotes or preparation of requests for bids, proposals or qualifications;
- (c) Receipt of personal property and/or services and preparation of receiving report attesting to receipt of purchased property;
- (d) Receipt of invoices and reconciliation of invoices to receiving reports and purchase orders;
- (e) Preparation of payment requests;
- (f) Accounting for purchases; and
- (g) Approval for all of the above.

Officer Responsible: Each School officer shall be responsible for any and all expenses from the budget approved for their department or campus. Each officer (or designee) must work with the Delegate or designee to purchase goods and services pursuant to this policy. Alternatively, the officer may use the corporate credit account(s) to purchase goods and services up to the limits established in this policy.

Purchase Order System: The Delegate or designee shall establish and maintain a purchase order system. The purchase order shall serve as the formal method for procuring goods and/or services from a vendor and shall have the effect of obligating the District to remit payment to the vendor upon receipt of the goods and/or services purchased and of the related invoice.

- Required Approvals. Only the Delegate or designee shall be authorized to approve purchase orders.
- Issuance Prohibited. School employees may not issue a purchase order to a vendor unless it has been approved by the Delegate or designee.
- Failure to Properly Issue. If a School employee issues a purchase order to a vendor without the required approvals established in a section of this policy, the employee shall be financially responsible for the purchase

#### AUTHORIZED PROCUREMENT METHODS.

##### Purchases with Local Funds.

- Quotes. School officers and employees shall procure goods and services valued at the simplified acquisition threshold or more in the aggregate through the solicitation of **two (2)** or more written quotes from qualified vendors.

##### Purchases with State Funds.

- Quotes. School officers and employees shall procure goods and services valued at no less than the micro-purchase threshold and at no more than the simplified acquisition threshold in the aggregate through the solicitation of **two (2)** or more written quotes from qualified vendors.
- Bids or Proposals. School officers and employees shall procure goods and services valued at the simplified acquisition threshold or more in the aggregate through the solicitation of bids or proposals, as appropriate.

##### Purchases with Federal Funds.

- Procurement by Micro-Purchase Procedure.
  - No Method Required. School officers and employees may procure supplies or services valued at less than the micro-purchase threshold in the aggregate through the most expedient manner available.

- Reasonableness of Price. If a micro-purchase is made without soliciting competitive quotes, School officers and employees shall document that the price is reasonable, as determined on the basis of research, experience, purchase history or other information.
  - Equitable Distribution. To the maximum extent practicable, the School must distribute micro-purchases equitably among qualified vendors.
  - Use of Corporate Credit. School officers and employees may use their assigned corporate credit account(s) pursuant to the administrative procedures adopted by the Delegate.
  - Adoption of Higher Micro-Purchase Threshold. The Delegate may adopt a higher micro-purchase threshold pursuant to the policy directives of the Texas Education Agency or other regulatory agency.
- Procurement by Small Purchase Procedure.  
School officers and employees shall procure property or services valued at no less than micro-purchase threshold and no more than the simplified acquisition threshold in the aggregate through the solicitation of **three (3)** or more written competitive quotes from qualified vendors.
- Procurement by Sealed Bids.
- School officers and employees shall procure property or services valued at the simplified acquisition threshold or more in the aggregate through the public solicitation of sealed bids if the necessary conditions are present and if the applicable requirements are met.
  - The school may only award a firm fixed price contract to the responsible bidder whose bid conforms with all the material terms and conditions of the invitation for bids and is the lowest price.
- Procurement by Competitive Proposals.
- If the conditions are not appropriate for the use of sealed bids, School officers and employees shall procure property or services valued at the simplified acquisition threshold or more in the aggregate through competitive proposals if the applicable requirements are met.
  - The school may award either a fixed price or cost-reimbursement type contract to the responsible offeror whose proposal is most advantageous to the non-Federal entity, with price and other factors considered.
- Procurement by Noncompetitive Proposals.  
School officers and employees may only procure property or services through the solicitation of a quote, bid or proposal from only one source only when one or more of the following documented circumstances apply.
- The acquisition is for property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.
  - The item is available only from a single source.
  - The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation.
  - The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the School.
  - After solicitation of a number of sources, competition is determined inadequate.
- Other Procurement Requirements.  
The Delegate or designee shall ensure that School officers and employees procure property

and services in accordance with the following federal procurement standards:

- a. Analysis of contract cost and price.
- b. Avoidance of unnecessary or duplicative items.
- c. Contract provisions.
- d. Domestic preferences.
- e. Exclusion of certain contractors.
- f. Maintenance of records sufficient to detail the history of a procurement.
- g. Prohibition of administratively imposed geographical preferences.
- h. Required solicitation content.
- i. Use of prequalified lists of vendors or products.
- j. Written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
- k. Written standards of conduct covering organizational conflicts of interest.
- l. Other applicable legal requirements.

Purchases through Cooperative.

- General. School officers and employees may use local, state or federal funds to procure goods or services through a cooperative that provides written assurance of compliance with purchasing law.
- Due Diligence. School officers and employees shall ensure that the use of Federal funds for a procurement of goods or services through a cooperative complies with the applicable Federal.
- Exception. In the event that a participating vendor in the purchasing cooperative program quotes a lower price for the same goods or services, School officers and employees may procure the goods and services using the vendor's direct quote.

#### PURCHASE OF PROFESSIONAL SERVICES.

Selection of Provider.

- The Board and Delegate or designee shall not select a provider of professional services or a group or association of providers or award a contract for professional services on the basis of competitive bids submitted for the contract or for the professional services.
- The Board and Delegate or designee shall select the provider for the professional service to be procured based on the following criteria:
  - a) The provider's demonstrated competence and qualifications to perform the services; and
  - b) The fairness and reasonableness of the provider's price.

Contract for Professional Services of Architect, Engineer or Surveyor.

- In procuring architectural, engineering, or land surveying services, the Board and Delegate or designee shall:
  - a) First select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and
  - b) Then attempt to negotiate with that provider a contract at a fair and reasonable price.
- If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the Board and Delegate or designee shall:
  - a) Formally end negotiations with that provider;
  - b) Select the next most highly qualified provider;
  - c) Attempt to negotiate a contract with that provider at a fair and reasonable price; and
  - d) Continue the process described in subsections (a) through (c) to select and negotiate with providers until a contract is entered into.

#### PROCUREMENT OF PUBLIC WORKS.

Rules and Procedures.

- Pursuant to Tex. Ed. Code §44.031(d) and Tex. Gov't. Code §2269.051, the Board may adopt rules and procedures for the acquisition of goods or services related to public works, including construction services.

#### Delegation of Authority.

- Authority to Procure Construction Services. The Board may delegate its authority under Chapter 2269 regarding an action authorized or required by Chapter 2269 to a designated representative, committee, or other person. If the Board delegates its authority to a designated representative, committee, or other person, the School shall provide notice of the delegation, the limits of the delegation, and the name or title of each person designated by rule or in the request for bids, proposals, or qualifications or in an addendum to the request.
- Authority to Contract. Unless otherwise authorized by the Board, only a Board member, the Delegate, or the Delegate's designee shall be authorized to sign contracts obligating the School to disburse public funds for public works.

#### Authorized Methods of Procurement.

- With the exception of the competitive bidding method, the Board shall determine which method set forth in this subsection provides the best value for the School before it advertises for requests for bids, proposals or qualifications.
- The School shall base its selection among offerors on applicable criteria listed for the particular method used. The School shall publish in the request for bids, proposals or qualifications the criteria that will be used to evaluate the offerors and the applicable weighted value for each criterion.
- Within **seven (7) days** after the date the contract is awarded, the School shall document the basis of its selection and shall make the evaluations, including any scores, public and provide them to all offerors.
- The Board or designee may award a contract for construction services using one of the following methods:
  - a) Competitive bidding,
  - b) Competitive sealed proposal,
  - c) Construction manager-agent,
  - d) Construction manager-at-risk,
  - e) Design-build, or
  - f) Job order contracts.
- Unless determined otherwise by the Board, the School shall procure construction services using the competitive bidding method of procurement.
- The Delegate may recommend to the Board a method of procurement, other than the competitive bidding method. In this event, the Delegate shall provide the Board with a written proposal, including the justification for utilizing a different method of procurement.
- In the event that the Board determines that another procurement method is in the School's best interest, the Board's determination will be documented in the minutes to the pertinent Board meeting.
- The Board and School may seek legal and professional advice and counsel regarding the legal and other requirements applicable to the procurement method selected by the Board.

#### Response to Requests for Bids, Proposals or Qualifications.

- Sealed Bids, Proposals or Qualifications Required. A person who submits a bid, proposal, or qualification is required to seal it before delivery. The Delegate or designee shall reject any bid, proposal or qualification that is not sealed and return it to the offeror with a statement:
  - a) Representing that the bid, proposal or qualification was not opened, viewed or otherwise examined;
  - b) Asserting that the content and form of the bid, proposal, or qualification was not duplicated or disseminated with any person or entity; and

- c) Instructing the offeror to resubmit an appropriately sealed bid, proposal or qualification as required by state law.
- Receipt and Opening of Bids. The School shall receive, publicly open, and read aloud the names of the offerors and their bids. Only the Board, during a lawfully convened Board meeting, or the Board's designee, at or in School's central administrative office, may open the bids submitted by offerors. A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. A bidder has the common law right to withdraw a bid due to a material mistake in the bid. The School is entitled to reject any and all bids.

#### Awarding of Contract Under Competitive Bidding Method.

- In accordance with state law, "competitive bidding" is a procurement method by which the School may contract with a contractor for the construction, alteration, rehabilitation, or repair of a facility by awarding the contract to the lowest responsible bidder.
- The School may contract for the construction, alteration, rehabilitation, or repair of a facility only after it advertises for bids for the contract in a manner prescribed by law, receives competitive bids, and awards the contract to the lowest responsible bidder.

#### Responsible Bidder Defined.

- A responsible bidder is a person who has the capability in all respects to perform in full the contract requirements and the integrity and reliability assuring good faith performance. A responsible bidder may be required to meet any or all of the following requirements.
  - a) Be an experienced contractor who has served as a prime contractor on similar construction projects for Texas public schools, has satisfactorily completed the scope of work described in the construction documents, and is knowledgeable about the requirements for the construction of and the building elements for Texas public schools including, without limitation, applicable building code requirements.
  - b) Provide a warranty and support for any equipment installed as part of the construction services and in accordance with the scope of work described in the construction documents.
  - c) Be able to obtain payment and performance bonds of the types and in the amounts described in Tex. Govt. Code §2253.
  - d) When submitting the bid, provide a Letter of Statement from a bonding company that the bidder is able to obtain both a payment bond and a performance bond described as stipulated in Tex. Govt. Code §2253.
  - e) Prior to executing the contract, obtain and provide the payment and performance bonds of the types and in the amounts established at Tex. Govt. Code §2253.
  - f) Have adequate financial resources or ability to obtain such resources as required during the performance of any resulting contract.
  - g) Be able to comply with the required performance schedule, taking into consideration all existing business commitments.
  - h) Have necessary management and technical capability to perform any resulting contract for construction services.
  - i) Be qualified as an established firm regularly engaged in the type of business to provide the items and work required by the request for bids.
  - j) Be registered to do business in the State of Texas.
  - k) Be in good standing with the State of Texas.
  - l) Be otherwise qualified and eligible to receive an award under applicable laws and regulations.
- The School must include the requirements to be used to establish an offeror as a responsible bidder in the request for bids, proposals or qualifications.



**600.002 CRIMINAL HISTORY CHECKS FOR CONTRACTED SERVICES.**

**DEFINITION**

“Continuing duties related to contracted services” are work duties that are performed pursuant to a contract to provide services to New Frontiers Public Schools on a regular, repeated basis rather than infrequently or one-time only.

A “covered contract employee” is an individual who:

1. Is employed or offered employment by a service contractor or a subcontractor of a service contractor, is an individual independent contractor of New Frontiers Public Schools, or is an individual subcontractor of a service contractor;
2. Has or will have continuing duties related to the contracted services;
3. Has or will have direct contact with students; and
4. Is not a student of (or enrolled in) New Frontiers Public Schools.

“Direct contact with students” is the contact that results from activities that provide substantial opportunity for verbal or physical interaction with students that is not supervised by a certified educator or other professional New Frontiers Public Schools employee. Contact with students that results from services that do not provide substantial opportunity for unsupervised interaction with a student or students, such as addressing an assembly, officiating a sports contest, or judging an extracurricular event, is not, by itself, direct contact with students. However, direct contact with students does result from any activity that provides substantial opportunity for unsupervised contact with students, which might include, without limitation, the provision of coaching, tutoring, or other services to students.

A “contracting entity” is an entity that contracts directly with New Frontiers Public Schools to provide services to New Frontiers Public Schools. However, when conducting an investigation or intervention regarding an alleged crime or act of child abuse on a school campus, a law enforcement agency or the Department of Family and Protective Services is not a contracting entity, and the investigator or intervener is not a covered contract employee.

A “subcontracting entity” is an entity that contracts with another entity that is not New Frontiers Public Schools to provide services to New Frontiers Public Schools or shared services arrangement.

*Education Code 22.0834(p); 19 TAC 153.1101(2)-(3), (7), (10).*

**CONTRACTOR RESPONSIBILITIES**

- Employed Before January 1, 2008

An entity that contracts with New Frontiers Public Schools to provide services and any subcontractor of the entity shall obtain from any law enforcement or criminal justice agency or a private entity that is a consumer reporting agency governed by the Fair Credit Reporting Act (15 U.S.C. Section 1681 et seq.), all criminal history record information that relates to an employee of the entity who is employed before January 1, 2008, and who is not subject to a national criminal history record information review under Education Code 22.0834(b) if:

1. The employee has continuing duties related to the contracted services; and
2. The employee has direct contact with students.

- Employment Offered on or After January 1, 2008

A person who, on or after January 1, 2008, is offered employment by an entity that contracts with New Frontiers Public Schools or any subcontractor of the entity must submit to a national criminal history record information review if:

1. The employee or applicant has or will have continuing duties related to the contracted services; and
2. The employee or applicant has or will have direct contact with students.

The person must submit to the review before being employed or serving in a capacity described above.

An entity contracting with New Frontiers Public Schools and any subcontractor of the entity shall obtain all criminal history record information that relates to a person described above through the criminal history clearinghouse as provided by Government Code 411.0845.

A contracting entity shall require that a subcontracting entity obtain all criminal history record information that relates to a person described above.