

## 7000 SERIES—FINANCIAL MANAGEMENT

### Budget

Budget and Program Planning .....	7100
Budget Implementation and Execution .....	7110
Budget Adjustments .....	7120
Annual Budget-Planning and Preparation .....	7130

### Accounting System

Accounting System Design.....	7200
GASB Statement 34 (Accounting System).....	7210
Federal Grant Financial Management System.....	7218
Documentation and Approval of Claims .....	7220
Financial Fraud and Theft Prevention .....	7225
Financial Reporting and Audits .....	7230
Fiscal Accountability and IDEA Part B Funds .....	7235
Federal Funds Semi-Annual Certification Form.....	7235F1
Personnel Activity Report.....	7235F2
Multiple Cost Objective Time and Effort Certification.....	7235F3
Written Compensation Procedure (Time and Effort).....	7235P
Retention of Records Relating to Federal Grants .....	7237
Fund Accounting System.....	7250
Property Records.....	7270

### Revenues.....

Advertising in Schools/Revenue Enhancement .....	7300
Allowable Uses for Grant Funds.....	7310
Determining Necessity and Reasonableness of Expenses.....	7320
Selected Items of Cost.....	7320P1
	7320P2

### Expenses

Purchasing.....	7400
Procurement Under a Federal Award.....	7400P1
Procurement Methods Under a Federal Award.....	7400P2
Requirement and Restrictions for Procurement Under a Federal Award.....	7400P3
Federal Contract Administration.....	7400P4
Time and Effort Documentation .....	7400F
Procurement Under a Federal Award .....	7400P
Public Works Contracting and Procurement .....	7405
Public Procurement of Goods and Services.....	7407
Authorizer Fee.....	7415
Personal Reimbursements.....	7420
Travel Allowances and Expenses.....	7430
Charter School Credit Cards .....	7440
Credit Card Holder Agreement .....	7440F
Federal Cash Management.....	7450
Timely Obligation of Funds.....	7450P1
Program Income.....	7450P2
Declaration of Financial Emergency .....	7600

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7100**

#### Budget and Program Planning

The annual budget is evidence of the Board of Directors' commitment to the objectives of the instruction programs. The budget supports the immediate and long-range goals and established priorities within all areas: instructional, non-instructional and administrative programs.

Prior to presentation of the proposed budget for adoption, the Principal shall prepare, for the Board's consideration, recommendations, with supporting documentation, which shall be designed to meet the needs of students within the limits of anticipated revenues.

Program planning and budget development shall provide for staff participation and the sharing of information with patrons prior to action by the Board.

#### Policy History:

Adopted on: September 15, 2016

Revised on:

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7110**

#### Budget Implementation and Execution

Once adopted by the Board of Directors, the operating budget shall be administered by the Principal and his or her designees. All actions of the Principal and designees in executing the programs and/or activities delineated in that budget are authorized according to these provisions:

1. Expenditure of funds for the employment and assignment of staff shall meet the legal requirements of the State of Idaho and adopted Board policies;
2. Funds held for contingencies may not be expended without approval from the Board;
3. A listing of warrants describing goods and/or services for which payment has been made must be presented for Board approval each month; and
4. Purchases shall be made according to the legal requirements of the State of Idaho and adopted Board policy.

Legal Reference: I.C. § 33-701 et seq.      Fiscal Affairs of School District

#### Policy History:

Adopted on: June 29, 2011

Revised on: September 15, 2106

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7120**

#### Budget Adjustments

Any person(s) proposing a budget amendment must provide written notice of the same to each Director at least seven (7) days in advance of the meeting at which such budget amendment will be proposed.

Prior to the final vote on a budget amendment proposal, notice shall be posted and published once in the manner prescribed by Idaho law. The meeting to adopt a budget amendment shall be open and shall provide opportunity for any taxpayer to appear and be heard. Budget procedures shall be consistent with statutory requirements.

With timely notice of a public meeting, Directors, by sixty percent (60%) of the members of the Board of Directors, may declare by resolution that a budget amendment is necessary to reflect the availability of funds and the requirements of the Charter School. Budget amendments are specifically authorized by I.C. § 33-701.

Budget amendments shall be submitted to the State Superintendent of Public Instruction.

Legal Reference: I.C. § 33-701      Fiscal Year – Payment and Accounting of Funds

#### Policy History:

Adopted on: September 15, 2016

Revised on:

**Annual Budget – Planning and Preparation**

The Superintendent along with the Administrator shall prepare a calendar which shall ensure all deadlines established by law for budget presentations, notifications, hearings and adoption are met. For the first three years of operation, the Superintendent of Legacy Charter School shall prepare the annual budget for Legacy Charter School and shall train the Administrator in budget preparation and implementation.

The Board's role in budget planning is to ensure that the budget:

- Reflects Legacy's financial objectives and is consistent with the Harbor School Method;
- Reflects the priorities of the Harbor School Method;
- Considers both short and long range funding sources and expenditures.

The Annual Budget must be presented at a public hearing no later than 28 days prior to the annual meeting.

**Policy History:**

Adopted on: June 29, 2011

Revised on:

**Accounting System Design**

The Charter School accounting system shall be established to present with full disclosure the financial position and results of the financial operations of the Charter School funds and account groups in conformity with generally accepted accounting principles. The accounting system must be in compliance with the accounting system requirements established by legislative action. It shall be possible to demonstrate the accounting system's compliance with finance-related legal and contractual provisions.

**Policy History:**

Adopted on: September 15, 2016

Revised on:

**Fixed Assets and Management Discussion and Analysis (GASB Statement 34)**Purpose

The Board of Directors recognizes the need to implement the required accounting and financial reporting standards set out in Governmental Accounting Standards Board Statement 34 (“GASB 34”)

The primary objectives of implementing the GASB 34 are to assure compliance with state requirements, and to properly account for both the financial and economic resources and to provide new and additional information to users of Charter School financial statements.

Authority

Participation of and reporting shall be in accordance with Board policy and State of Idaho Fiscal Policies manuals as prepared by the office of the State of Idaho Controller’s Office and GASB 34.

Delegation of Responsibility

The responsibility to coordinate the compilation and preparations of all information necessary to implement this policy is delegated to the Principal in cooperation with the Charter School Accountant.

The designated individual shall be responsible for implementing the necessary procedures to establish and maintain a fixed asset inventory, including depreciation schedules. Depreciation shall be computed on a straight-line basis over the useful lives of the assets, using an averaging convention. Normal maintenance and repairs shall be charged to expense as incurred; major renewals and betterments that materially extend the life or increase the value of the asset shall be capitalized. A schedule of accumulated depreciation shall be consistent from year to year.

Guidelines

In order to associate debt with acquired assets, and to avoid net asset deficits, any asset that has been acquired with debt proceeds shall be capitalized, regardless of the cost of the asset. Any assets capitalized should be depreciated using their estimated useful life, not their amortization schedule.

For all other assets not acquired by debt proceeds, the dollar value of any single item for inclusion in the fixed assets accounts shall be not less than

{ } \$5,000.

The capitalization threshold shall be set at a level that will capture at least 80% of all fixed assets.

The assets listed below do not normally individually meet capitalization threshold criteria:

1. Library books;
2. Classroom texts;
3. Computer equipment;
4. Classroom furniture.

Assets that fall below the capitalization threshold for GASB 34 reporting purposes may still be significant for insurance, warranty service, and obsolescence/replacement policy tracking purposes. The intermediate unit may record and maintain these non-GASB 34 asset inventories in subsidiary ledges.

Policy History:

Adopted on: September 15, 2016

Revised on:



## Legacy Charter School

### FINANCIAL MANAGEMENT

7218

#### Federal Grant Financial Management System

The Charter School maintains a proper financial management system in order to receive both direct and state-administered grants and to expend funds associated with a grant award. Certain fiscal controls and procedures must be in place to ensure that all financial management system requirements are met.

#### Idaho Financial Reporting Management System (IFARMS)

IFARMS provides the basis for complete financial and cost accounting, for the development of program budgets, and for the preparation of periodic financial reports. The uniformity of the system enables the Charter School to fulfill state requirements and provides the flexibility to obtain program and account detail to meet management needs.

#### Financial Management Standards

The standards for financial management systems are found at 2 C.F.R. § 200.302. The required standards include:

- 1. Identification:** The Charter School shall identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include the information described below under “Overview of the Financial Management/Accounting System.”
- 2. Financial Reporting:** Accurate, current, and complete disclosure of the financial results of each federal award or program will be made in accordance with the financial reporting requirements set forth in the Education Department General Administrative Regulations (EDGAR).
- 3. Accounting Records:** The Charter School shall maintain records that adequately identify the source and application of funds provided for federally-assisted activities. These records will contain information pertaining to grant or subgrant awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.
- 4. Internal Controls:** Effective control and accountability shall be maintained for all funds, real and personal property, and other assets. The Charter School shall adequately safeguard all such property and shall assure that it is used solely for authorized purposes.

“Internal controls” are tools to help program and financial managers achieve results and safeguard the integrity of their program. Internal controls should be designed to provide reasonable assurance that the following objectives are achieved:

- A. Effectiveness and efficiency of operations;
  - B. Adequate safeguarding of property;
  - C. Assurance property and money is spent in accordance with grant program and to further the selected objectives; and
  - D. Compliance with applicable laws and regulations.
5. **Budget Control:** Actual expenditures or outlays shall be compared with budgeted amounts for each federal award.
  6. **Cash Management:** The Charter School shall maintain written procedures to implement the cash management requirements found in EDGAR. See Policy 7450.
  7. **Allowable Costs:** The Charter School shall maintain written procedures for determining allowability of costs in accordance with EDGAR. See Policy 7320 and Procedure 7320P.

