



# TCSA Model Board Policy Series

Module 100: *Financial Operations 2012*  
*Charter Board Policy for*  
*University of Texas-University Charter School*

## Module 100: *Financial Operations 2012*

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

Module 200: Charter School Governance & Organization

Module 300: General School Operations

Module 400: Students

Module 500: Open Government

Module 600: Human Resources

### Legal Abbreviations Used In the TCSA Model Board Policy Series

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

## 100.020. ANNUAL OPERATING BUDGET

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

### SECTION 1. Budget Process

SECTION 1.1. FASRG. The Superintendent will ensure that UT-UCS follows a budgeting process that is consistent with the requirements in the Budgeting Module of the Texas Education Agency’s (“TEA”) Financial Accountability System Resource Guide.

SECTION 1.2. Business Manager. The Superintendent delegates responsibility for the preparation of the annual budget to the Business Manager.

SECTION 1.3. Campus Improvement Plan. Each year before the annual operating budget is drafted, the Superintendent shall ensure that a campus improvement plan, which is based on a needs assessment of UT-UCS, is drafted and finalized. The needs assessment and campus improvement plan shall be completed by July 1. The campus improvement plan shall inform the drafting of the annual budget.

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

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

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

### SECTION 2. Fiscal Compliance

The Superintendent shall ensure that UT-UCS complies with all state and federal laws and rules concerning the budget and related processes of public K-12 schools in Texas, including but not limited to, laws and rules concerning online budget posting and financial solvency. In addition, the Superintendent shall ensure that UT-UCS complies with the fiscal policies and procedures of The University of Texas. <http://www.utexas.edu/business/accounting/hbp/>

## 100.040. USE OF STATE FUNDS

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

### SECTION 1. Use of State Funds

The CEO of UT-UCS shall ensure that the school uses state funds only for lawful purposes. <http://policies.utexas.edu/policies/university-funds>

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

The CEO shall ensure that the business activities of UT-UCS that are not directly related to the management and operation of UT-UCS are kept in separate and distinct accounting, auditing, budgeting, reporting, and recordkeeping systems from those recording the business activities of UT-UCS.

### SECTION 3. Interested Transactions

<http://www.utsystem.edu/bor/rules/30000Series/30104.pdf>;

<http://www.utsystem.edu/bor/procedures/policy/policies/UTS180.pdf>

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

SECTION 3.2. The Superintendent shall ensure that the employees of UT-UCS shall comply with all conflict of interest laws and rules applicable to affected employees, including, but not limited to, the UT-Austin Individual Conflicts of Interest Policy. <http://policies.utexas.edu/policies/individual-conflicts-interest>

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

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

## 100.060. STATE FISCAL COMPLIANCE

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

### SECTION 1. Fiscal Year

UT-UCS shall operate on a fiscal year beginning September 1<sup>st</sup> and ending August 31<sup>st</sup>.

### SECTION 2. Financial Accounting

<http://www.utsystem.edu/bor/procedures/policy/policies/uts142.html>

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

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

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

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

### SECTION 3. Grant Management Standards

SECTION 3.1. Compliance. If UT-UCS receives a grant directly from a state or federal agency the Superintendent shall ensure that UT-UCS is in compliance with the grant requirements of that state or federal agency.

SECTION 3.2. Employee Time Sheet. If a UT-UCS employee’s compensation is funded by any grant, the Superintendent shall ensure that the employee maintains a time sheet on which he or she records the time spent during the work day along with a description of the service he or she performed during that time.

SECTION 3.3. Signature. The Superintendent shall ensure that the time sheets will

contain the signatures of the employee who completed the time sheet, a school official, and the UT-UCS's grant manager.

#### **SECTION 4. Annual Audit by the Charter**

SECTION 4.1. Annual Audit. Annually, the Chair of the Board for UT-UCS shall ensure the engagement of a certified public accountant ("CPA") to have the financial and programmatic operations of UT-UCS audited. UT-UCS shall select and contract only with CPAs that are licensed by the Texas State Board of Public Accountancy and registered as a provider of public accounting services.

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

#### **SECTION 5. Annual Financial Statement**

SECTION 5.1. Annual Financial Statement. The Superintendent of UT-UCS shall prepare, or cause to be prepared, an annual financial statement for each fund subject to the authority of the Board during the fiscal year showing:

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

#### **SECTION 6. Annual Financial Management Report**

SECTION 6.1. The Superintendent shall ensure that UT-UCS complies with the reporting procedures TEA develops for charter holders to prepare and distribute the school's annual financial management report.

#### **SECTION 7. Audit by the Commissioner**

SECTION 7.1. UT-UCS and its officers, employees and agents shall fully cooperate with an audit by the commissioner of education.

#### **SECTION 8. Attendance Accounting**

SECTION 8.1. Compliance. The Superintendent shall ensure that UT-UCS complies with the TEA Student Attendance Accounting Handbook and all other laws and rules concerning charter school student attending accounting, reporting and record keeping.

SECTION 8.2. Responsibility. The Superintendent, chief campus leaders and teachers of UT-UCS will be responsible to the Board of UT-UCS and to the state to maintain accurate, current student attendance records;

SECTION 8.3. When Attendance Is Taken. Attendance at UT-UCS will be determined in conjunction with the directors of the residential facilities where UT-UCS campuses are located and approved by the Board. UT-UCS will not change the established period in which absences are recorded during the school year.

## **SECTION 9. PEIMS Data Standard**

SECTION 9.1. PEIMS. The Superintendent shall ensure that UT-UCS's fiscal accounting system is compatible with PEIMS data standards and conforms to Generally Accepted Accounting Principles.

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

## **100.080. FEDERAL FISCAL COMPLIANCE**

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

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

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

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

SECTION 1.3. Campus Improvement Plan. The Superintendent shall ensure that Title I funds used by UT-UCS shall be aligned to the campus improvement plan. There shall be no costs expended that are not directly related to the campus improvement plan.

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

### **SECTION 2. Federal Grant Allowable Expenditures**

SECTION 2.1. OMB Circulars. Prior to expending funds, the Superintendent shall ensure that UT-UCS consults the appropriate OMB Circular to determine what costs are allowable. The Superintendent shall ensure that all grant funds are expended in accordance with the circular.

### **SECTION 3. Time and Effort**

SECTION 3.1. Employee Time Sheet. If a UT-UCS employee’s compensation is funded by any grant, the Superintendent shall ensure that the employee maintains a time sheet on which he or she records the time spent during the work day along with a description of the service he or she performed during that time.

SECTION 3.2. Signature. The Superintendent shall ensure that the time sheets contain the signatures of the employee who completed the time sheet, a school official and the UT-UCS’s grant manager.



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

SECTION 4.1. Compliance. If UT-UCS receives CSP grants, the Superintendent shall ensure that UT-UCS shall comply and use the federal funds in accordance with all statutes, regulations and approved applications.

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

SECTION 4.3. Conflicts of Interest. UT-UCS board members and employees shall avoid apparent and actual conflicts of interest. An individual is prohibited from participating in an administrative decision regarding a project funded through CSP funds if the decision is likely to benefit that person or an immediate family member and the person is a public official or has a family or business relationship with UT-UCS. A person is prohibited from participating in a project to use his or her position for a purpose that is, or gives the appearance of being, motivated by a desire for a private or financial gain for that person or for others.

## **SECTION 5. Use of Federal Grant Funds for Procurement**

SECTION 5.1. Compliance. When expending federal grant funds, the Superintendent or designee shall ensure compliance by UT-UCS's employees, officers and agents with all applicable federal and state procurement standards and policies, including the policies and procedures of The University of Texas. Violations of applicable laws or policies may lead to disciplinary consequences including and up to termination of employment or removal from any officer position if applicable. [http://www.utexas.edu/business/accounting/hbp/07\\_purch/purch6.html](http://www.utexas.edu/business/accounting/hbp/07_purch/purch6.html)

## **100.100 CASH MANAGEMENT & CREDIT CARD NUMBER PROCEDURES**

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

### **SECTION 1. School Funds**

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

The Superintendent of UT-UCS shall ensure that UT-UCS complies with the cash management and credit card procedures of The University of Texas. [http://www.utexas.edu/business/accounting/hbp/06\\_cash/index.html](http://www.utexas.edu/business/accounting/hbp/06_cash/index.html)

### **SECTION 2. Activity Funds**

Parent/Volunteer Groups. The Superintendent or designee may develop procedures for parent and school volunteer groups to follow in the collection of funds. Such procedures should distinguish between what the school is collecting and what the parent group is collecting. The Superintendent or designee shall ensure that UT-UCS complies with Tex. Educ. Code § 12.108 with regard to any fees collected by UT-UCS from students or parents.

**100.160. PAYROLL**

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

SECTION 1.1. Accurate & Timely Payroll. The Superintendent shall ensure that school employees are paid accurately and timely in accordance with applicable laws and rules, including the policies and procedures of The University of Texas. [http://www.utexas.edu/business/accounting/hbp/13\\_payroll/index.html](http://www.utexas.edu/business/accounting/hbp/13_payroll/index.html)

## 100.180. PROPERTY

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

### SECTION 1. Public Property Held in Trust

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

SECTION 1.2. Public Property Held in Trust. Public property is held by the UT-UCS in trust for the benefit of enrolled students.

### SECTION 2. Use of Public Property

SECTION 2.1. Allowable Use. The Superintendent shall ensure that public property shall only be used for a purpose for which a school district may use school district property, in accordance with the policies and procedures of The University of Texas, and only to implement a program that is described in the charter and is consistent with the Texas Education Code §12.102.

[http://www.utexas.edu/business/accounting/hbp/16\\_inv/inv1.html](http://www.utexas.edu/business/accounting/hbp/16_inv/inv1.html);

<http://policies.utexas.edu/policies/use-university-physical-facilities-equipment-or-other-resources-faculty-and-staff>

The Superintendent also shall ensure that UT-UCS employees, agents and contractors do not use or apply public property for any purpose but a program described in UT-UCS’s charter.

SECTION 2.2. Exception to Allowable Use. Employees of UT-UCS may use local telephone service, cellular phones, electronic mail and Internet connections for incidental personal use under the following conditions:

[http://www.utexas.edu/cio/policies/uts165/UT-](http://www.utexas.edu/cio/policies/uts165/UT-Austin%20Info%20Resources%20Use%20and%20Security%20Polciy-Final.pdf)

[Austin%20Info%20Resources%20Use%20and%20Security%20Polciy-Final.pdf](http://www.utexas.edu/cio/policies/uts165/UT-Austin%20Info%20Resources%20Use%20and%20Security%20Polciy-Final.pdf)

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

**SECTION 2.3. Violations of Section 2.**

SECTION 2.3.1. Employee Violations. The Superintendent shall ensure that a violation of Section 2 of this policy by an employee of UT-UCS shall have disciplinary consequences which may include termination of employment.

SECTION 2.3 Joint Use of Real Property. The Board President shall ensure that the Board takes a separate vote to approve any joint use of real property for charter and non-charter activities. In the meeting minutes of the vote approving the joint use, the Superintendent or designee shall ensure that the minutes set forth the methodology used to allocate shared costs and the percentage allocation basis between charter and non-charter activities.

## **100.200. PURCHASING & CONTRACTING**

Pursuant to a delegation amendment to the UT-UCS charter approved by the commissioner of education, the Advisory Board (“Board”) of UT-UCS recommends the following policy, which shall be effective on the date that the policy is approved by the Chief Executive Officer (“CEO”) of UT-UCS.

### **Section 1. Purchasing and Contracting**

The Superintendent shall ensure full compliance with all applicable laws and rules, including the policies and procedures of The University of Texas, regarding public works contracts, selection of professional services and all other purchasing and contracting by UT-UCS. [http://www.utexas.edu/business/accounting/hbp/07\\_purch/index.html](http://www.utexas.edu/business/accounting/hbp/07_purch/index.html)

### **Section 2. Travel Expenses**

Board members, officers, and employees engaged in travel on official business of UT-UCS, shall comply with the travel policy and procedures of The University of Texas. [http://www.utexas.edu/business/accounting/hbp/11\\_trav/index.html](http://www.utexas.edu/business/accounting/hbp/11_trav/index.html)