

# **Arrow Academy**

## **Fiscal Procedures Manual**

# Arrow Academy Charter School

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## Introduction

This Fiscal Manual has been prepared to provide general information about several business functions. Additional information may be available within the district's Board Policies, Administrative Procedures, Forms or other web resources that provide additional, specific information about business operations.

College Station District Office

Physical Address and PO Box:

1700 Groesbeck St

Bryan, TX 77803

PO Box 12207

College Station, TX 77842

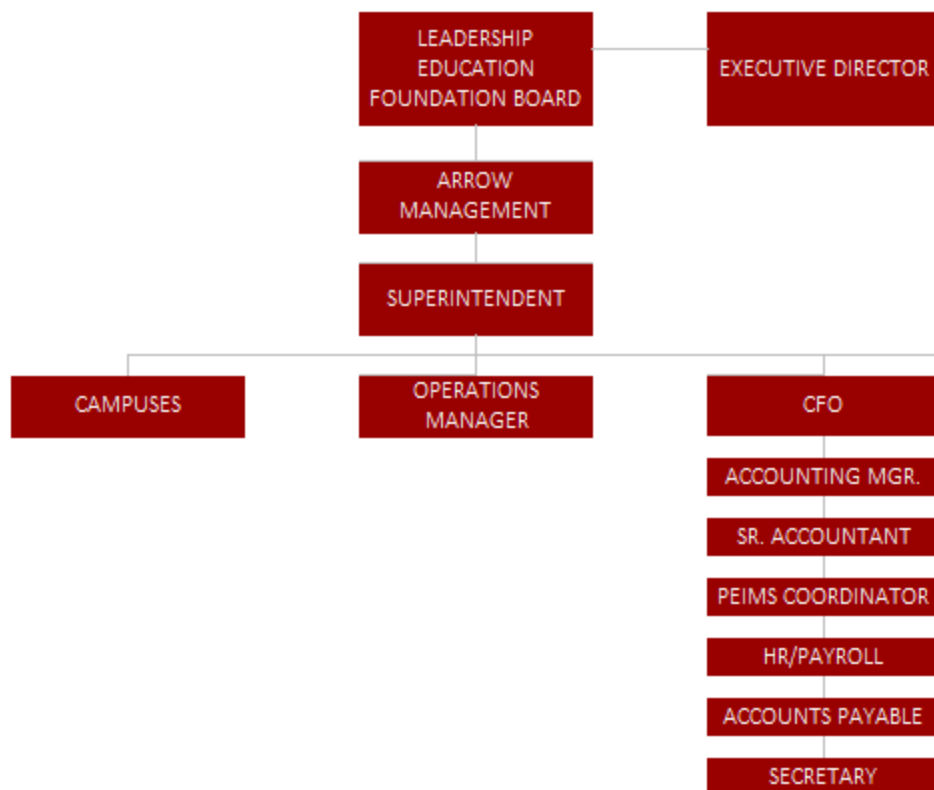
District Office Phone Number:

(979)-703-8820

Charter School District Number: 012805

Federal Tax Identification Number: 74-2636905

## Organization Chart



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## District Office Mission Statement

*The Mission of the Arrow Academy Charter School Business Department is to provide support to all District students, staff, parents, and the community to ensure that all business operations are supportive of the instructional goals and objectives of the district in the attainment of the campus performance objectives.*

## Accounting Code Structure

The Financial Accounting & Reporting Module of the Financial Accountability System Resource Guide (FASRG) contains the required accounting code structure. Use of the appropriate accounting code structure is mandatory. The code structure is available on the TEA website at [www.tea.texas.gov](http://www.tea.texas.gov)

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles.

### The Code Structure

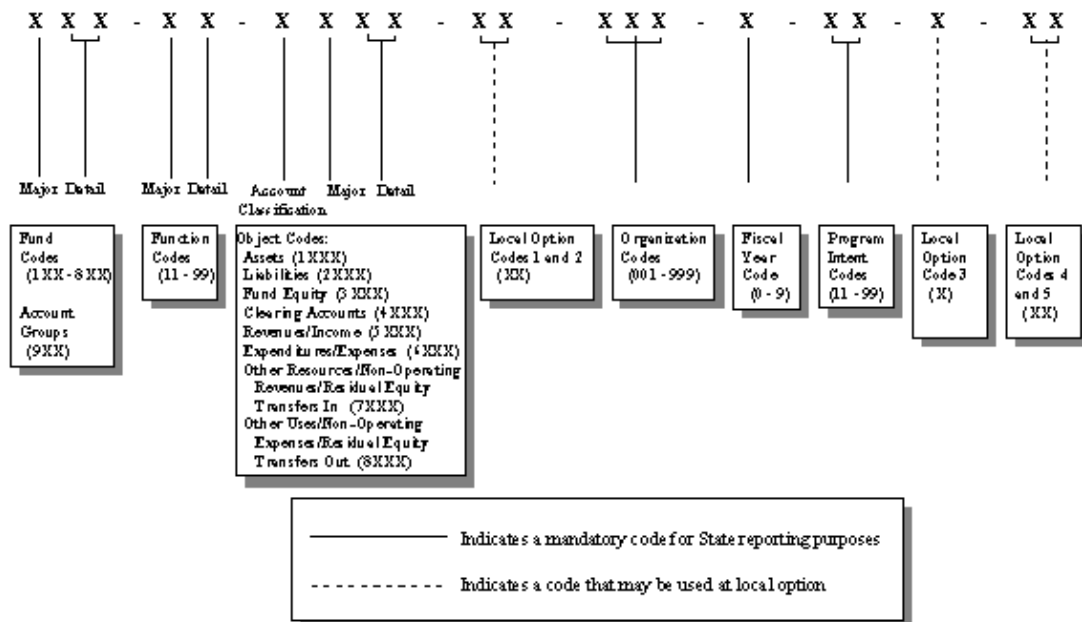


Exhibit #29 (FAR: 1.4.1 Overview of Account Codes)

The FAR Module contains a further detailed description of all parts of the 20-digit account code.

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**The Arrow Academy Chart of Accounts is illustrated below:**

*\*This is not an all-encompassing listing, but an internal reference sheet to utilize for the majority of codes used.*

<b>Funds</b>			
199	Unrestricted Funds – Local - Pd by LEF	6142	Group Health and Life Insurance
211	Title I, Part A – Improving Basic Instruction	6143	Worker’s Compensation
211	Title I, Priority/Focus (.01)	6145	Unemployment
212	Title I, Part C	6146	Teacher Retirement/TRS Care
224	IDEA Part B – Formula	6211	Legal Services
240	National Lunch and Breakfast Program	6212	Audit Firm
255	Title II, Part A – Teacher, Director Training	6218	Professional Contract Services - certified
258	Charter School Startup Grant	6219	Professional Contract Services - non-certified
263	Title III	6239	Education Service Centers; Regions
410	Instructional Materials (Textbook Fund)	6249	Contracted Maintenance and Repair
420	Foundation School Program and other State Aid	6256	Electricity
<b>Function Codes</b>		6257	Telephone
11	Instruction - Reg Ed	6258	Water
13	Curriculum Development and Staff Dev	6259	Gas
21	Instructional Leadership	6269	Rentals Operating Leases
23	Campus Leadership (Director)	6299	Contracted Services (not licensed)
31	Guidance, Counseling and Eval. Services /Testing	6318	DO NOT USE
33	Health Services (Band-aids)	6319	Supplies for Maint. &/or Operations; Janitorial
34	Student Transportation	6321	Textbooks
35	Food Services	6329	Reading Materials
41	General Administration (mgmt fee)	6339	Testing Materials
51	Maintenance and Operation (rent; janitorial)	6341	Food
53	Data Processing (web page)	6342	Non-Food
<b>Object Codes Assets/Liabilities</b>		6344	USDA Commodities
1110	Cash - Operating	6399	General Supplies; Software as a Service
1241	Due from State	6411	Employee Travel
1242	Accruals	6412	Student Travel
1290	Other Receivables	6429	Insurance & Bonding Costs
1410	Deferred Expenses (Prepays)	6495	Fees and Dues
1549	Fixed Assets	6499	Miscellaneous Operating Costs
1573	Accumulated Depreciation	6523	Interest on Debt
2110	Accounts Payable	6529	Other Interest Expense
2123	Other Liabilities	<b>Organization Codes</b>	
2153	Group Health Payable	041	SOS
<b>Object Codes Revenues</b>		101	Liberation
5742	Earnings from Temporary Investments	102	Harvest
5744	Gifts and Bequests	105	Champions
5749	Other Revenues from Local Sources	701	Superintendent
5751	Food Service Activity	702	Board Member
5811	Per Capita Appointment	750	General Administration
5812	Foundation School Program Act Entitlements	999	Undistributed Organization Code
5921	School Breakfast Program	<b>Intent Codes</b>	
5922	School Lunch Program	11	Basic Educational Services (Reg Ed)
5929	Federal Revenues Distributed by TEA	21	Gift and Talented
<b>Object Codes – Expenditures</b>		23	Services to Student with Disabilities – Sp Ed
6112	Salaries – Substitutes	24	Accelerated Instruction (ONLY 255 & 410)
6119	Salaries – Teachers and Other Prof Personnel	25	Bilingual and ESL Services
6121	Extra Duty Pay/ Overtime	30	Schoolwide Accelerated Instruction (NOT on 255 or 410)
6129	Salaries – Other Support Personnel	99	Undistributed
6141	Social Security and Medicare		

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## Accounts Payable

Generally items are received at each campus site. Accounts Payable in District Office receives invoice from vendor. Invoice is sent to the appropriate personnel for approval and account coding reference. Approval must be within authorization limits. Invoice is to indicate items on invoice have been received and were billed at the appropriate amounts. Special funding allocation (ie. Title I or ESL, etc.) must be clearly noted on the invoice.

The district generally does not pay in advance according to the information below regarding the payment scheduling law. A Texas Public School District is a political subdivision of the state of Texas (specifically the Texas Education Agency). Info on Texas Comptroller's Website based on the Texas Government Code 2251: <https://fm.xcpa.state.tx.us/fm/payment/vendorinfo.php>

Texas has a payment scheduling law that requires state agencies to schedule payments so the state receives the most benefit. This means that state agencies are not allowed to pay vendors before the payments are actually due unless:

- The invoice is less than \$5,000 or
- The state has a business reason for paying early (ie. substantial discount)

Texas law requires that all invoices be paid to vendors within 30 days of receipt of the goods/services [Prompt Payment Act]. If the district fails to pay promptly, the vendor can assess penalty interest charges. If a staff member directly receives an invoice and/or packing list and neglects to submit on a timely basis, he/she may be held personally liable for the penalty and interest charges, if any.

Accounts payable Clerk receives approved invoice and inputs account coding into Websmart. Accountant reviews account coding for accuracy and in accordance with FASRG standards and according to funding allocation then returns to Accounts Payable.

The Administrative Assistant is the only person with access to check stock. Accounts Payable Clerk requested next immediate check number from check stock and processes payment run in Websmart. Administrative Assistant prints checks, makes unsigned copies of checks, attaches invoice and other support to check copy. CFO/Accounting Manager reviews each check and support for account coding, appropriate approvals and proper cut-off (to determine support has been signed by appropriate personnel, evidence of receipt of goods and fiscal year end cut-off; signs checks and returns checks to Administrative Assistant for mailing.

Vendor payables are to be reviewed and paid weekly. Invoices and backup documentation are provided to the Accountant by 12pm on Thursday and checks printed ready for signature by Friday morning. In the event of a holiday week or other circumstances outside normal operations (ie. vacation, illness, etc.), payables are to be reviewed prior to the holiday week and all payments due during the holiday period are to be paid prior to holiday week.

## Activity Funds

Activity funds are funds generated and accumulated by the school from the collection of school-approved fund raising (ie. spirit shirts), field trips and other activities. These funds are used to promote the general welfare of the school and educational development and morale of all students.

Activity funds (under the control of the Director) shall be collected, receipted, and deposited to the district's District Office on a weekly basis. Refer to cash handling procedures for detailed processes.

Typical uses include field trip fees, staff or student awards/ incentives, faculty luncheons, refreshments for staff meetings, etc. These funds are district funds; therefore, the funds shall not be used for "gifts" to students

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and/or staff, nor donated to external organizations. As an exempt organization, we must raise and spend funds in accordance with our exempt purpose. Any deviations from this rule can result in federal and state sanctions. Budgeted funds shall not be used to generate activity funds, nor shall staff administrative/support) earn wages while generating activity funds. Giving of staff time to generate activity funds shall be voluntary.

The district has made the determination that all Campus Activity Funds will be accounted for in Fund 199 by campus and with special code reference of local option code 4 and 5 with a value of .04.

The following Allowable and Non-Allowable expenditures are for illustration purposes only, this is not an all-inclusive list. A final decision regarding allowability will be made at the time of the purchase and/or payment approval.

## Allowable

- a. Student trip related expenses such as meals, entry fees, lodging, transportation, etc.
- b. Staff or student meals or refreshments (infrequent and nominal cost)
- c. Awards/incentives (non-cash) of nominal value
- d. Club supplies
- e. Rentals such as bounce house, equipment, etc.
- f. Contracted services such as DJ services, motivational speaker, photographer, etc.

## Non-Allowable

- a. Alcohol, tobacco or other controlled substance
- b. Payments of wages to district employees
- c. Individual gifts to a specific student or staff member
- d. Donations to a person or outside organization
- e. Gift cards

District funds and activity funds utilize the same vendor file and the same procedures are followed for both. See vendor and accounts payable sections of this manual.

Generating activity funds shall not in any way compete with the district food service activities. Activity funds generation shall be a passive activity and shall not detract from the district's overall primary educational purpose. The generation and expenditure of campus activity funds shall be held to the same standard and scrutiny as that of appropriated funds. Activity funds shall be audited as part of the annual financial audit and must adhere to accepted business practices.

Staff Appreciation accounts shall be accounted for in Fund 199 and are not district funds, but rather trust funds in the care of the district. The funds may be used in any manner to benefit the staff at the direction of the campus Director as "trustee" over the funds. Purchases typically include meals for staff appreciation, holiday events, flowers for ill staff members, employee recognition awards, etc.

All activity funds are the responsibility of the Campus Director with oversight by District Office. At the end of each year the accounts are reconciled by Accountant. In the event the campus activity fund balance results in a deficit, the campus director is responsible for funding the shortage via check or payroll deduction.

## **Banking**

The District is required to comply with state laws regarding selection of a district depository bank and investing of district funds. The District's bank is Wells Fargo. All questions or requests regarding banking services should be directed to the Accounting Manager.

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Allowable check signers are the CFO, Accounting Manager and Executive Director.

Accountant reconciles bank statements monthly with sign off from the Accounting Manager. Note: person that reconciles the account must be someone other than the individuals who process and sign checks.

Accountant downloads cancelled check copies monthly and compares payee and amount on cancelled check to payee and amount recorded in the check register and general ledger. All checks written must be reviewed each year by someone independent of check preparation and authorization.

## **Budget & Budget Amendments**

The annual budget is prepared by the Accounting Manager and reviewed by the Chief Financial Officer. It is presented to the Board of Directors at least 10 days prior to the first day of school for adoption. A notice is posted in the newspaper as required. Upon budget approval, it is posted on the district website.

A budget amendment is a transfer of funds across different functions. Budget amendment line items must be stated in whole dollars. Requests should be submitted in accordance with agenda deadlines generally 2 business days before a regular board meeting. Budget amendments must be approved by the Board.

## **Business Staff Training**

Staff receives training and/or attend conferences annually. Topics covered may include but is not limited to, account coding, PEIMS, payroll, audit requirements, legal changes, state and federal grants management, etc. Training opportunities for TASBO or other certification or licensing programs, such as a CPA, shall be provided in a manner that seeks to meet the continuing education requirements for that specific certification or license. Additional training requests should be submitted to the Chief Financial Officer. It is the employee's responsibility to request additional training that he/she feels will be beneficial in performing the assigned job tasks.

In an effort to support compliance of fiscal policies and procedures, the business office shall conduct annual training for campus administrative and support staff, as appropriate.

## **Campus Budgets**

Campus directors are provided campus budgets periodically to monitor funds available. Items included are field trips, supplies (instructional, maintenance, health, etc.), teacher appreciation, parent involvement, local activity fund and staff professional development, etc. Questions should be directed to Accountant for discrepancies.

## **Cash/Check Handling**

All cash and checks shall be handled in accordance with the below stated procedures. Cash and checks shall be received by the Administrative Assistant daily, a receipt provided to the payee and recorded on the Weekly Cash Receipts Log. The Administrative Assistant shall sign initials on the Weekly Cash Receipts Log noting what the deposit is for and what funds it should be allocated to. The funds should immediately be placed in to the campus safe and locked. Only the Administrative Assistance should have access to and be responsible for the key to the campus safe.

The Administrative Assistant shall secure funds overnight in the locked campus safe if the deposit does not exceed \$200. At any point the total funds in the safe exceed \$200, a deposit is required. No later than the last business day of the week, the Director or designee (someone other than the Administrative Assistant) shall count funds with the Administrative Assistant, complete the deposit slip and make a deposit at the nearest Wells Fargo bank. Upon return, the Director or designee, shall provide the Administrative Assistant with a copy of the deposit



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receipt. The Administrative Assistant shall send the Weekly Cash Receipts Log and deposit slip via email to the Accountant weekly.

No cash purchases should be made – every dollar collected should be receipted and deposited to the Administrative Assistant.

## **Check Processing**

Business department accounts payable checks will be printed, endorsed, and released on a weekly basis. Generally, checks will be generated on Thursday afternoons for distribution by the close of the day on Friday. At times checks may be processed earlier or later, due to holidays, staff work schedules or unforeseen events.

Requests received after this time will be processed the following week. Check requests without all of the supporting documentation will not be accepted, nor processed. See accounts payable section for more details.

The District Office shall determine the date that vendors will be paid, so employees should not make prior commitments to vendors about check disbursements.

The appropriate forms shall be used for travel and other expense reimbursements. All invoices should be submitted to the District Office on a timely basis for payment within state law.

State law, Texas Prompt Payment Act, requires that the District Office pay all invoices within 30 days of the receipt of the good and/or services or the invoice date, whichever is later. Incorrect and incomplete invoices shall be disputed in writing within ten (10) days. To avoid penalty and interest charges, all invoices shall be submitted to the District Office on a timely basis for payment. Vendor provided discounts, such as net 10, shall be taken as appropriate.

Checks not cashed within a year will be voided and reissued after contact with vendor. Otherwise, the funds will be distributed in accordance with the State of Texas Unclaimed Property Guidelines.

## **Contracts for Consultants or Contracted Services**

Consultants are non-employees who are contracted to perform a personal or professional service such as staff development, medical services, etc. A written contract is required for all contracted services. All contracts shall be subjected to review by the Accounting Manager and/or Chief Financial Officer (CFO). Contracts shall be approved by district staff according to the purchasing thresholds (see Purchasing Authorization section).

No other employee is authorized to sign a contract or agreement on behalf of the district. An employee who signs a contract or agreement, without proper authorization, will be personally liable for the terms of the contract or agreement. Contracts that exceed \$50,000 shall be approved by the School Board at a board meeting.

All contracts that exceed \$50,000 shall be procured using the competitive procurement requirements established in the appropriate state law (TEC or the Government Code). The evaluation criteria [such as cost and prior performance] for the review of the proposals shall be determined prior to the solicitation for proposals/bids. The review and recommendation process shall include a separation of duties: the originator of the contract request should work collaboratively with the District Office to evaluate the proposals/bids.

If a contract for a consultant or contracted services will be funded through a federal grant, the Accounting Manager shall also approve the contract to ensure that it is: 1) included in the grant application; 2) budgeted in the grant; 3) verify that the contracted services is allowable under the grant; and 4) approved by the granting agency (such as TEA). The contract language required in the federal regulations (EDGAR) and state regulations (TEA) shall be included in every contract funded with federal grant funds.

The contract originator (campus or department administrator) shall be directly responsible to ensure that the contractor performs the services covered by the contract.

District staff shall use these procedures when submitting a contract for contracted services:

- Submit a completed vendor contract approved accordingly

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- Obtain the following documents from the consultant:
  - A completed W-9 form
  - Verification of Background Check if the consultant will work directly with students
  - Certificate of Insurance, as appropriate

Contracted services include services such as repairs, maintenance, technical support, and related services. Documentation of insurance, such as general liability, workers compensation, and auto liability, shall be in accordance with the Vendor Management Procedures and submitted to the District Office. The Certificate of Insurance shall name Arrow Academy as additional insured.

## Copiers

The district leases several copiers that are strategically placed in different campuses or departments. The copiers are for district business use only. Each campus receives a base number of color and non-color copies. Any overage will be charged to campus supply budgets.

## Credit Cards

The district utilizes Bill credit cards for purchasing of goods such as food items, instructional supplies, and maintenance supplies. Cards are issued to authorized users at designated credit card limits. The District Office monitors credit card limits and reviews all transactions via monthly statements and completion of credit card transaction documentation on bill.com completed by cardholders. Transaction documentation includes the purpose and description of the transaction, the itemized receipt, and any supplemental supporting documentation to support the transaction (i.e. meeting/event sign-in sheets, agendas, PD certificates, special funding justification forms, etc.).

Gift cards are not allowed to be purchased. See Gift Cards section.

The card holder must submit a **Sales Tax Exemption form** to the merchant to avoid sales taxes on purchases. If the card holder fails to submit the Sales Tax Exemption form, the sales tax will be posted to the campus' activity account or may be required to be reimbursed.

All credit receipts shall be itemized and uploaded to the transaction through bill.com or the Bill Spend and Expense App. We request that the receipt is uploaded within 5 days of the transaction. If receipts and credit card receipts are not submitted on a timely basis, these charges will be either temporarily posted to the campus' activity account until receipt of the supporting documentation or subject to immediate reimbursement by the employee. Upload of receipt by the cardholder to bill.com indicates cardholder approval of the purchase. If a receipt is not received from the purchaser, the purchaser may be held liable for reimbursement of the entire purchase. District credit card usage may be suspended and/or revoked if receipts are not submitted on a timely basis.

All district employees that have been authorized to utilize a credit card for purchases shall sign an **Arrow Business Credit Card User Agreement**. Violations of the Credit Card User Agreement may result in disciplinary action, up to and including employment termination.

Each campus or department that is entrusted with credit cards shall properly secure the cards and not be used by non-authorized users. Unauthorized use of the card by person other than the name in which the card is issued may result in disciplinary action, up to and including employment termination.

## Federal Grant Fund Purchases with Credit Cards

Expenditure of federal funds with a credit card must be allowable under the grant program. The Accounting Manager may be required to approve credit card expenditures on a case-by-case basis if there is a question regarding the allowability of the specific purchase. If a credit card expense does not meet the requirements of a state or federal

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grant, the expenditure shall be reclassified to local or state funds. Documentation of purchases with federal grant funds shall be in accordance with the **State/Federal Grants Manual**.

## **Donations and Gifts**

Donations of cash, cash equivalents (gift cards), equipment, or materials to individual schools or to the district by individuals or organizations shall become property of the district. District employees are prohibited by law from intentionally or knowingly offering, conferring, agreeing to confer on another, soliciting, accepting, or agreeing to accept a personal gift or benefit. Cash donations shall be deposited to the appropriate account in accordance with the **Cash Management Procedures**. All donations shall be approved in accordance with Board policy. A thank you letter is provided to each donor to serve as IRS documentation.

Campus staff shall NOT utilize an external donor website, such as gofundme.com, to seek donations for the campus without the written authorization from the Superintendent.

## **Field Trips**

A **Field Trip form** shall be submitted for all field trips. The form shall be submitted with a copy of the teacher's lesson plans for audit purposes and source of funds to be used. The annual budget sets a nominal amount per student for educational field trips which are approved by the board. These funds should be utilized first prior to raising funds for field trips. If state funds are expended and funds are collected from students to attend another field trip, **A Request to Conduct a Fundraiser Form** shall be completed, signed by the Director, and sent to District Office for approval.

There will no field trips from federal grant funds.

## **Fiscal Year**

Arrow Academy's fiscal year begins on September 1<sup>st</sup> and ends on August 31<sup>st</sup>.

## **Fixed Assets & Inventory**

Fixed assets are defined as equipment with a unit value over \$10,000. These assets are tracked and recorded on the district's financial general ledger. Fixed assets that are stolen, obsolete, damaged beyond repair, etc. should be reported to the Chief Operating Officer and Accounting Manager for removal from the district's financial records.

Inventory items are defined as equipment with a unit value over \$500, but less than \$10,000. These items referred to as "inventory" shall be tracked and recorded on the district's inventory tracking system for insurance purposes. Inventory items that are stolen, obsolete, damaged beyond repair, etc. should be reported to Chief Operating Officer for removal from the district's inventory tracking system. Inventory items (with a unit value between \$500 and \$9,999) shall be considered consumable and shall be purchased through the use of an Object Code 6399.

Other "walkable" items with a unit value under \$500 that are expensed through Object Code 6399 shall be tracked and tagged for inventory purposes. These items may include: iPads, Nook/Kindle, tablet computers, digital cameras, and other items that may have a personal use.

Items lost due to theft or vandalism must be reported immediately for police report and insurance claim purposes.

Fixed assets may be disposed of on an annual basis after determination that the assets are obsolete or surplus (have no useful value to the district). The CFO shall approve the disposal of all assets, including the method of disposal, i.e. auction, garage sale, etc. The Chief Operation Officer shall oversee the disposition of obsolete and surplus assets and inventory. The proceeds of a surplus sale shall be submitted to the business department for recording audit purposes.

**No employee shall remove surplus or obsolete assets for personal use. Removal of assets or inventory without written authorization shall constitute theft of property and/or be held financially liable. The employee**

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**shall be subject to disciplinary action, up to and including termination of employment.** If an asset purchased with a federal grant is scheduled for disposal, the federal grant process shall be coordinated with the Accounting Manager. Most federal grants contain specific disposal requirements of assets at the end of a grant period.

## Fundraising

All fundraising shall be in accordance with fiscal manual guidelines and **A Request to Conduct a Fundraiser Form** shall be approved by the Campus Director and District Office prior to conducting a fundraiser. Generation of student activity funds shall not in any way compete with the district's National School Lunch Program (NSLP). Food sales during the school day shall be limited to specific approval of the food item by the Chief Operations Office after reviewing the nutrition label of the food item. The standards do not apply to food sold during non-school hours, foods sold to adults, parents, staff, and foods brought to school by a student for personal consumption. Additional information regarding the fundraising guidelines on the Texas Department of Agriculture (TDA) website at: [Fundraisers – Guidance for Schools](#). Refer to Wellness Policy for additional requirements.

Please see Activity funds section for further details related to raised funds.

## Gift Cards

District funds, credit cards or local activity funds shall not be used to purchase gift cards. There are no exceptions.

## General Ledger

The Chief Financial Officer and/or their designee(s) shall be responsible for monitoring the general ledger maintenance on a monthly basis. The general ledger shall be reviewed for accuracy in areas such as, but not limited to the following:

- Cash and investment balances equal the respective bank or investment monthly statements
- Aged purchase orders, receivables and payables
- Verify that fund accounts are in balance
- Verify that bank account reconciling items are posted to the general ledger

General ledger entries shall be made on an on-going basis as needed. End-of-the-month and end-of-the-year entries shall be made on a timely basis.

All general ledger financial transactions shall require the following minimum data:

- Date of the general ledger transaction – the date of the transaction should be within the posting month and within the posting fiscal year.
- Account code(s) – the proper account code shall be used for all transactions
- Journal [transaction] number – the number assigned is automatically assigned in a sequential order
- The credit and debit amounts– the total debits must match the total credits
- Supporting document – supporting documentation, if any, shall be attached to the journal entry form for audit tracking purposes
- Signature or initials of the individual posting the transaction
- Signature or initials of the appropriate approval(s)

All general ledger payroll transactions shall require the following minimum data:

- Check date – the system-generated general ledger transaction should reflect the check date
- Account code(s) – the account codes charged for all payroll disbursements, including liability accounts, should exist in the general ledger prior to posting the system-generated journal entries.

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## Grants Management

All state and federal grants shall be managed in accordance with the **State & Federal Grants Manual**. All federal grants expenditures shall comply with the federal regulations, i.e. EDGAR or 2 CFR 200. TEA-administered grants shall also meet the Grant Management guidelines established by TEA. Specifically, grant fund expenditures must meet the following guidelines:

- Reasonable and necessary
- Conform to limitations or exclusions and be allocable to the federal grant
- Be consistent with policies and procedures of the district regarding types or amount of cost items
- Be accorded consistent treatment with district's expenditures with non-federal grant funds
- Be determined in accordance with generally accepted accounting principles
- Not included as part of a cost sharing or matching requirement of another federally funded grant program
- Be adequately documented

The Accounting Manager shall be responsible for the management and review of all state and federal grants.

On an annual basis, all staff paid from federal grant funds shall sign a job description each school year. The job description must include the source of funds, job duties related to the federal grant program, and a statement regarding Executive Order 13513 which prohibits texting while driving a district owned vehicle or a personal vehicle on grant-related business. The Intent and Purpose as stated in the federal grant program guidelines of each grant may be used to determine the specific job duties of federally-funded positions.

All grant funds will be budgeted, expensed and monitored through the district's accounting system (Websmart). All grant reimbursement requests shall be prepared and submitted by the District Office.

Budget changes and/or amendment requests may require approval from the granting agency and/or pass-through entity. The Accounting Manager shall review and approve all budget amendments related to federal grant funds in accordance with the requirements in TEA document "When to Amend the Application." The superintendent is required to approve all budget amendments.

## Hotel Occupancy Tax Exemption Form

This form shall be used for school-related travel to conferences, workshops, etc. Copies may be obtained from the District Office or on the website. Lodging taxes in the state of Texas, which should have been exempt, will be unauthorized for reimbursement if the traveler fails to present the certificate to the hotel. The traveler will be held responsible for such charges, if any.

The Hotel Occupancy Tax Exemption Form applies only to lodging in the state of Texas.

## Internal Controls

The district has developed internal controls to ensure that adequate controls exist in the areas of purchasing, cash management, investments, payroll, personnel, fixed assets, and the other business areas included herein. The district's primary goal is to protect the assets of the district and to ensure that all financial transactions are performed in accordance with generally accepted accounting practices.

Internal controls exist for approval, authorization, verification, reconciliations, segregation of duties, analytical review, physical controls, management controls, processing controls and monitoring controls.

The EDGAR federal regulations [2 CFR 200.303] require grantees to implement internal controls for the administration of federal grants. Grantees must establish and maintain effective internal control over federal grants and provide reasonable assurance that they comply with all laws, regulations and requirements related to the grants they receive. Additionally, grantees must:

- Evaluate and monitor their own compliance with grant requirements.

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- Quickly address any noncompliance identified, including any found in audit or monitoring findings.
- Take reasonable measures to protect sensitive or personally identifiable information (in accordance with laws regarding privacy and confidentiality).

## Journal Entries

All general ledger entries shall be in balance (debits shall equal credits). An automated numbering system shall be utilized by the district (by the accounting software, Websmart). The CFO, Accounting Manager and Accountant shall be authorized to create journal entries and the CFO and Accounting Manager shall be authorized to approve journal entries posted to the general ledger.

All changes to the general ledger should be posted within the same fiscal year as the changes occurred, if possible, or as soon as practicable. At times, prior to closing the month, additional reconciling journal entries may be posted in accordance with the creation and approval guidelines.

All reports should be electronically filed for audit purposes including, but not limited to, the following:

- General Journal
- Check Payments & Check Register
- Detail General Ledger
- Summary General Ledger
- Payroll Ledger

The CFO shall review a Summary General Ledger or Trial Balance on a monthly basis to ensure the accuracy of fund accounting.

## Long Distance Calls

The district does not require the use of a Long Distance Call Log for every long distance call due to the increasing number of long distance calls to staff, parent cell phones and campuses of transferring students. However supporting documentation may be requested for questionable long distance call charges. The Chief Operating Officer shall approve all phone bills, including long distance bills to ensure compliance with service agreements and any e-Rate discounts. Personal long distance calls are not permitted. Inappropriate long distance call charges, if any, shall be reimbursed by the caller within five (5) business days.

## Month End Processing

The Arrow Monthly Financial Checklist and Procedures should be utilized to ensure that all critical steps are followed to close out the month timely.

## Management Reporting

Generally on a quarterly basis, a board meeting is scheduled or as needed according to TEA reporting requirements. Each meeting the HR manager generates a list of terminations/new hires listing and the Accountant prepares the detailed check register, list of top vendors, monthly financial statement package. The financial reports and check payment list shall be approved by the School Board.

## Payroll Procedures

The Employee Handbook has been compiled to assist district staff in understanding federal and state laws that impact payroll disbursements. The handbook also includes district policies and procedures.

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In accordance with the Fair Labor Standards Act (FLSA), all employees have been designed as either “exempt” or “nonexempt” for payroll purposes. Staff designated as exempt, shall be exempt from the FLSA requirements of minimum wage, overtime and recordkeeping.

Exempt employees are not required to “clock-in” or “clock-out” on a daily basis. However, all exempt employees shall be required to submit all absences from work via TalentEd.

Every non-exempt employee shall “clock-in” and “clock-out” daily through the Timeclock System. Failure to clock-in or out may result in non-payment of unverified work time.

All employees shall review and submit their respective timekeeping records no later than close of business on the Friday prior to payroll cutoff date. (These dates are defined in Employee Handbook annually.) On the following business day, the time sheet report is sent to the Director for electronic approval via email. All corrections to “times” in Timeclock should be submitted by the respective employee and approved by the Director.

All non-exempt employees shall comply with the work schedule assigned by their respective supervisor. All overtime work hours (defined as work hours in excess of 40 in a workweek) shall be pre-approved by the Director and/or Superintendent, depending on circumstances and compensated accordingly. Employees working over time without authorization, shall be subject to disciplinary action, including termination for failure to follow administrative directives.

Staff members shall report all absences and leave requests to the Director. All approval of absences and/or leave forms shall be submitted to the Payroll Department by deadline defined in annual employee handbook (generally week prior to payroll due.) HR reconciles leave requests with time sheets.

The HR manager generates a payroll batch and runs a batch comparison report from the accounting software, Websmart, to compare the current payroll with the most recent previous payroll. Notations are made for any differences. This is reviewed by the Accountant for approval prior to payroll submitted in the system. HR Manager sends NACHA file to Accountant for another level of review prior to CFO or Accounting Manager uploading to bank for payroll. Any necessary payroll journal entries are reviewed upon receiving benefit invoices to reconcile payments and posted to the general ledger with the actual pay date.

Supplemental payroll batches may be necessary. Examples of these are a terminated employee, payroll or insurance corrections and/or other extenuating circumstances. These are reviewed and approved in accordance with standard payroll procedures.

All staff paid from federal grant funds shall comply with the Time & Effort Certification Requirements. Federally-funded staff working 100% in a single cost objective, such as Title I and Food Service, shall sign and submit a **Time & Effort Semi-Annual Certification form** to their immediate supervisor twice per year (December and May, depending on when the last day of school falls). The immediate supervisor shall review the forms and submit all exceptions to the District Office for adjustment of expenditures as noted on the Certification form.

After approval of the certification form, the Accounting Manager reviews forms and shall verify that the “actual” time worked on grant activities matches the “budgeted” salary. If a variance exists, the certification form shall be forwarded to the District Office to reallocate the actual expenditures based on the certification form. For example, a teacher is paid from the Title I, Part A grant (50%) and local funds (50%). In a given month, the teacher works 20% on Title I activities and 80% on state funded activities, the actual salary expense for that given month must be reallocated to 20% Title I and 80% state.

## Petty Cash Accounts

Each campus is authorized to manage a petty cash account of \$100. Petty cash should be stored in a locked drawer or box at all times. Only the administrative assistant should have access to the petty cash. These funds are provided for convenience when minor emergencies arise unexpectedly. Funds may be used with Director authorization only. Local school deposits may not be used to replenish the petty cash fund.

No petty cash purchases are allowed with federal grant funds or for use to purchase staff meals or travel expenses.

Petty cash requests for reimbursement shall be submitted by campuses to the District Office at the end of the year to replenish the cash balance, if needed. The **Petty Cash Reimbursement Request form** shall list all petty cash expenditures and include the detailed receipt for each purchase. At all times, the petty cash account shall be



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balance – the sum of the disbursed cash, purchase receipts and/or cash shall equal the authorized amount. Petty cash should not exceed \$100 at any time.

Petty cash funds are subject to periodic audit by the District Office and/or the District's external auditors.

ANY DISCREPANCIES OR SHORTFALLS IN CASH IN EXCESS OF \$5 SHALL BE REPORTED TO THE ACCOUNTING MANAGER WITHIN 24 HOURS OF DISCOVERY.

## Professional Services

The services of an architect, attorney, certified public accountant, engineer, or fiscal agent. A school district may, at its option, contract for professional services rendered by a financial consultant or a technology consultant in the manner provided by Government Code, Section 2254.003 in lieu of the methods provided by TEC 44.031. Professional and contracted services with federal grant funds shall be subject to the EDGAR and TEA contract provisions and in accordance with the Contract Management Procedures.

## Public Notices

To the extent a law requiring or authorizing the publication of a notice in a newspaper by the District or its representative does not specify the manner of publication, including the number of times that the notice is required to be published and the period during which the notice is required to be published, the District shall follow Government Code Chapter 2051, Subchapter C. Gov't Code 2051.042 [Board Policy GC Legal].

- A notice must be published in a newspaper issued at least one day before the occurrence of the event to which the notice refers.
- The notice shall be published in at least one issue of a newspaper.

A notice shall be published in a newspaper that is published in the District and that will publish the notice at or below the legal rate. The legal rate for publication of a notice in a newspaper is the newspaper's lowest published rate for classified advertising.

If no newspaper published in the District will publish the notice at or below the legal rate, the District shall publish the notice in a newspaper that is published in the county in which the District is located and will charge the legal rate or a lower rate.

If no newspaper published in the county in which the District is located will publish the notice at or below the legal rate, the District shall post the notice at the door of the county courthouse of the county in which the District is located. Gov't Code 2051.045, .048

The legally-required publications that must be published in a newspaper include the following: [Note. Other publications are required to be posted on the district's website.]

1. Annual financial statement – not later than the 150<sup>th</sup> day after the date the fiscal year ends (Local Govt Code 140.006 (c), (d). [Board Policy CFA Legal]
2. Notice of Public Hearing to discuss Schools FIRST (financial management report) – once a week for 2 weeks prior to holding the public meeting. [Board Policy CFA Legal]
3. Notice of Public Meeting on Budget – notice shall be published not earlier than the 30<sup>th</sup> day or later than the 10<sup>th</sup> day before the date of the hearing. [Board Policy CE Legal]
4. Posting of the dates that PSAT/NMSQT tests will be administered – A district that does not have a website shall public a notice in a newspaper at the same time and with the same frequency with which the information is provided to a student who attends a district school.



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5. Districts assigned with certain accreditation statuses (warned, probation and revoked) – In addition to posting on the district's website, shall publish in a newspaper in the district for 3 consecutive days. [Board Policy AIA Legal]
6. Purchase or Use of Real Property Contract – publish a notice of intent not less than 60 days before the date set to approve execution of the proposed contract. [Board Policy CHG]
7. Notice of Public Hearing on TAPR – the notice must be published in a newspaper in the district.
8. Notice of Bids and Proposals – once a week for at least 2 weeks before the deadline to receive bids, proposals, or responses to a request for qualifications. [TEC 44.031 & Board Policy CH & CV Legal]

Notwithstanding any other law, a district shall submit only in electronic format all reports required to be submitted to TEA under the Education Code. *Education Code 7.060(c)* [Board Policy BR Legal]

## Purchasing

All purchases of goods and services shall be in accordance with the purchasing procedures outlined below:

Purchasing Authorization:

Limits are set by board policy and updated accordingly to needs within the organization or growth.

Less than \$2,000 for budgeted items and within budget – Campus Assistant Director and Director Approval

Less than \$5,000 for budgeted items and within budget for SpEd only – SpEd Director

Less than \$20,000 for budgeted items and within budget – CFO/COO approval

Less than \$50,000 for budgeted items and within budget – CEO/Superintendent approval

\$50,000 or greater – Board approval

Purchase orders (POs) are generally required for purchases over \$2,000 and outside of contracted services. POs are generated according to district and campus needs, facilitated by the Chief Operating Officer. The PO is routed to the Accountant who assigns a PO number after reviewing expense with approved budget and required quotes. PO gets routed and approved in accordance with the above limits.

The procedures contain guidance related to the competitive procurement requirements in federal regulations (2 CFR 200 – EDGAR), state laws/rules and local board policy.

The Financial Accounting & Reporting Module of the [Financial Accountability System Resource Guide \(FASRG\)](#) contains the required accounting code structure. Use of the appropriate accounting code structure is mandatory. The code structure is available on the TEA website at [www.tea.texas.gov](http://www.tea.texas.gov)

After the requisitions pass all electronic approval paths, the purchase order form is automatically numbered for audit tracking purposes.

At times, the purchasing deadlines for state or federal grants may vary. It is best practice to order supplies not later than 90 days prior to end of grant period to ensure there are no residual supplies at the end of the grant period as they are intended to be utilized during the grant year. If residual supplies in excess of a \$5,000 aggregate value, the granting agency and/or pass-through entity must be notified to obtain disposition approval and instructions. [Federal regulation.]

According to Board Policy CH (Local), employees who violate the district purchasing procedures shall be held personally liable for the debt incurred.

The purchase of Food and Non-food items (such as paper plates, cups, silverware, etc) shall be for instructional purposes (Food Science & Nutrition, science projects, etc), for meetings/training sessions, or other approved functions.

Food purchases for the Child Nutrition Program shall be subject to the U.S. Department of Agriculture guidelines.

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Generally, snacks, food, and non-food supplies for staff development purposes shall be charged to a staff development account code (function 13). Use of district funds for food or snacks shall be allowed only during a “working lunch”. Documentation to support the “working lunch” shall include a meeting agenda with the inclusion of a “working lunch”.

The purchase of refreshments and snacks are strictly prohibited with federal grants. Meals [lunch] may be allowable on a limited basis if the meal meets the “working lunch” or “light lunch” exceptions as described in [TEA’s Budgeting Costs Guidance Handbook](#), EDGAR and the district’s procedures. All federally-funded meals must be reasonable and necessary and shall not exceed \$20 per meal per person. [Federal limit]

The federal procedures contain guidance related to the competitive procurement requirements in federal regulations (2 CFR 200 – EDGAR), state laws/rules and local board policy. **When a conflict arises between federal regulations, state law and local policy, the strictest rules shall apply.** The Arrow Academy Purchasing Chart shall be used to determine whether competitive procurement is required for a federal, state or locally funded purchase.

As of July 1, 2018, the district shall comply with the Procurement Standards as stated in 2 CFR 200, also known as the Education Department General Administrative Regulations (EDGAR). An overview of the procurement methods that apply to federal grant funds is summarized below:

- Micro-purchase – Most frequent method used due to the purchase of goods and/or services that are less than \$10,000 in the aggregate. These purchases shall be spread among qualified vendors, as appropriate.
- Small purchase – Purchase of goods and services ranging from \$10,000 to \$49,999. Three (3) quotes are required for these purchases and completion of bid evaluation to document selected vendor. Due to a more restrictive state law, the Small Purchases shall be limited to \$49,999.
- Single Acquisition Threshold – Purchase of goods or services over \$50,000 through the use of sealed bids or request for proposals (RFPs). The federal regulations for competitive procurement shall be used to procure goods and services under this purchasing method.
- Noncompetitive proposals – Shall be used for purchases from a sole source vendor or a grant agency approved non-competitive vendor, such as Education Service Centers. This is rare and shall request approval from the District Office.

## State Law

All school district contracts for the purchase of goods and services, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by the method that provides the best value for the district in accordance with the Texas Education Code (TEC 44.031). According to Board Policy CH Local, any single, budgeted purchase of goods or services that costs \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place. All purchases, which may exceed these limits, should be brought to the attention of the District Office well in advance of the need for the goods or services. The bidding process may take approximately 2 to 3 months, from bid specification development to School Board approval. Since non-compliance may result in criminal penalties, this requirement will be strictly enforced.

District definition of categories of goods and services:

- Copy paper
- Classroom supplies
- Printed marketing materials
- Advertising billboards
- Advertising radio
- Advertising consulting
- Special Education speech therapy
- Special Education occupational therapy
- Special Education assessment services
- Special Education administrative consulting

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- Food services
- Transportation services
- Student Academic Assessment Software
- Online curriculum and assessments for students
- Onsite observations and curriculum consulting for classroom teachers
- Culture and climate training and professional development
- Online library and learning resources for students
- Teacher Online Lesson Plan Support and data disaggregation
- Teacher and Administration Laptop Computers
- Student Chromebooks

Exceptions to the procurement methods described in TEC 44.031, include the following:

## **Sole Source**

A school district may purchase an item that is available from only one source, such as an item with an existing patent, book, film, utility service, or replacement/component part. The vendor shall provide written confirmation of their sole source status to the District Office for audit purposes. Sole source purchases with federal grant funds shall be pre-approved by the federal granting agency and/or pass-through entity (TEA), as appropriate. The [Request for Noncompetitive Procurement \(Sole-Source\) Approval](#) form shall be submitted to the appropriate entity by the Accounting Manager prior to approval of a sole source purchase. A copy of the approval form shall be attached to the purchase order for audit purposes.

## **Receiving of Goods**

The district utilizes both decentralized receiving system – depending on the goods and shipping location/costs. A copy of every purchase order for goods (supplies/equipment) will be forwarded to the Chief Operation Officer. Upon receipt of the goods, the COO shall promptly verify that the order was received complete and in condition. The COO shall forward the receiving documents and invoice to Accounts Payable for payment. Payment shall not be made to the vendor until the goods are verified as received in good condition.

All assets and inventory that require a tag will be tagged by the COO before delivery to the appropriate campus/department. All orders will be delivered to the respective campus or department. Discrepancies, if any, should be reported to the COO. Staff members that receive authorization to pick-up goods directly from a vendor shall submit receipt to the COO.

## **Rental of Facilities**

Arrow Academy employees seeking to schedule use of Arrow Academy buildings and facilities must submit to the Director and Superintendent a request for such use. The district shall not rent or lease district facilities to private individuals.

## **Returned Checks**

All makers of returned checks may be charged a \$25.00 fee or coded to the local activity fund. The fee is subject to increase based on the district's depository bank service fee schedule for returned checks. The district shall reserve the right to reject future checks from makers of returned checks.

## **Sales Tax Exemption Form**

The **Sales Tax Exemption form** shall be used for school-related purchases only. Misuse of the exemption form for personal purchases constitutes a misdemeanor.

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Copies of the exemption form may be obtained from the District Office. Each purchaser shall be responsible to complete, sign and present the form to the vendor. Note: The purchaser is certifying with his/her signature the following:

*I understand that I will be liable for payment of all state and local sales or use taxes which may become due for failure to comply with the provisions of the Tax Code and/or all applicable law. I understand that it is a criminal offense to give an exemption certificate to the seller for taxable items that I know, at the time of purchase, will be used in a manner other than that expressed in this certificate, and depending on the amount of tax evaded, the offense may range from a Class C misdemeanor to a felony of the second degree.*

Taxes, which should have been exempt, will be unauthorized for reimbursement if the exemption form is not presented to the vendor at the time of the purchase.

## Travel Expenses

All travel expenses shall be in accordance with the Travel Guidelines located on the website. All travel requests shall be submitted via email or website prior to the travel event (meeting, conference, workshop, athletic event, etc). The travel request will be forwarded to the appropriate administrator for approval. The final approval will rest with the Superintendent. There will be no travel advances.

Out-of-state travel funded through federal grant funds must be pre-approved by the granting agency and/or the pass through entity (TEA), as appropriate. All requests shall be submitted to the Accounting Manager on a **Request for Specific Approval: Out-of-State Travel Form** (located on TEA's website). The Accounting Manager shall obtain the pre-approval from the appropriate entity. No purchase order, travel authorization or expenditure shall be approved with federal grant funds until a copy of the approval form has been received from the granting agency and/or pass-through entity.

The travel rates for meals, lodging, mileage, and airline are limited to the rates and amounts stated in the GSA per diems and travel rates at [www.gsa.gov](http://www.gsa.gov). The GSA travel per diems shall be used to ensure compliance with state and federal regulations as they relate to allowable travel expenditures.

An expense reimbursement form shall be submitted within 30 days after the return of the traveler. All actual travel expenses shall be recorded on the form, with receipts for all expenses except mileage. All monies due to the traveler will be paid upon approval of the immediate supervisor, review by the District Office and availability of budgeted funds. The excess travel expenditures beyond the allowable amounts, if any, will be deduct from the monies owed.

The following items may be reimbursed with an original receipt after travel has occurred:

- Mileage
- Parking fees
- Hotel and associated city and local taxes
- Registration fees
- Car rental with prior approval when taxis/cabs/shuttles are not available
- Food (receipt required/not on a per meal/diem basis)

The following items will NOT be reimbursed:

- Tips
- Alcoholic beverages
- Entertainment/Recreation, including in-room movies
- Sales tax (if not required to be paid)
- Valet parking (unless there is no other reasonable parking option)
- Meals or any other expenses for other non-employees

The Accounting Manager shall review all grant travel expenditures in accordance with grant restrictions, as appropriate.

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## **Transportation**

There should be no transportation of children by Arrow employees unless unforeseen and extenuation circumstances arise.

Field trip transportation shall only be conducted with vendors upon which we have a contract or whom can provide verification of background checks, insurance and maintenance of vehicles. Guidance from District Office should be sought if questions arise.

## **Vendors**

Requests to add new vendors shall be accompanied by completed **Vendor Application Form** which includes checklist of: Form W-9, Proof of Insurance (if applicable), Background Check (if on campus) and approved by Accountant. The district shall ensure that all vendors are capable of provided the intended goods or services.

The district participates in several cooperative purchasing programs. A list of these programs is available from the District Office. Priority should be given to these vendors since the goods and/or services have been subjected to the rigor of a competitive bid process.

The governing body (School Board) and the Superintendent shall complete and file Local Government Officer Conflicts Disclosure Statement (CIS) with the District Office.

## **1099 Preparation**

The district prepares and mails 1099s in accordance with IRS guidelines to each person or non-incorporated company to whom the district has paid at least \$600 in rents, services (including parts and materials), prizes and awards. This form is sent to any individual, partnership, Limited Liability Company, Limited Partnership or Estate. A report is generated by Accounts Payable Clerk from the accounting system and reviewed by the Accountant before 1099s are mailed. Upon receiving a returned Form 1099 or notice from the IRS of a discrepancy, the Accounts Payable Clerk is responsible for resolving any issue at hand.