### **Overview of the Financial Management/Accounting System**

The Charter School accounting system is established to present, with full disclosure, the financial position and results of the financial operations of the Charter School in conformity with generally accepted accounting principles. The accounting system currently used is 2M Software. The system is in compliance with IFARMS, as required by Idaho statute. IFARMS shall be used as the basis for developing program budgets and the preparation of periodic financial reports. The Charter School Business Manager shall be responsible for managing budgets and accounts payable. As required by 34 CFR 200.302, the Charter School shall maintain on file award letters that include Catalog of Federal Domestic Assistance (CFDA) titles and numbers, federal award identification numbers and years, names of the federal awarding agencies, and the name of the State Department of Education (the pass-through entity), for each federal award. The funds are given unique identification numbers in the IFARMS system.

The Business Manager shall be responsible for preparing financial reports, as required for local, state, and federal agencies, for review and approval by the Board of Directors. The financial reports shall reflect the financial activity and status of the Charter School. These reports shall include monthly and cumulative expenditures, program budgets, and balances remaining.

### **Budgeting**

**The Planning Phase: Meetings and Discussions: Before Receiving the Grant Award Notice (GAN):** The Executive Director, assisted by the Business Manager, shall be responsible for initial federal grant budget development. Initial budget development shall be based upon estimates of federal program award amounts as provided by the State Department of Education, as well as input from program and administrative staff with respect to individual program staff needs, number and assignments of paraprofessionals relative to program allocations, and need for

instructional supplies and equipment. The primary considerations of initial budget development shall be the educational needs of students and the availability of existing Charter School resources for meeting these needs.

Budgets shall be prepared and presented in a format that clearly identifies revenue sources and amounts and budgeted expenditures, in accordance with IFARMS accounting codes, and shall be open for public inspection.

The Executive Director shall present the proposed budget to the Board for final approval of the budget and the policies reflected therein, such as proposed changes or additions to instructional programs and proposed salary schedules. Consideration of the proposed budget shall take place in an open meeting with opportunity for public comment. The approved budget shall be included in the minutes of the Board as documentation of its acceptance and approval.

**After Receiving the GAN:** If the Executive Director determines that final program allocations necessitate revisions to program budgets, he or she, assisted by the Business Manager with input from federal programs staff, shall discuss, review, and propose budget revisions. If proposed revisions require amendment proposals, the Executive Director will follow protocols of the amendment process.

**Amending the Budget:** The Executive Director shall review and approve any necessary budget amendments and shall submit those amendments to the Board at least seven days in advance of the meeting at which the amendment will be considered. The Board shall have final approval of the amended budget and consideration of the proposed budget shall take place in an open meeting with opportunity for public comment. The approved amended budget shall be included in the minutes of the Board of Directors as documentation of its acceptance and approval.

**Budget Control:** The Business Manager shall prepare monthly financial reports that monitor budget performance by comparing actual to budgeted revenues and expenditures. Monthly financial reports indicate budgeted amounts, monthly expenditures, year-to-date-expenditures and percentage of budget spent. The Executive Director shall review these reports for the preceding month prior to presentation to the Board.

### **Accounting Records**

The Business Manager shall be responsible for the maintenance of accounting records. Electronic accounting records are maintained in the 2M Software, and records are maintained on file in the Charter School office. All accounting records shall be reviewed by the Charter School Executive Director and, where appropriate and required, the Board. The Charter School chart of accounts and financial reports shall be established and maintained in accordance with Generally Accepted Accounting Principles (GAAP) and IFARMS, as required by Idaho Code. Accounting records shall be available for public inspection at any time.

### **Spending Grant Funds**

In determining what items will be included in individual program budgets, the Business Manager and the Executive Director will follow the federal cost principles and individual program statutes and regulations, as the basis for determining whether individual expenditures are allowable.

While developing and reviewing the grant budget, the Charter School will keep in mind the difference between direct costs and indirect costs.

### **Direct and Indirect Costs:**

1. **Determining Whether a Cost is Direct or Indirect:** Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect costs.

Identification with the federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs of Federal awards. Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials, and other items of expense incurred for the Federal award.

The salaries of administrative and clerical staff shall normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- A. Administrative or clerical services are integral to a project or activity;
  - B. Individuals involved can be specifically identified with the project or activity;
  - C. Such costs are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
  - D. The costs are not also recovered as indirect costs.
2. **Indirect Cost Rate:** It is at the discretion of the Charter School to use the indirect cost rate. It is the normal policy of the Charter School not to take indirect costs on federal awards. If the Charter School elects to take indirect costs, it shall follow the procedures for calculating the indirect cost rate prescribed by the State Department of Education and apply the policies and procedures outlined in the federal regulations as described below.
  3. **Applying the Indirect Cost Rate:** Once the Charter School has an approved indirect cost rate, the percentage is multiplied against the actual direct costs (excluding distorting items such as equipment, contracts in excess of \$25,000, pass-through funds, etc.) incurred under a particular grant to produce the dollar amount of indirect costs allowable to that award.

Once the Charter School applies the approved rate, the funds that may be claimed for indirect costs have no federal accountability and may be used as if they were non-federal funds. For direct grants, reimbursement of indirect costs is subject to the availability of funds and statutory or administrative restrictions.

Where a federal program has a specific cap on the percentage of administrative costs that may be charged to a grant, that cap must include all direct administrative charges as well as any recovered indirect charges.

Cross Reference: 7230      Financial Reporting and Audits

Legal Reference: 2 C.F.R. § 200.56	Indirect (Facilities & Administrative (F&A)) Costs
2 C.F.R. § 200.413	Direct Costs
34 C.F.R. § 75.564	Reimbursement of Indirect Costs
34 C.F.R. § 76.569	Using the Restricted Indirect Cost Rate

Policy History:

Adopted on: November 15, 2018

Revised on:

Documentation and Approval of Claims

All financial obligations and disbursements must be documented in compliance with the statutory provisions and audit guidelines. The documentation will specifically describe acquired goods and/or services, the budget appropriations applicable to payment, and the required approvals. All purchases, encumbrances and obligations, and disbursements must be approved by the administrator designated with the authority, responsibility, and control over the budget appropriations. The responsibility for approving these documents should not be delegated.

The Charter School business office will be responsible for the development of the procedures and forms to be used in the requisition, purchase, and payment of claims.

Policy History:

Adopted on: June 29, 2011

Revised on: September 15, 2016

**Disclaimer:**

**Charter School Financial Fraud or Theft is a criminal matter and covered by State laws. This policy is merely a guideline so that all Charter School employees understand the possible repercussions of such actions. If you have questions regarding fraud and/or theft, please contact your counsel and/or your local law enforcement agency.**

**Legacy Charter School**

**FINANCIAL MANAGEMENT**

**7225**

Financial Fraud and Theft Prevention

All Charter School employees, Directors, consultants, vendors, contractors, and other parties maintaining a business relationship with the Charter School shall act with integrity and due diligence in matters involving Charter School fiscal resources.

The Principal shall be responsible for developing internal controls designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the Charter School. Every member of the Charter School's administrative team shall be alert for any indication of fraud, financial impropriety, or irregularity within his or her areas of responsibility.

The Principal shall investigate reports of fraudulent activity in a manner that protects the confidentiality of the parties and the facts. All employees involved in the investigation shall be advised to keep information about the investigation confidential. While investigating and responding to the financial fraud allegations, the Principal or Chair of the Board of Directors will give priority to avoiding possible retaliation or reprisals.

Staff Responsibilities

Any employee who suspects that financial fraud, impropriety, or irregularity has occurred shall immediately report those suspicions to their immediate supervisor and/or the Principal or his or her designee who shall have the primary responsibility for initiating necessary investigations. Additionally, the Principal shall coordinate investigative efforts with the Charter School's legal counsel, auditing firm, and other internal or external departments and agencies, including the county prosecutor's office and law enforcement officials, as the Principal may deem appropriate.

An employee who believes they have suffered reprisal, retaliation, or discrimination for a report under this policy shall report the incident(s) to the Principal or designee. The Board will attempt to ensure that no employee who makes such a report will suffer any form of reprisal, retaliation, or discrimination for making the report. Employees are prohibited from preventing or interfering with those who make good faith disclosures of misconduct. This policy shall not apply when an employee knowingly makes a false report.

In the event the concern or complaint involves the Principal, the concern shall be brought to the attention of the Chair of the Board who is hereby empowered to contact the Charter School's legal counsel, auditing firm, and any other agency to investigate the concern or complaint.

### Definition

As used in this policy, "fraud" refers to intentionally misrepresenting, concealing, or misusing information in an attempt to commit fiscal wrongdoing. Fraudulent actions include, but are not limited to:

1. Behaving in a dishonest or false manner in relation to Charter School assets, including theft of funds, securities, supplies, or other Charter School properties;
2. Forging or altering financial documents or accounts illegally or without proper authorization;
3. Improper handling or reporting of financial transactions;
4. Personally profiting as a result of insider knowledge;
5. Disregarding confidentiality safeguards concerning financial information;
6. Violating Board conflict of interest policies; and
7. Mishandling financial records of Charter School assets, such as destroying, removing, or misusing them.

### Internal Controls

The following internal controls shall be a regular practice of the Charter School in an effort to prevent the possibility of fraud:

1. **Treasurer's Receipts:** The clerk should have receipts and numbered duplicates for everything paid out in his or her custody.
2. **Checks:** The clerk shall keep personal custody of any signature stamps and maintain a log for every check written.
3. **Audit:** An individual not connected to the business office should audit the check register regularly.
4. **Conduct background checks on potential business office employees:** Check all possible references, not just those offered, and perform criminal background checks on key business officials and other warranted individuals.
5. Monthly reviews by an individual not connected with the business office are performed. Checklists are provided to the auditor each year during the audit.

### Policy History:

Adopted on: September 15, 2016



## Legacy Charter School

### FINANCIAL MANAGEMENT

7230

#### Financial Reporting and Audits

The Board directs that financial reports of all Charter School funds shall be prepared in compliance with statutory provisions and generally accepted accounting and financial reporting standards. In addition to the reports required for local, State, and federal agencies, financial reports will be prepared monthly and annually and presented to the Board. The financial reports shall reflect the financial activity and status of the Charter School funds.

Appropriate interim financial statements and reports of financial position, operating results and other pertinent information will be prepared to facilitate management control of financial operations.

**The Board directs that school audits shall be conducted in accordance with Idaho law (I.C. § 67-450B). Each audit shall be a comprehensive audit of the affairs of the Charter School and the Charter School funds. The audits shall comply with all statutory provisions and generally accepted governmental auditing standards.**

The report shall be filed with the State Department of Education after its acceptance by the Board of Directors not later than November 10.

Legal Reference: I.C. § 33-701      Fiscal Year – Payment and Accounting of Funds  
I.C. § 67-405B      Independent Financial Audits by Government Entities

#### Policy History:

Adopted on: June 29, 2011

Revised on: September 15, 2016

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

7235

#### **Fiscal Accountability and IDEA Part B Funds**

The Charter School must ensure fiscal accountability at each phase in the use of Individuals with Disabilities Education Act (IDEA) Part B funds. The purpose of this policy is to ensure that the Charter School complies with the State Department of Education requirements described in the Idaho State Department of Education IDEA Funding Manual.

#### **Use of IDEA Part B Funds**

The Charter School shall use IDEA funds only to pay excess costs of providing special education and related services to children with disabilities. A cost is determined to be an excess cost of providing special education only if it meets each of the following criteria:

1. The cost would not exist in the absence of special education needs;
2. The cost is not also generated by students without disabilities; and
3. If the cost is specific to a particular child, it is documented if that child is on an Individual Education Plan (IEP).

The Board directs the Executive Director to establish procedures and internal controls to ensure that IDEA Part B funds are used only for allowable, excess costs of providing special education and that these costs are accounted for in the proper function/program codes described in 34 CFR 300.202-205. These procedures and controls shall also ensure the accuracy of the Charter School's Excess Cost Calculation, as required by 34 C.F.R. 300.16 and Appendix A to 34 C.F.R.300.

The Special Education Director and the Business Manager approve all IDEA Part B expenditures (PO, invoices) following the process described in the written procedures for determining allowability of cost (cost principles).

#### **Time and Effort Reporting**

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In order to determine if personnel costs are allowable under IDEA Part B, the Charter School shall maintain auditable "time and effort" documentation that shows how each employee paid with IDEA Part B funds spent his or her compensated time. Such work shall be documented on the time and effort forms. The form shall be kept for employees paid in full or in part with federal funds or whose salary is used to meet a matching requirement in a federal program. Such documents are written reports of how the time was spent.

The Board directs the Executive Director to establish a system for time and effort reporting that complies with the requirements of OMB Circular A-87 and OMB Circular A-133 and with the 4235P Written Compensation Procedure.

### **Parentally-Placed Private School Children**

The Charter School must ensure that it is providing the appropriate portion of IDEA Part B funds to children receiving special education at private schools within the boundaries of the Charter School. To accomplish this, the Board directs the Executive Director to establish procedures to accurately track and report expenditures for services provided to parentally-placed private school children.

The Special Education Director and the Business manager keep accurate records of all expenditures charged to the parentally-placed private school children budget. The documentation should be traceable to the financial report and available for inspection if requested.

### **Property Procurement and Tracking**

The Board directs the Executive Director to establish written procedures to ensure that the Charter School's mechanism for procurements using IDEA Part B funds conforms to the standards outlined in 34 C.F.R. 80.36 and with Policy 7400 Procurement Management System and any related procedures. The Board also directs the Executive Director to establish a system to maintain adequate inventory management of property purchased with IDEA Part B funds.

Property records in the inventory management system should include, at a minimum:

1. Property description;
2. Identification number;
3. Source of funding;
4. Acquisition date and cost;
5. The location, use, and condition of the property; and
6. Any ultimate disposition data including the date of disposal and sale price of the property.

In addition to the above information, the inventory management system should ensure that all source documents in support of the above information are maintained throughout the life and disposition of the equipment. These records should be updated frequently so that every piece of equipment purchased with federal funds can be accounted for at any given time.

Cross Reference        7400   Procurement Management System

Legal Reference:        2 C.F.R. §§200.430 Time and Effort  
                                  34 C.F.R. §§80.36 Procurement  
                                  34 C.F.R. §§80.42 Retention and Access Requirements for Records  
                                  34 C.F.R. §§300.132-133 Provision of Services for Parentally-Placed  
                                  Private School Children with Disabilities

34 C.F.R. §§300.16 Excess Costs  
34 C.F.R. §§300.202-205 Use of Amounts  
34 C.F.R. §§300, Appendix A Excess Costs Calculation  
Fiscal Accountability Checklist: For Sub-Recipients of IDEA Part B  
Funds  
OMB Circular A-87  
OMB Circular A-133

Other Reference: Policies and Procedures Used Template, Idaho State Department of  
Education, <http://www.sde.idaho.gov/sped/funding/>

Policy History:

Adopted on: September 15, 2016

Revised on: November 15, 2018

**Legacy Charter School**

**FINANCIAL MANAGEMENT**

**7235F1**

**Federal Funds Semi-Annual Certification Form**

Employee: \_\_\_\_\_ Position: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Grant Program	Fund Code – Function Code	Distribution of Time (Percentage of Hours)

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by supervisor: \_\_\_\_\_ Date: \_\_\_\_\_



**Multiple Cost Objective Time and Effort Certification**

Employee: \_\_\_\_\_ Position: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Grant Program	Fund Code – Function Code	Distribution of Time (Percentage of Hours)

Employee’s Signature: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Reviewed by supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

**Written Compensation Procedure (Time and Effort)**

**Time and Effort Standards**

All employees who are paid in full or in part with federal funds must keep specific documents to demonstrate the amount of time they spent on grant activities. This includes an employee whose salary is paid with State or local funds but is used to meet a required “match” in a federal program. These documents, known as time and effort records, are maintained in order to charge the costs of personnel compensation to federal grants.

The Charter School’s records will accurately reflect the work performed. These records must:

1. Be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
4. Encompass both federally assisted and all other activities compensated by the Charter School on an integrated basis;
5. Comply with the established accounting policies and practices of the Charter School; and,
6. Support the distribution of the employee’s salary or wages among specific activities or costs objectives.

**Time and Effort Procedures**

Federal programs staff work in multiple programs and are paid from multiple federal awards. The initial budget for program personnel is determined according the relative percentage of the total of allocations of programs in which the staff member works. Each pay period, the staff member’s salary and benefits are calculated and paid according to those initial budget percentages.

At the end of each quarter, the staff member will submit a certification of actual hours worked in each federal program during that quarter. The certification will be signed by the employee and by the business manager or other Charter School staff with after-the-fact knowledge of the employee’s activities.

The business manager will reconcile the certification of actual work performed to budgeted amounts and will make corresponding journal entries that reflect actual hours worked in and allowable activities of each federal program.

If an employee works exclusively in a single federal program, that employee will, at least semi-annually complete Form 7235F1 Federal Funds Semi-Annual Certification Form. The form must



be completed at least twice each year and signed by the employee and staff member with after-the-fact knowledge of the employee's activities.

Federal programs staff who work in multiple programs and are paid from multiple federal awards with no fixed schedule shall complete a Form 7235F2 Personnel Activity Report.

### **Positive Time Reporting**

**(For Charter Schools that have implemented a financial management system that allows positive time reporting)** The Charter School may generate a time and effort report directly from the financial management system.

#### Procedure History:

Adopted On: November 15, 2018

Revised On:

Reviewed On:

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

7237

#### **Retention of Records Relating to Federal Grants**

The Board directs the Executive Director to ensure that fiscal records related to federal grants are retained for a minimum of six years from the obligation of funds. These records shall be available for inspection if required.

#### **Procedures**

The Charter School shall maintain records that fully show:

1. The amount of funds under the grant or subgrant;
2. How the subgrantee uses those funds;
3. The total cost of each project;
4. The share of the total cost of each project provided from other sources;
5. Other records to facilitate an effective audit; and
6. Other records to show compliance with federal program requirements.

The Charter School shall also maintain records of significant project experiences and results. These records and accounts shall be retained and made available for programmatic or financial audits.

In accordance with State Department of Education record retention policy 4.16.02 Administration of Federal Grant Program, the Charter School shall maintain all fiscal and programmatic records relating to federal grants for a minimum of five years and one additional audit.

The Charter School will destroy paper records by shredding only. In the event of the disposal of computers or electronic equipment that may contain confidential student or personnel records, the Charter School will ensure that hard drives are appropriately “wiped” clean of information prior to disposal.

The Charter School shall retain records based on the schedule provided [in](#) Policy 8605.

#### **Collection and Transmission of Records**

The Charter School shall maintain electronic records in the 2M Software system, and records shall be maintained in the Charter School office under the supervision of the Business Manager or designee. The clerk will have authorized access as directed. Electronic and/or paper records shall be provided to awarding agencies to meet reporting requirements and to auditors and monitors, as appropriate and required. Records that are kept electronically may be transmitted electronically as allowed by 2 CFR 200.335.



## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7250**

#### Fund Accounting System

The accounts of the Charter School are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts.

Legal Reference: I.C. § 33-901 et seq.      School Funds  
                          I.C. § 33-701 et seq.      Fiscal Affairs of School District

#### Policy History:

Adopted on: September 15, 2016

Revised on:

## Legacy Charter School

### FINANCIAL MANAGEMENT

7270

#### Property Records

Property records and inventory records shall be maintained on all land, buildings, and physical property under the control of the Charter School. Such records shall be updated annually.

Property records of facilities and other fixed assets shall be maintained on an ongoing basis. All goods purchased using federal funds shall be delivered to the Charter School office and received by the Business Manager. Upon receipt of goods, the Business Manager shall notify the Executive Director of fulfillment of the purchase order.

The Title IA Lead Teacher checks all federal funds items against the invoice to ensure accuracy of delivery. Inventory items will be recorded on the Master Inventory list. No equipment shall be removed for personal or non-school use except according to Board policy.

Property records shall show, appropriate to the item recorded, the:

1. Description and identification;
2. Manufacturer;
3. Date of purchase;
4. Initial cost;
5. Location;
6. Serial number, if available; and
7. Model number, if available

For each equipment and computing device purchased with federal funds, the following information is maintained in the Special Services office mastery inventory list. The list includes the following information:

1. Serial number or other identification number;
2. Source of funding for the property;
3. Who holds title;
4. Acquisition date and cost of the property;
5. Percentage of federal participation in the project costs for the federal award under which the property was acquired;
6. Location, use, and condition of the property; and
7. Any ultimate disposition data including the date of disposal and sale price of the property.

In the event the property is sold, lost, or stolen, or cannot be repaired, the item will be deducted from the master inventory list. The date of the change will be listed along with the sale price if the item is sold.

## Property Classifications

Equipment and supplies with a useful life of more than 1 year, including computing devices, will be labeled with “Property of the Legacy Charter School” and with appropriate equipment identification.

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the Charter School for financial statement purposes, or \$5,000.

Supplies means all tangible personal property other than those described in § 200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the Charter School for financial statement purposes or \$5,000, regardless of the length of its useful life.

Computing devices means machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information.

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year that are capitalized in accordance with GAAP. Capital assets include:

1. Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
2. Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

## Physical Inventory

A physical inventory of the property must be taken and the results reconciled with the property records at least yearly.

Each staff member will inventory property items in their room at the end of each school year. The inventory sheet is signed by the staff member taking the inventory as verification and is reviewed by the Business Manager and stored. Computer and technology equipment is inventoried and recorded in an Excel spreadsheet. Electronic equipment, such as iPads, are labeled with “Property of Legacy Charter School”.

Any discrepancy between physical inventory and the master inventory sheet will be researched by the Business Manager and noted on the master inventory.

## Maintenance

In accordance with 2 C.F.R. § 313(d)(4), the Charter School maintains adequate maintenance procedures to ensure that property is kept in good condition. If an item needs repair, the Business Manager will be notified and proper repair procedures will be determined, either in Charter School or by sending the item to a qualified repair facility.

## Lost or Stolen Items

The Charter School maintains a control system that ensures adequate safeguards are in place to prevent loss, damage, or theft of the property.

## Use of Equipment Purchased with Federal Funds

Equipment purchased with federal funds must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the federal award, and the Charter School will not encumber the property without prior approval of the federal awarding agency and the pass-through entity.

During the time equipment is used on the project or program for which it was acquired, the equipment will also be made available for use on other projects or programs currently or previously supported by the federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the federal awarding agency that financed the equipment. Second preference is given to programs or projects under federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible.

When no longer needed for the original program or project, the equipment may be used in other activities supported by the federal awarding agency, in the following order of priority:

1. Activities under a federal award from the federal awarding agency which funded the original program or project; then
2. Activities under federal awards from other federal awarding agencies.

In the event that the Charter School no longer needs real or personal or real property, it will follow the rules, policies, and procedures required by Idaho Code §33-601(4)(b) and by Policy 9100.

Cross Reference: 7210                      GASB Statement 34 (Accounting System)

Legal Reference: I.C. §33-601(4)(b) Real and Personal Property—Acquisition, Use or Disposal of Same

I.C. § 33-701      Fiscal Year – Payment and Accounting of Funds

2 C.F.R. § 200.12 Capital Assets

2 C.F.R. § 200.20 Computing Devices

2 C.F.R. § 200.33 Equipment

2 C.F.R. § 200.94 Supplies  
2 C.F.R. § 313 Equipment

Policy History:

Adopted on: November 16, 2017

Revised on: November 15, 2018

Reviewed on:



## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7300**

#### Revenues

The Charter School will seek and utilize all available sources of revenue for financing its educational programs. This includes revenues from non-tax, local, State, and federal sources. All revenues received for the Charter School will be properly credited to the appropriate fund and account as specified by federal and State statute and the accounting and reporting regulations for Idaho school districts and charter schools.

The Charter School will collect and deposit all direct receipts of revenues as necessary but at least once monthly. The Charter School will make an effort to collect all revenues due from all sources, including, but not limited to, rental fees, bus fees, fines, tuition fees, other fees and charges.

#### Policy History:

Adopted on: September 15, 2016

Revised on:

Advertising in Schools/Revenue Enhancement

Revenue enhancement through a variety of Charter School-wide and Charter School approved marketing activities, including but not limited to advertising, corporate sponsorship, signage, etc., is a Board-approved venture. These opportunities are subject to certain restrictions as approved by the Board of Directors in keeping with the contemporary standards of good taste. Such advertising will seek to model and promote positive values for the students of the Charter School through proactive educational messages and not just traditional advertising of a product. Preferred advertising includes messages that encourage student achievement and the establishment of high standards of personal conduct.

All sponsorship contracts will allow the Charter School to terminate the contract at least on an annual basis if it is determined that it will have an adverse impact on implementation of curriculum or the educational experience of students.

The revenue derived should:

1. Enhance student achievement;
2. Assist in the maintenance of existing Charter School athletics and activity programs; and
3. Provide scholarships for students participating in athletic, academic, and activity programs who demonstrate financial need and merit.

Appropriate opportunities for these marketing activities include but are not limited to:

1. Fixed signage;
2. Banners;
3. Charter School-level publications;
4. Television and radio broadcasts;
5. Athletic facilities, to include stadiums, high school baseball fields, and high school gymnasiums;
6. Charter School level projects;
7. Expanded usage of facilities beyond traditional use, such as concerts, rallies, etc.;
8. Interior and exterior of a limited number of Charter School buses only if the advertising is associated with student art selected by the Charter School. The only advertising information will note that the student art is sponsored by the participant in the Charter

School sponsorship. Maintenance for these buses will include but not exceed normal maintenance costs; and

Advertising will not be allowed in classrooms, and corporate-sponsored curriculum materials are subject to the requirements of Board policy.

The following restrictions will be in place when seeking revenue enhancement. Revenue enhancement activities will not:

1. Promote hostility, disorder or violence;
2. Attack ethnic, racial, or religious groups;
3. Discriminate, demean, harass, or ridicule any person or group of persons on the basis of gender;
4. Be libelous;
5. Inhibit the functioning of the Charter School;
6. Promote, favor, or oppose the candidacy of any candidate for election, adoption of any bond/budget issues, or any public question submitted at any general, county, municipal, or Charter School election;
7. Be obscene or pornographic as defined by prevailing community standards throughout the Charter School;
8. Promote the use of drugs, alcohol, tobacco, firearms, or certain products that create community concerns;
9. Promote any religious or political organization;
10. Promote foods or beverages which do not meet the standards for foods sold at school described in Policy 8250. This restriction shall apply to all advertising, including signage, scoreboards, school stores, cups, packaging, vending machines, trash cans, coolers, menu boards, and food service equipment;
11. Use any Charter School or school logo without prior approval; or
12. Use age-inappropriate material.

### Exception

Nothing herein shall be construed to prevent advertising in publications which are published by student organizations, PTA/PTO, booster club, or other parent groups. Funds received for approved projects involving advertising in said publications may be retained by the school-related group that is sponsoring the activity as a fundraising event.

### Solicitations

Salespersons, representatives, or agents shall not solicit or contact pupils, teachers, or other employees in the school buildings or on school grounds without prior approval.

Cross Reference: 2100	Curriculum Development and Assessment
2500	Library Materials
2520	Curricular Materials

Legal References: 7 CFR § 210.30 Local School Wellness Policy  
42 USC § 1758b, Section 204 Healthy and Hunger-Free Kids Act  
of 2010  
42 USC § 1771 et seq. Child Nutrition Act of 1966  
42 USC § 1751 et seq. National School Lunch Act

Policy History:

Adopted on: September 15, 2016

Revised on: February 16, 2017

**Allowable Uses for Grant Funds**

Expenditures will be aligned with approved budgeted items. Any changes or variations from the state-approved budget and grant application need prior approval from the State. When determining how the Charter School will spend its grant funds, the Executive Director and the Business Manager will review the proposed cost to determine whether it is an allowable use of federal grant funds before obligating and spending those funds on the proposed good or service. All costs supported by federal education funds must meet the standards outlined in Education Department General Administrative Regulations, referenced below, which are provided in the bulleted list below. The Business Manager and Executive Director must consider these factors when making an allowability determination. All costs must:

1. Be necessary and reasonable for the performance of the federal award as outlined in 7320P1.
2. Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable or assignable to the federal award in accordance with the relative benefit received. This means that the federal grant program derived a benefit in proportion to the funds charged to the program. For example, if 50% of a teacher's salary is paid with grant funds, then that teacher must spend at least 50% of his or her time on the grant program.
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the Charter School.
4. Conform to any limitations or exclusions set forth as cost principles in 2 CFR Part 200 or in the terms and conditions of the federal award.
5. Consistent treatment. A cost cannot be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been assigned as an indirect cost under another award.
6. Be adequately documented. All expenditures must be properly documented.
7. Be determined in accordance with General Accepted Accounting Principles (GAAP), unless provided otherwise in Part 200.
8. Not be included as a match or cost-share, unless the specific federal program authorizes federal costs to be treated as such. Some federal program statutes require the non-federal entity to contribute a certain amount of non-federal resources to be eligible for the federal program.

9. Be the net of all applicable credits. The term “applicable credits” refers to those receipts or reduction of expenditures that operate to offset or reduce expense items allocable to the federal award. Typical examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the State relate to the federal award, they shall be credited to the federal award, either as a cost reduction or a cash refund, as appropriate.

Part 200’s cost guidelines must be considered when federal grant funds are expended. In addition, as required by federal rules, the Charter School will follow, as appropriate, all state and School-level requirements and policies regarding expenditures.

#### Helpful Questions for Determining Whether a Cost is Allowable

In addition to the cost principles and standards described in Procedures 7320P1 and P2, the Executive Director, Business Manager, and appropriate federal programs personnel can refer to this section for a useful framework when performing an allowability analysis. In order to determine whether federal funds may be used to purchase a specific cost, it is helpful to ask the following questions:

1. Is the proposed cost allowable under the relevant program?
2. Is the proposed cost consistent with an approved program plan and budget?
3. Is the proposed cost consistent with program specific fiscal rules? For example, the Charter School may be required to use federal funds only to supplement the amount of funds available from nonfederal (and possibly other federal) sources.
4. Is the proposed cost consistent with Education Department General Administrative Regulations (EDGAR)?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Executive Director, Business Manager, and appropriate federal programs personnel should also consider whether the proposed cost is consistent with the underlying needs of the program. For example, program funds must benefit the appropriate population of students for which they are allocated.

Also, funds should be targeted to address areas of weakness, as necessary. To make this determination, the Executive Director, Business Manager, and appropriate federal programs personnel should review data when making purchases to ensure that federal funds to meet these areas of concern.

Legal Reference:      2 CFR § Part 200 (Subpart E) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards  
                                 2 C.F.R. §200.404      Reasonable Costs  
                                 2 C.F.R. §200.405      Allocable Costs  
                                 2 C.F.R. §200.406      Applicable Credits

2 C.F.R. §§ 200.420-200.475 Considerations for Selected Items of Cost  
2 CFR § Part 3474 Uniform Administrative Requirements, Cost  
Principles, and Audit Requirements for Federal Awards

Policy History:

Adopted on: September 15, 2016

Revised on: November 15, 2018

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7320P1**

#### **Determining Necessity and Reasonableness of Expenses**

Federal grant funds may only be spent on costs which are necessary and reasonable for the performance of the federal award. Charter School staff must consider these elements when determining the reasonableness of a cost. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the cost was made. For example, reasonable means that sound business practices were followed, and purchases were comparable to market prices. When determining reasonableness of a cost, consideration must be given to:

1. Whether the cost is a type generally recognized as ordinary and necessary for the operation of the Charter School or the proper and efficient performance of the federal award;
2. The restraints or requirements imposed by factors, such as: sound business practices; arm's-length bargaining; federal, state, and other laws and regulations; and terms and conditions of the federal award;
3. Market prices for comparable goods or services for the geographic area;
4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the Charter School, its employees, its students, the public at large, and the federal government;
5. Whether the Charter School significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

While the relevant federal administrative rule does not provide specific descriptions of what satisfies the "necessary" element beyond its inclusion in the reasonableness analysis above, "necessary" is determined based on the needs of the program. Specifically, the expenditure must be necessary to achieve an important program objective. A key aspect in determining whether a cost is necessary is whether the Charter School can demonstrate that the cost addresses an existing need, and can prove it. For example, the Charter School may deem a language skills software program necessary for a limited English proficiency program.

When determining whether a cost is necessary, consideration may be given to:

1. Whether the cost is needed for the proper and efficient performance of the grant program;
2. Whether the cost is identified in the approved budget or application;
3. Whether there is an educational benefit associated with the cost;



4. Whether the cost aligns with identified needs based on results and findings from a needs assessment; and
5. Whether the cost addresses program goals and objectives and is based on program data;

Procedure History:

Adopted on: November 15, 2018

Revised on:

Reviewed on:

## Legacy Charter School

### FINANCIAL MANAGEMENT

7320P2

#### Selected Items of Cost

2 CFR Part 200 examines the allowability of 55 specific cost items (commonly referred to as Selected Items of Cost). These cost items are listed in the chart below along with the rule where the allowability of the item is discussed. Please do not assume that an item is allowable because it is specifically listed in the regulation, as it may be unallowable despite its inclusion in the selected items of cost section. The expenditure may be unallowable for a number of reasons, including:

1. The express language of the regulation states the item is unallowable;
2. The terms and conditions of the grant deem the item unallowable; or
3. State/local restrictions dictate that the item is unallowable.

The item may also be unallowable because it does not meet one of the cost principles, such as being reasonable because it is considered too expensive. If an item is unallowable for any of these reasons, federal funds cannot be used to purchase it.

Charter School personnel responsible for spending federal grant funds and for determining allowability shall be familiar with the Part 200 selected items of cost section. The Executive Director and Business Manager shall follow these rules when charging these specific expenditures to a federal grant. When applicable, the Executive Director and/or Business Manager shall check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, State, Charter School and program-specific rules may deem a cost unallowable, and Charter School personnel shall follow those non-federal rules as well.

The selected item of cost addressed in Part 200 includes the following (in alphabetical order):

<b>Item of Cost</b>	<b>Citation of Allowability Rule</b>
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427

Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages, and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446
Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452

Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Likewise, it is possible for the State and/or Charter School to put additional requirements on a specific item of cost. Under such circumstances, the stricter requirements must be met for a cost

to be allowable. Accordingly, Charter School staff shall consult federal, State, and Charter School requirements when spending federal funds.

In order for a cost to be allowable, the expenditure must also be allowable under the applicable program statute and accompanying program regulations, non-regulatory guidance, and grant award notifications.

Procedure History:

Adopted on: November 15, 2018

Revised on:

Reviewed on:

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7400**

#### **Procurement Management System**

##### Authorization and Control

It is the policy of this Charter School to conduct its purchasing program in a manner to ensure optimum use of Charter School funds. The Board, or its designee, reserves the right to determine what is in the best interest of the Charter School.

The Executive Director is authorized to direct expenditures and purchases within the limits of the detailed annual budget for the school year and pursuant to State purchasing and federal procurement requirements. Board approval for purchase of capital outlay items is required when the aggregate total of a requisition exceeds \$25,000, except the Executive Director shall have the authority to make capital outlay purchases without advance approval when it is necessary to protect the interests of the Charter School or the health and safety of the staff or students. The Executive Director shall establish requisition and purchase order procedures as a means of controlling and maintaining proper accounting of the expenditure of funds that align with State purchasing and federal procurement requirements. Staff members shall not obligate the Charter School without express authority. Staff members who obligate the Charter School without proper authorization may be held personally responsible for payment of such obligations.

##### Bids and Contracts

For micro-purchases up to \$3,000, purchases may be awarded without soliciting competitive bids if the Charter School considers the price to be reasonable. The Charter School shall maintain evidence of this reasonableness in the records of all micro-purchases. If small purchases are between \$3,000 and \$50,000 in cost, the Charter School shall use price or rate quotations obtained from an adequate number of qualified sources and maintain quotations in purchasing records.

With the exception of the purchase of curricular materials, and in accordance with the requirements of Idaho Code, whenever the cost of any construction, repair, or improvement; or the acquisition, purchase, or repair of any equipment; or other personal property necessary for the effective operation of the Charter School exceeds \$50,000 but does not exceed \$100,000, bids shall be called for by issuing written request to at least three vendors as specified in statute as well as following federal procurement requirements. Specifications shall be prepared and be made available to all vendors interested in submitting a bid. The contract shall be awarded to the lowest responsible bidder, except that the Board may reject any bid, reject all bids, or publish notice to rebid the project. If, after calling for bids a second time, no satisfactory bid is received, the Board may proceed under its own direction, subject to the approval of the State Board of Education.

For expenditures exceeding \$100,000, bids shall be called for by issuing public notice as specified in statute as well as following federal procurement requirements. Specifications shall be published in the official newspaper of the Charter School at least two weeks before the opening date, with the second notice to be published in the succeeding week at least seven days before the date that bids are scheduled to be opened. Copies of specifications, bid forms, bidder's instructions, contract documents and general and special instructions shall be made available upon request by any interested bidder.

When purchasing good and services pursuant to Idaho Code, and determining the most qualified bidder for award of the contract, the Charter School, at its sole discretion, may consider not only the amount of the bids, but may also consider additional factors including, but not limited to, the relative experience, ability, references, and integrity of the bidders to do faithful and conscientious work and promptly fulfill the contract according to contract requirements.

Except where a Request for Proposals is advertised, in the event the Charter School awards a contract to a bidder other than the lowest responsive bidder, the Board shall declare its reason or reasons on the record and shall communicate such reason or reasons in writing to all who have submitted a competing bid. The disappointed bidders shall have the right to submit a timely written objection, at which time the Charter School shall stop all work on the project, and shall review its decision and determine whether to affirm its prior award, modify the award, or choose to re-bid, setting forth its reason or reasons therefor. After completion of the review process, the political subdivision may proceed as it deems to be in the public interest.

The Executive Director shall establish bidding and contract awarding procedures that align with State purchasing and federal procurement requirements.

#### Sealed Bids (Formal Advertising)

For purchases over \$150,000, bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all of the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the following conditions apply:

1. A complete, adequate, and realistic specification or purchase description is available;
2. Two or more responsible bidders are willing and able to compete effectively for the business; and
3. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply:

1. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids.
2. The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

3. All bids will be opened at the time and place prescribed in the invitation for bids.
4. A firm fixed price contract award must be made in writing to the lowest responsive and responsible bidder.

Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of. Any or all bids may be rejected if there is a sound, documented reason.

### Personnel Conflicts of Interest

No employee will make any purchase or incur any obligations for or on behalf of the Charter School from any private business, contractor, or vendor in which or with which the employee has a direct or indirect financial or ownership interest.

Purchases or contracted services from any private business or venture in which any employee of this Charter School has a direct or indirect financial or ownership interest will be made on a competitive bid basis strictly in accordance with the following procedures:

1. The interested employee, the business, the contractor, or the vendor will fully disclose, in writing, the employee's exact relationship to the business, the contractor, or the vendor;
2. The affected business, the contractor, or the vendor may submit a bid in compliance with the specifications outlined by the Charter School;
3. The interested employee will not be involved in any part of the bidding process, including but not limited to, preparing specifications, advertising, analyzing, or accepting bids; and
4. This policy will apply to any organization, fund, agency, or other activity maintained or operated by the Charter School.

No employee will solicit gifts, gratuities, favors, prizes, awards, merchandise, or commissions as a result of ordering any items or as a result of placing any purchase order with a business, contractor, or vendor on behalf of the Charter School nor accept anything of monetary value from a business, contractor, or vendor except for unsolicited gifts of \$50 or less in value.

Cross Reference: 7400P Procurement Under a Federal Award  
7405 Public Works Contracting and Procurement  
7407 Public Procurement of Goods and Services

Legal Reference: I.C. § 18-1351 Bribery and Corrupt Practices – Definitions  
I.C. § 33-316 Cooperative Contracts to Employ Specialized Personnel  
and/or Purchase Materials  
I.C. § 33-402 Notice Requirements  
I.C. § 33-601 Real and Personal Property – Acquisition, Use or Disposal  
of Same



I.C. § 67-2805	Procurement of Public Works Construction
I.C. § 67-2806	Procuring Services or Personal Property
I.C. § 67-2806A	Request for Proposal
I.C. § 74-401 et seq.	Ethics in Government
2 C.F.R. § 180.220	Are Any Procurement Contracts Included as Covered Transactions?
2 C.F.R. § 180.300	What Must I do Before I Enter into a Covered Transaction with Another Person at the Next Lower Tier?
2 C.F.R. § 200.317	Procurement by States
2 C.F.R. § 200.318	General Procurement Standards
2 C.F.R. § 200.319	General Procurement Standards
2 C.F.R. § 200.320	Methods of Procurement to be Followed
2 C.F.R. § 200.323(b)	Contract Cost and Price
2 C.F.R. Part 200, Appendix II(1)	Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

Other Reference: Policies and Procedures Used Template, Idaho State Department of Education, <http://www.sde.idaho.gov/sped/funding/>

Policy History:

Adopted on: September 15, 2016

Revised on: November 16, 2017

Revised on: November 15, 2018

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7400P1**

#### **Procurement Under a Federal Award**

In addition to its other policies and procedures regarding procurement, the Charter School shall adhere to the following requirements when making procurements under a federal award. The Charter School shall:

1. Ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be produced, and set forth those minimum essential characteristics and standards to which the material, product, or service must conform. The Charter School will identify all requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals.
2. Prohibit the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract
3. Provide a written method for conducting technical evaluations of the proposals received and for selecting recipients, including factors considered for the evaluation; who performs the evaluation, the number of evaluations performed, the timeframe for conducting any evaluations, and the selection of a vendor and whether another position reviews the evaluation.
4. Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
5. Avoid acquiring unnecessary or duplicative items;
6. Consider consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach.
7. Maintain a list of prequalified persons, firms, or products which are used in acquiring goods and services, and include enough qualified sources to ensure maximum open and free competition.
8. Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement. Consideration

will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

9. Maintain records sufficient to detail the history of procurement. These records will include:
  - A. Rationale for the method of procurement;
  - B. Selection of contract type;
  - C. Contractor selection or rejection; and
  - D. The basis for the contract price.
  
10. The use of a time and materials type contract is prohibited unless the Charter School determines that no other contract is suitable. Time and materials type contract means a contract whose cost to a Charter School is the sum of:
  - A. The actual cost of materials; and
  - B. The direct labor hours charged at hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. When this type of the contract is used, it will include a ceiling price that the contractor exceeds at his or her own risk. The Charter School will assert a high degree of oversight over such contracts in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

11. The Charter School will adhere to any additional procurement rules as applicable to specific federal programs, such as federal child nutrition programs.

Procedure History:

Adopted on: November 15, 2018

Revised on:

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7400P2**

#### **Procurement Methods Under a Federal Award**

This procedure shall apply to purchases with federal funds.

##### Competitive Proposals

The technique of competitive proposals is normally conducted when more than one source submits an offer, and either a fixed price or cost-reimbursement type contract is to be awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

1. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
2. Proposals must be solicited from an adequate number of qualified sources; and
3. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

The Charter School may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. This method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

##### Contract/Price Analysis

The Charter School performs a cost or price analysis in connection with every procurement action in excess of \$50,000, including contract modifications. A cost analysis generally means evaluating the separate cost elements that make up the total price, while a price analysis means evaluating the total price, without looking at the individual cost elements.

The method and degree of analysis is dependent on the facts surrounding the particular procurement situation; however, the Executive Director must come to an independent estimate prior to receiving bids or proposals. 2 C.F.R. § 200.323(a).

When performing a cost analysis, the Charter School Executive Director negotiates profit as a separate element of the price. To establish a fair and reasonable profit, consideration is given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's

investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

### Noncompetitive Proposals (Sole Sourcing)

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the Charter School; or
4. After solicitation of a number of sources, competition is determined inadequate.

A cost or price analysis will be performed for noncompetitive proposals when the price exceeds \$50,000.

### Full and Open Competition

All procurement transactions must be conducted in a manner providing full and open competition consistent with 2 C.F.R §200.319. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;
4. Noncompetitive contracts to consultants who are on retainer contracts;
5. Organizational conflicts of interest;
6. Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process.

### Procedure History:

Adopted on: November 15, 2018

Revised on:

Reviewed on:

## **Legacy School Charter School**

### **FINANCIAL MANAGEMENT**

**7400P3**

#### **Requirements and Restrictions for Procurement Under a Federal Award**

The following shall be required in the case of procurement under a federal grant to ensure adequate competition.

##### Geographical Preferences Prohibited

The Charter School shall conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

##### Prequalified Lists

The Charter School shall ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the Charter School shall not preclude potential bidders from qualifying during the solicitation period.

##### Solicitation Language

The Charter School shall ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible.

When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers shall be clearly stated; and identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals.

##### Procedure History:

Adopted on: November 15, 2018

Revised on:

Reviewed on:

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7400P4**

#### **Federal Contract Administration**

The Charter School shall maintain the following oversight requirements to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

The Executive Director shall be responsible for ensuring that contracts for services are adequately fulfilled and completed prior to submission of requests for payment to the Board of Directors.

#### Procurement Under a Federal Award

In addition to the conflicts of interest outlined above, no employee, officer, or agent of the Charter School may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such conflicts of interest include instances where any of the following has a financial or other interest in or a tangible personal benefit from a firm considered for a contract:

1. The employee, officer, or agent;
2. Any member of his or her immediate family, including spouses, children, and parents;
3. His or her partner. For the purposes of this policy, “partner” shall mean an adult of the same sex or different sex with whom the employee, officer, or agent shares a non-marital intimate relationship and a common residence and with whom they mutually affirm that they share responsibility for each other’s common welfare; or
4. An organization which employs or is about to employ any of the parties listed above.

The following activities are prohibited:

1. The purchase during the school day of any food or service from a Charter School contractor or vendor for individual use;
2. The removal of any food, supplies, equipment, or school property without proper authorization;
3. Individual sales by Charter School personnel of any school property, including used items; and
4. Evaluate bids or proposals that use statutorily or administratively imposed state, local, or tribal geographical preferences, except those cases where federal statutes expressly

mandate or encourage geographic preference. In instances where the Charter School is seeking architectural and engineering services, geographical location may be a selection criterion depending on the nature and size of the project

### Cooperative Purchasing

The Charter School may cooperatively enter into contracts with one or more charter schools or school districts to purchase materials necessary or desirable for the conduct of the business of the Charter School provided that the purchasing cooperative follows State purchasing and federal procurement requirements.

### Purchasing Cards

Any use of purchasing cards shall comply with Policy 7440.

### Mandatory Disclosure

Upon discovery of any potential conflict, the Charter School will disclose in writing the potential conflict to the federal awarding agency in accordance with applicable federal awarding agency policy.

### Use of Intergovernmental Agreements

To foster greater economy and efficiency, the Charter School enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

### Use of Federal Excess and Surplus Property

The Charter School shall consider the use of federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

### Debarment and Suspension

The Charter School may not subcontract with or award subgrants to any person or company that is debarred or suspended. For all contracts over \$25,000, the Charter School shall verify that the vendor with whom the Charter School intends to do business with is not excluded or disqualified. The Business Manager shall be responsible for verification by checking the excluded parties list on Sam.gov.

### Settlement of Issues Arising Out of Procurements



The Charter School alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the Charter School of any contractual responsibilities under its contracts. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

#### Protest Procedures to Resolve Dispute

The Charter School maintains protest procedures to handle and resolve disputes relating to procurements and, in all instances, discloses information regarding the protest to the awarding agency.

#### Violations

Any Charter School officer, employee, or agent who violates this policy may be subject to disciplinary action, including but not limited to a fine, suspension, or termination. Violations of law will be referred to the local, State, or federal authority having proper jurisdiction.

#### Procedure History:

Adopted on: November 15, 2018

Revised on:

Reviewed on:

**Legacy Charter School**

**FINANCIAL MANAGEMENT**

**7400F**

**Time and Effort Documentation**

Employee: \_\_\_\_\_

Position: \_\_\_\_\_

Reporting Period: \_\_\_\_\_

Cost Objective (Program Activity)	Fund Code or Program Function Code	Program	Distribution of Time (Percentage of Hours)

I hereby certify this report is an accurate representation of the total activity expended during the period indicated.

Employee Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Reviewed by Supervisor: \_\_\_\_\_

Date: \_\_\_\_\_

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7400P**

#### **Procurement for Child Nutrition Programs Under Federal Grants**

The Food Service Manager shall be responsible for retaining information related to the procurement for child nutrition programs under federal grants, including clear and accurate descriptions of the goods or services being procured, the actions taken to procure the goods or services, and any other necessary information to show that the correct bidder was selected. This shall include email correspondence or a short memo describing:

1. What specifications were provided to the vendor, including clear and accurate descriptions of technical requirements;
2. What kind of requirements, if any, were placed on firms to qualify, such as experience or bonding or a requirement that agricultural and food products must be produced and processed in the United States;
3. The quotes received (company, date, price, and other pertinent details); and
4. Whom the procurement was awarded to.

For these purchases, the Charter School shall comply with the purchasing requirements provided by State law, unless local or federal law imposes more restrictive thresholds than State law. For purchases of up to \$3,500, no bidding or quotes shall be required and that purchases shall be spread equitably among qualifying vendors. For purchases from over \$3,500 to \$24,999, the Charter School shall obtain quotes from three sources if possible, and in any case no less than two sources. For purchases of \$25,000 to \$49,000 and purchases of \$50,000 and up, the Charter School shall comply with the requirements stated in Policy 7407. The Charter School shall perform a cost or price analysis prior to making any procurement of \$50,000 or more. This shall include making independent estimates before receiving bids or proposals.

The Charter School shall not acquire unnecessary or duplicative items.

#### Small, Minority, and Women's Business Enterprises

The Charter School shall take the affirmative steps required by 2 CFR 200.321 to assure that small, minority, and women's businesses enterprises and labor surplus firms are used when possible. These steps include:

1. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
2. Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency or Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are permitted, to take the affirmative steps listed above.

Legal Reference:	2 C.F.R. § 200.318(d)	General Procurement Standards
	2 C.F.R. § 200.321	Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms
	2 C.F.R. § 200.323(a)	Contract Cost and Price
	7 C.F.R. § 210.19(e)	Additional Responsibilities
	I.C. § 67-2806	Procuring Services or Personal Property

Procedure History:

Promulgated on: September 15, 2016

Revised on: January 18, 2018

## Legacy Charter School

### FINANCIAL MANAGEMENT

7405

#### Public Works Contracting and Procurement

No contract involving a public works project shall be let to any contractor who is not licensed as required by the laws of this State. Further, the Charter School shall at all times adhere to the bidding requirements for public works contracting and procurement as set out in State law.

#### Public Works Contractor Licensure Requirements

\$0 to \$50,000	No licensure requirement	IC 54-1903(9)
\$50,000 and above	Licensure required	IC 54-1903(9)

#### Exemptions from Public Works Contractor Licensure

Less than \$50,000 for construction, alteration, improvement, or repair.	Single project with any number of trades	IC 54-1903(9)
Any construction, alteration, or repair due to an emergency.	Pursuant to the provision of, Chapter 10, Title 46 Idaho Code	IC 54-1903(11)

#### Public Works Construction Bidding

\$0 to \$50,000	No bidding requirements	IC 67-2803(2)
\$50,000 to \$200,000	Semi-formal bidding: Issue written requests for bids describing the work to at least 3 licensed contractors. Allow 3 days for written response; objections 1 day prior to bid. Keep records for 6 months. <u>Accept low bid, or reject all bids.</u>	IC 67-2805(1)
\$200,000 and above	Formal bidding 2 <b>Options A &amp; B:</b>  <b>Category A</b> – Open to all licensed contractors. Publication requirements. Written objections allowed. May request bid security/bond. <u>Accept low bid, or reject all bids.</u> See code for details. (IC 67-2805(2)(a).)  <b>Category B</b> – Open to pre-qualified contractors. After pre-qualification is determined, the bidding process is in the same manner as Category A. (IC 67-2805(2)(b).)	IC 67-2805(2)

Legal Reference: I.C. § 54-1903      Unlawful to Engage in Public Works Contracting  
Without License - Exemptions  
I.C. § 67-2801 et seq.      Purchasing by Political Subdivisions

Policy History:

Adopted on: November 16, 2017

Revised on:

## Legacy Charter School

### FINANCIAL MANAGEMENT

7407

#### Public Procurement of Goods and Services

The Charter School shall at all times adhere to the bidding requirements for the procurement of goods and services as set out in State law.

\$0 to \$50,000	No bidding requirements	IC 67-2803(2)
\$50,000 to \$100,000	Semi-formal bidding: Issue written requests for bids describing goods or services desired to at least three vendors. Allow three days for written response, unless an emergency exists; One day for objections. Keep records for six months. <u>Accept low bid, or reject all bids.</u>	IC 67-2806(1)
\$100,000 and above	Formal bidding: Publish bid notice at least two weeks in advance of bid opening. Make bid specifications available; written objections allowed. May request bid security/bond. Can reject all if able to purchase more economically in the open market.	IC 67-2806(2)

#### Exemptions to Public Procurement of Goods and Services Bidding

Personal Property	Already competitive bid (piggy-backing)	IC 67-2803(1)
Less than \$50,000	Contracts or purchases of goods or services	IC 67-2803(2)
Any Amount	Payments of Wages	IC 67-2803(3)
Any Amount	Personal or professional services performed by an independent contractor. (Refer to info on qualifications in I.C. 67-2320)	IC 67-2803(4)
Any Amount	Procurement of an interest in real property – lease or purchase	IC 67-2803(5)
Any Amount	Procurement of insurance	IC 67-2803(6)
Any Amount	Costs of Joint Powers participation	IC 67-2803(7)
Any Amount	Procurement of used personal property	IC 67-2803(8)
Any Amount	Procurement from federal government general services administration (GSA) schedules or federal multiple award schedules (MAS)	IC 67-2803(9)
Any Amount	Procurement of personal property or services through contracts entered into by the division of purchasing of the department of administration of the state of Idaho	IC 67-2803(10)
Any Amount	Procurement of goods for direct resale	IC 67-2803(11)
Any Amount	Procurement of travel and training;	IC 67-2803(12)
Any Amount	Procurement of goods and services from Idaho correctional industries	IC 67-2803(13)

Any Amount	Procurement of repair for heavy equipment	IC 67-2803(14)
Any Amount	Procurement of software maintenance, support and licenses of an existing system or platform that was bid in compliance with state law	IC 67-2803(15)
Any Amount	Procurement of public utilities	IC 67-2803(16)
Any Amount	Procurement of food for use in jails or detention facilities	IC 67-2803(17)
Any Amount	Procurement of used equipment at an auction if authorized by the governing board	IC 67-2803(18)
Any Amount	Emergency Expenditures	IC 67-2808(1)

Legal Reference: I.C. § 67-2801 et seq. Purchasing by Political Subdivisions

Policy History:

Adopted on: September 15, 2016

Revised on: November 16, 2017



## Legacy Charter School

### FINANCIAL MANAGEMENT

7415

#### Authorizer Fee

Unless the Charter School's authorizing entity declines payment, the Charter School shall pay an authorizer fee to its authorizing entity by March 15<sup>th</sup> of each fiscal year in accordance with State law and administrative rules.

This fee shall be equal to the Charter School's proportional fee share of the moneys appropriated to the public charter school commission plus fifteen percent (15%).

The authorizer fee shall not exceed whichever of the following is greater:

1. All state funds distributed to public schools on a support unit basis for the prior fiscal year, divided by the statewide number of public school students in average daily attendance in the first reporting period in the prior fiscal year; or
2. Whichever of the following is less:
  - A. The result of the calculation described above multiplied by four (4); or
  - B. The result of the calculation described above multiplied by .015, then multiplied by the Charter School's average daily attendance in the first reporting period in the current fiscal year.

The Board of Directors may elect to divert up to ten percent (10%) of the authorizer fee to pay membership fees for an organization that provides technical assistance, training, and advocacy for Charter Schools.

Legal Reference:      I.C. § 33-5208              Public Charter School Financial Support

#### Policy History:

Adopted on: September 15, 2016

Revised on:

Personal Reimbursements

While it is recommended that all purchases of goods or services be made within established purchasing procedures, there may be an occasional need for an employee to make a purchase for the benefit of the Charter School from personal funds. In that event, an employee will be reimbursed for a personal purchase under the following criteria:

1. It is clearly demonstrated that the purchase is of benefit to the Charter School;
2. The purchase was made with the prior approval of an authorized administrator;
3. The item purchased was not available from resources within the Charter School; and
4. The claim for personal reimbursement is properly accounted for and documented with an invoice or receipt.

The Charter School business office will be responsible for the development of the procedures and forms to be used in processing claims for personal reimbursements.

Policy History:

Adopted on: September 15, 2016

Revised on:

## Legacy Charter School

### FINANCIAL MANAGEMENT

7430

#### Travel Allowances and Expenses

Every Charter School employee and Board Member will be reimbursed for travel expenses while traveling outside of the Charter School and engaged in official Charter School business. All travel expenses must be reported on the Charter School-approved travel voucher forms and, for employees, approval must be granted prior to traveling by the employee's supervisor and the Executive Director. The Charter School will adhere to the State Travel Policy, which can be found at <https://goo.gl/eDiSGc>.

The Charter School business office will be responsible for the development of procedures and forms to be used in connection with travel expense claims and reimbursements.

#### Travel Costs Under Federal Award

**General:** Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of a grant recipient. Such costs may be charged on an actual cost basis, or on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not selected days of the trip and results in charges consistent with those normally allowed in like circumstances in the recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies.

**Lodging and subsistence:** Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the Charter School in its regular operations as the result of its written travel policy. In addition, if these costs are charged directly to the federal award, the Charter School will maintain documentation justifying the following:

1. Participation of the individual is necessary to the federal award; and
2. The costs are reasonable and consistent with this policy and any related procedures.

Temporary dependent care costs above and beyond regular dependent care that directly results from travel to conferences are allowable provided that:

1. The costs are a direct result of the individual's travel for the federal award;
2. The costs are consistent with this policy and any related procedures; and
3. Are temporary, lasting only during the travel period.

Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the federal awarding agency.

**Commercial air travel:** Airfare costs in excess of the basic, least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

1. Require circuitous routing;
2. Require travel during unreasonable hours;
3. Excessively prolong travel;
4. Result in additional costs that would offset the transportation savings; or
5. Offer accommodations not reasonably adequate for the traveler's medical needs.

Legal Reference: I.C. § 33-701      Fiscal Year – Payment and Accounting of Funds  
                          2 C.F.R. § 474      Travel Costs

Policy History:

Adopted on: November 16, 2017

Revised on: November 15, 2018

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7440**

#### Charter School Credit Cards

The Board of Directors permits the use of Charter School credit cards by certain school officials to pay for actual and necessary expenses incurred in the performance of work-related duties for the Charter School.

All credit cards will be in the name of the Charter School. Credit cards may only be used for legitimate Charter School business expenditures. The use of credit cards is not intended to circumvent the Charter School's policy on purchasing. Purchases that are unauthorized, illegal, represent a conflict of interest, are personal in nature, or violate the intent of this policy may result in credit card revocation and discipline of the employee.

The Principal shall monitor monthly the use of each credit card by reviewing credit card expenditures and report any serious problems and/or discrepancies directly to the Board.

#### Credit Card Users

A list of those individuals that will be issued a Charter School credit card will be maintained in the Business Office and reported to the Board each year at its reorganizational meeting in July. Credit card users must take proper care of the credit card(s) and take all reasonable precautions against damage, loss, or theft. Any damage, loss or theft must be reported immediately to the Business Office and to the appropriate financial institution. Failure to take proper care of credit cards or failure to report damage, loss, or theft may subject the employee to financial liability.

Users must submit detailed documentation, including itemized receipts for services, travel, and/or other actual and necessary expenses which have been incurred in connection with school-related business for which the credit card has been used. Failure to provide a proper receipt can make the employee responsible for expenses incurred.

#### Credit Card Limits

The Charter School shall establish a credit line not to exceed \$2000 for each card issued and an aggregate credit limit of \$4000 for all cards issued to the Charter School.

#### Return of Credit Card

A Charter School employee who is no longer employed by the Charter School shall return the credit card upon termination to the Principal no later than five (5) calendar days after termination.

#### Misuse and/or Unauthorized Use

An employee who violates a provision of this policy shall have his or her credit card revoked immediately and shall be subject to disciplinary action as determined by the Principal and reported to local law enforcement. If the Principal violates a provision of this policy, he or she shall be subject to disciplinary action as determined by the Board and reported to local law enforcement.

#### Additional Procedures

The Principal, in consultation with the Assistant Principal and/or Business Manager, may establish additional procedures governing the issuance and use of Charter School credit cards that do not contradict any part of this policy. Each cardholder shall be apprised of the procedures governing the use of the credit card and a copy of this policy and accompanying procedures shall be given to each cardholder.

Legal Reference: I.C. § 18-5701      Misuse of Public Money by Officers  
                          I.C. § 18-5703      Definitions

#### Policy History:

Adopted on: September 15, 2016

Revised on:

**Legacy Charter School**

**FINANCIAL MANAGEMENT**

**7440F**

Credit Card Holder Agreement

By my signature I hereby acknowledge that I have read and understand the \_\_\_\_\_ Charter School's credit card policy. Furthermore, I affirm that I will not use the credit card for personal reasons. I understand that a violation of this agreement may result in disciplinary action up to and including termination and possible legal action.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Position

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date Signed

## Legacy Charter School

### FINANCIAL MANAGEMENT

7450

#### Federal Cash Management Policy

The Charter School will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the Charter School, in accordance with the Cash Management Improvement Act. Generally, the Charter School receives payment from the State Department of Education on a reimbursement basis.

According to guidance from the U.S. Department of Education (USDE), when calculating the interest earned on USDE grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the G5 system until the date on which those funds are disbursed by the Charter School.

#### Payment Methods

1. **Reimbursements:** The Charter School will initially charge federal grant expenditures to nonfederal funds.

The Charter School Grant Accountant or Business Manager will request reimbursement for actual expenditures incurred under the federal grants. All reimbursements are based on actual disbursements, not on obligations.

The Executive Director or his or her designee shall promulgate a procedure specifying any further requirements.

Consistent with State and federal requirements, the Charter School will maintain source documentation supporting the federal expenditures; such as invoices, time sheets, and payroll stubs; and will make such documentation available for the State Department of Education to review upon request.

Reimbursements of actual expenditures do not require interest calculations.

2. **Advances:** To the extent the Charter School receives advance payments of federal grant funds; the Charter School will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Charter School shall attempt to expend all drawdowns of federal funds within 72 hours of receipt.

The Charter School will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The Charter School will begin to calculate interest earned on cash balances once funds are deposited into the Charter School's account.

Interest will be calculated quarterly. Total federal grant cash balances will be calculated on cash balances per grant and applying the Charter School's average interest rate. Within 30



days of the end of the quarter, the Charter School will remit interest earned. The Charter School may retain up to \$500 of interest earned per year.

The Executive Director or his or her designee shall promulgate a procedure specifying the process for remitting interest.

Legal Reference: 2 CFR § 200.305  
31 CFR § 205

Payment  
Rules and Procedures for Efficient Federal-  
State Funds Transfers

Policy History:

Adopted on: September 15, 2016

Revised on: November 15, 2018

**Legacy Charter School**

**FINANCIAL MANAGEMENT**

**7450P1**

**Timely Obligation of Funds**

When Obligations are Made

Obligations are orders placed for property and services, contracts, and subawards made, and similar transactions during a given period that require payment by the Charter School during the same or a future period.

Funds received under a federal grant shall be considered to be obligated according to the standards provided in 34 C.F.R. § 75.707 or 34 C.F.R. § 76.707, as applicable. The following table illustrates when funds are determined to be obligated under federal regulations:

<b>If the obligation is for:</b>	<b>The obligation is made:</b>
Acquisition of property	On the date on which the Charter School makes a binding written commitment to acquire the property
Personal services by an employee of the Charter School	When the services are performed
Personal services by a contractor who is not an employee of the Charter School	On the date which the Charter School makes a binding written commitment to obtain the services
Public utility services	When the Charter School receives the services
Travel	When the travel is taken
Rental of property	When the Charter School uses the property
A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E- Cost Principles.	On the first day of the project period.

Period of Performance of Federal Funds

All obligations must occur on or between the beginning and ending dates of the grant project. This period of time is known as the period of performance. The period of performance is dictated by statute and will be indicated in the Grant Adjustment Notice (GAN). Further, certain grants have specific requirements for carryover funds that must be adhered to.

**State-Administered Grants:** As a general rule, state-administered federal funds are available for obligation within the year that Congress appropriates the funds for. However, given the unique nature of educational institutions, for many federal education grants, the period of availability is 27 months. Federal education grant funds are typically awarded on July 1 of each year. While the Charter School will always plan to spend all current grant funds within the year the grant was appropriated for, the period of obligation for any grant that is covered by the “Tydings Amendment” is 27 months, extending from July 1 of the fiscal year for which the funds were appropriated through September 30 of the second following fiscal year. This maximum period includes a 15-month period of initial availability, plus a 12-month period for carryover. For example, funds awarded on July 1, 2015 would remain available for obligation through September 30, 2017.

**Direct Grants:** In general, the period of availability for funds authorized under direct grants is identified in the GAN.

For both state-administered and direct grants, regardless of the period of availability, the Charter School must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period unless an extension is authorized. Any funds not obligated within the period of availability or liquidated within the appropriate timeframe are said to lapse and must be returned to the awarding agency. Consequently, the Charter School shall closely monitor grant spending throughout the grant cycle.

### Carryover

**State-Administered Grants:** As described above, the Tydings Amendment extends the period of availability for applicable state-administered program funds. Essentially, it permits recipients to “carry over” any funds left over at the end of the initial 15 month period into the next year. These leftover funds are typically referred to as carryover funds and continue to be available for obligation for an additional 12 months. Accordingly, the Charter School may have multiple years of grant funds available under the same program at the same time.

Any carryover in individual federal programs is determined in an annual audit performed each year according to GAAP and State statutes. After carryover amounts are determined, they are reported and administered according to specific federal award requirements as outlined in the individual program applications.

### Procedure History:

Adopted on: November 15, 2018

Revised on:

## **Legacy Charter School**

### **FINANCIAL MANAGEMENT**

**7450P2**

#### **Program Income**

##### Definition

Program income means gross income earned by a grant recipient that is directly generated by a supported activity or earned as a result of the federal award during the grant's period of performance.

Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principle and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. Proceeds from the sale of real property, equipment, or supplies are not program income.

##### Use of Program Income

The default method for the use of program income for the Charter School is the deduction method. Under the deduction method, program income is deducted from total allowable costs to determine the net allowable costs. Program income will only be used for current costs unless the Charter School is otherwise directed by the federal awarding agency or pass-through entity. The LEA may also request prior approval from the federal awarding agency to use the addition method. Under the addition method, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must then be used for the purposes and under the conditions of the Federal award.

While the deduction method is the default method, the Charter School shall always refer to the GAN prior to determining the appropriate use of program income.

It is the policy of the Charter School that no program income will be generated in federal programs. If program income is generated, the Business Manager will account for it in accordance with the Charter School's normal accounting procedures, utilizing the special revenue accounting codes of IFARMS, and track as program income attributable to a specific federal program.

##### Procedure History:

Promulgated on: November 15, 2018

Revised on:

## Legacy Charter School

### FINANCIAL MANAGEMENT

7600

#### Declaration of Financial Emergency

This section and related Board policies shall apply in the instance of a financial emergency. However, any subsequently enacted statute or amendment to existing statutes shall control over this policy and replace this policy as well as all other related policies, procedures, and forms.

The Board of Directors is dedicated to sound and efficient financial management. Recognizing the limitations and fluctuations in funding and the potential negative impact on the Charter School's fiscal status due to historical revenue and/or expenditure issues, the Charter School must take specific action to ensure education remains the primary goal and responsibility of the Charter School. In the event the financial situation of the Charter School necessitates such action, the Board will consider a declaration of financial emergency.

Prior to declaring a financial emergency, the Board shall hold a public meeting for the purpose of receiving input concerning possible solutions to the financial problems facing the Charter School.

Legal Reference:	I.C. § 33-402	Notice Requirements
	I.C. § 33-515	Issuance of Renewable Contracts
	I.C. § 33-522	Financial Emergency
	I.C. § 33-801	School District Budget

#### Policy History:

Adopted on: September 15, 2016

Revised on: