

Liberty 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: 2016.09.15

Revised on:

Liberty Charter School

FINANCIAL MANAGEMENT

7110

Budget Implementation and Execution

Once adopted by the Board, the operating budget shall be administered by the Administrator and his or her designees. All actions of the Administrator or 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.

Budget Stability – Cash on Hand

The School shall ensure that by June 30th of each year the School has a minimum of 15 days worth of cash on hand.

Legal Reference:	I.C. § 33-701 et seq.	Fiscal Affairs of School Districts
	I.C. § 33-5209C	Enforcement – Revocation - Appeal

Policy History:

Adopted on: 2016.09.15

Revised on: 2020.09.10

Reviewed on:

Liberty 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: 2016.09.15

Revised on:

Liberty Charter School

FINANCIAL MANAGEMENT

7200

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: 2016.09.15

Revised on:

Liberty Charter School

FINANCIAL MANAGEMENT

7210

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 Administrator 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; and

These asset category costs shall be capitalized and depreciated as groups when that group's acquisition cost exceeds the capitalization threshold in any given fiscal year.

For group asset depreciation purposes, the estimated useful life of the group may be based on the weighted average or simple average of the useful life of individual items, or on an assessment of the life of the group as a whole. Periodically, the intermediate unit shall review the estimated life of groups of assets and adjust the remaining depreciation life of the group.

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.

Other Reference: Governmental Accounting Standards Board ("GASB") Statement No. 34

Policy History:

Adopted on: 2016.09.15

Revised on: 2020.04.16

Liberty 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 Liberty 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 References:	2 C.F.R. Subpart D	Post Federal Award Requirements
	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: 2018.11.08

Revised on: 2019.06.13

Reviewed on: 2020.04.16

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: 2016.09.15

Revised on:

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 treasurer should have receipts and numbered duplicates for everything paid out in his or her custody.
2. **Checks:** The treasurer 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: 2016.09.15

Revised on:

Liberty 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: 2016.09.15

Revised on:

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 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 Administrator or designee 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 Administrator or designee 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 7235P Written Compensation Procedure.

Property Procurement and Tracking

The Board directs the Administrator or designee 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 Miscellaneous Procurement Standards and any related procedures. The Board also directs the Administrator or designee 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 Miscellaneous Procurement Standards

Legal Reference: 2 C.F.R. § 200.430	Compensation - Personal Services
34 C.F.R.	Subpart B, Subgroup 43 Children with Disabilities Enrolled by Their Parents in Private Schools
_____ 34 C.F.R. § 300.16	Excess Costs
_____ 34 C.F.R. § 300.202	Use of Amounts
34 C.F.R. § 300.203	Maintenance of Effort
34 C.F.R. § 300.204	Exception to Maintenance of Effort
34 C.F.R. § 300.205	Adjustment to Local Fiscal Efforts in Certain Fiscal Years
34 C.F.R. Appendix A to Part 300	Excess Costs Calculation
Fiscal Accountability Checklist: For Sub-Recipients of IDEA Part B Funds	
OMB Circular A-87	Cost Principles for State, Local, and Indian Tribal Governments
OMB Circular A-133	Audits of States, Local Governments, and Non-Profit Organizations

Other Reference: Idaho State Department of Education, *IDEA Part B Funding Manual* (Rev. Jan 25, 2018) (available at:

<https://www.sde.idaho.gov/sped/funding/files/application/resource/IDEA-Part-B-Funding-Manual.pdf> (last accessed Dec. 3, 2019).

Policy History:

Adopted on: 2018.11.08

Revised on: 2019.06.13

Reviewed on: 2020.04.16

Liberty 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: _____

FINANCIAL MANAGEMENT

Personnel Activity Report

For the Month of: _____

Year: _____

Supervisor: _____

(ISBA 03/19 UPD^ATE)

Liberty Charter School

FINANCIAL MANAGEMENT

7235F3

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 School on an integrated basis;
5. Comply with the established accounting policies and practices of the 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.

Legal Reference: Idaho SDE IDEA Part B Funding Manual.

Procedure History:

Promulgated on: 2018.11.08

Revised on: 2019.06.13

Reviewed on:

Liberty Charter School

FINANCIAL MANAGEMENT

7235PF1

Personnel Activity Report

Employee Name: _____

Employee SSN: *(Optional)* _____

Month	Year	Percentage of Time Worked by Activity					TOTAL % of Time Worked
		Work Activity #1	Work Activity #2	Work Activity #3	Work Activity #4	Work Activity #5	

The signature(s) below certifies this employee performed activities reflected in the attached log as distributed in the above percentages during the month specified.

Signature of Employee

Date

Position Title

Job Location/School Name

Signature of Supervisor *(Optional)*

Date

This certification is in support of the Time Reporting requirements consistent with SDE Recommended Tracking: “Where employees work on multiple activities or cost objectives, a distribution of wages will be supported by personnel activity report...”

Legal Reference: Idaho SDE IDEA Part B Funding Manual.

Procedure History:

Promulgated On: 2019.06.13

Revised On:

Reviewed On:

Liberty Charter School

FINANCIAL MANAGEMENT

7235PF2

Single Federal Award or Cost Objective

This form is required to be signed twice annually by the employee(s) paid solely from a single federal fund, (for example, Title I, Title II, IDEA Part B, etc.) or who work solely on a single cost objective and should be available for audit and monitoring reviews.

SDE Recommended Tracking states "where employees are expected to work solely on a single federal award or cost objective charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on the program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee and supervisory official having first-hand knowledge of the work performed by the employee."

I, _____, _____
(Name) (Title)

certify that 100% of my time has been spent performing duties associated with

_____ *

for the period of (July 1 through December 31) or (January 1 through June 30) of the current year.

(Underline or circle the correct period)

_____ Employee Signature Date _____

_____ Supervisor Signature Date _____

**Insert the name of the federal award or cost objective. Cost objectives could include special education, IDEA Part B Maintenance of Effort Preschool program, etc.*

Legal Reference: Idaho SDE IDEA Part B Funding Manual

Employees Paid with Federal Funds and Unexpected or Extraordinary Closures

During any emergency closure of Charter facilities, Charter employees who are paid with federal funds shall be compensated or given unpaid time off in the same manner as similarly situated Charter employees paid with Charter funds. Such employees shall continue to perform their grant-funded duties during the closure, to the extent possible. This may include, to the extent practicable, working by phone, email, and video conference. Employees supported with federal grant funds who are intended to provide direct services to students may maintain contact with students during the period of the unexpected or extraordinary closure using the alternative, appropriate methods. Charter employees paid with federal funds shall return to work as soon as possible.

Federal Funding

It is the intent of the Charter School to apply consistent accounting treatment when allocating funds across both federal and non-federal funding streams. The Charter will ensure that the expenditures incurred meet allowability requirements for the specific program and are both reasonable, regardless of whether the funding stream is federal, state, or local in nature.

Cross References:	7218	Federal Grant Financial Management System
	7320	Allowable Use for Grant Funds
	7320P1	Determining Necessity and Reasonableness of Expenses
	7320P2	Selected Items of Cost

Legal Reference: 2 CFR Part 225

Other References: Idaho SDE IDEA Part B Funding Manual
OMB Memo M-20-11 dated March 9, 2020

Adopted on: 2020.04.16

Retention of Records Relating to Federal Grants

The Board directs the Executive Director or designee 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 Charter School 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 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 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 School will ensure that hard drives are appropriately “wiped” clean of information prior to disposal.

The 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 paper records shall be maintained in the 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.

Access to Records

The Charter School shall provide the awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, the right of access to any documents, papers, or other records of the School which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the School's personnel for the purpose of interview and discussion related to such documents.

Privacy

Access to both the 2M Software system, personnel files, the Student Management System, confidential student files, Special Education IEP files shall be password protected in the case of electronically maintained records and kept in locked filing cabinets in the case of paper records. These records are maintained under the supervision of the Executive Director or designee and the Business Manager, or Federal Programs Director with exclusive access to paper files and passwords for electronic systems. The Charter School clerk may also have access to these records. Employees shall be trained in the requirements of the Family Educational Rights and Privacy Act (FERPA). If a request for confidential information is received from a source not having clear authority under FERPA or other statute, the School shall consult appropriate legal counsel prior to providing records.

Legal Reference: 34 C.F.R. § 76.730-.731
 34 C.F.R. § 75.730-.731
 34 C.F.R. § 75.732
 2 CFR 200.335
 2 C.F.R. §§ 200.333-.337

Other Reference: Idaho SDE IDEA Part B Funding Manual.

Policy History:

Adopted on: 2018.11.08

Revised on: 2019.06.13

Reviewed on:

Liberty 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.
I.C. § 33-701 et seq.

School Funds
Fiscal Affairs of School District

Policy History:

Adopted on: 2016.09.15

Revised on:

Student Activity Fund

The Board is responsible for the establishment and management of student activity funds. The purpose of student activity funds shall be to account for revenues and disbursements of those funds raised by students through recognized student body organizations and activities, including:

1. Admission charges for interscholastic activities;
2. The sale of yearbooks and annuals;
3. Student fee collections which are used to provide more than one activity/benefit to all of the students of a school or school building; and
4. Receipt from vending machines located on school property.

Such Funds shall be used for appropriate expenditures

The funds collected by the Charter School shall be maintained in an account requiring two (2) authorized signatures for the distribution of funds. One signature shall be by a person designated by the Board as an assistant treasurer and the other shall be a designated signatory of the Charter School.

The funds shall be deposited and expended by regular check in a bank account maintained by the Charter School for each student activity fund. The use of the student extra- and co-curricular funds is limited to the benefit of the students. All funds collected or received for school programs, activities, or students' use are by Idaho law public monies and the care, custody, control, and accounting for such monies is the duty and responsibility of the Treasurer and the Administrative Officer of the District. The treasurer of the District shall provide accounting procedures for the receipt, deposit, expenditure, and withdrawal of such moneys.

The management of student activity funds shall be consistent with sound business practices. Authority is delegated to the Principal to require the Charter School to conform to accounting procedures for the receipt, deposit, and withdrawal of funds. A report of the activity of these funds shall be submitted to the Board each month by the treasurer. This includes providing for the safekeeping of monies, proper accounting and administration of the funds, and compliance with the Board of Directors' policies and procedures. The Principal is responsible for the proper collection, disbursement, and control of all school activity funds.

Projects for the raising of funds shall generally contribute to the educational experience of students and shall not detract from the instructional program. All fundraising projects must have the approval of the principal. Solicitation of funds outside the school must have the approval of the Superintendent.

Legal Reference: I.C. § 33-705 Activity Funds

Policy History:

Adopted on: 2016.09.15

Revised on:

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. Identification of title holder;
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 Liberty 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 Liberty 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
2 C.F.R. § 200.313

Supplies
Equipment

Policy History:

Adopted on: 2017.12.14

Revised on: 2018.11.08

Revised on: 2019.06.13

Reviewed on:

Liberty 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: 2016.09.15

Revised on:

Liberty Charter School

FINANCIAL MANAGEMENT

7310

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 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, (i.e. 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

9. Individual school publications (when not in conflict with current contracts).

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 or 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
8250	Guidelines for Food and Beverages Sales

Legal References:	42 USC § 1758b, §204	Local School Wellness Policy	
		42 USC § 1771 et seq.	Child
		Nutrition Act of 1966	
	42 USC § 1751 et seq.	National School Lunch Act	

Policy History:

Adopted on: 2016.09.15

Revised on: 2017.02.09

Revised on: 2023.04.19

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 or designee 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 (EDGAR), which are provided in the bulleted list below. The Business Manager and Executive Director or designee 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 or designee, 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 EDGAR?
5. Is the proposed cost consistent with specific conditions imposed on the grant (if applicable)?

As a practical matter, the Executive Director or designee, 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 or designee, Business Manager, and appropriate federal programs personnel should review data when making purchases to ensure that federal funds meet these areas of concern.

Legal Reference: 2 CFR §§ 200 *et seq.* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Funds.
 2 CFR §§ 200 (Subparts E and F) Cost Principles and Audit Requirements
 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

Policy History:

Adopted on: 2018.11.08

Revised on: 2019.06.13

Reviewed on: