

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

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

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

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 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.

<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

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
34 C.F.R.

————— 34 C.F.R. § 300.16
————— 34 C.F.R. § 300.202
34 C.F.R. § 300.203
34 C.F.R. § 300.204
34 C.F.R. § 300.205

34 C.F.R. Appendix A to Part 300

Fiscal Accountability Checklist: For
OMB Circular A-87

OMB Circular A-133

Compensation - Personal Services
Subpart B, Subgroup 43 Children with
Disabilities Enrolled by Their Parents in
Private Schools
Excess Costs
Use of Amounts
Maintenance of Effort
Exception to Maintenance of Effort
Adjustment to Local Fiscal Efforts in
Certain Fiscal Years
Excess Costs Calculation
Sub-Recipients of IDEA Part B Funds
Cost Principles for State, Local, and
Indian Tribal Governments
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:

Liberty Charter School

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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: _____

7235F2

For the Month of: _____

Year: _____

Supervisor: _____

[illegible]

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

FINANCIAL MANAGEMENT

7237

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

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Reviewed on:

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FINANCIAL MANAGEMENT

7260

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. 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: 2024.09.18

Liberty 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 Administrator 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:

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:

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Reviewed on:

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 the allowability of a cost under a federal program, the Charter School shall comply with the following criteria:

1. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under the following principles.
2. Conform to any limitations or exclusions set forth in the following principles or in the Federal award as to types or amount of cost items.
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the Charter School.
4. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
5. Be determined in accordance with generally accepted accounting principles (GAAP), except, as otherwise provided for in 2 C.F.R. Subpart E – Cost Principles.
6. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also 2 C.F.R. § 200.306(b) Cost sharing or matching.
7. Be adequately documented. See also 2 C.F.R §§ 200.300 - Statutory and national policy requirements through 200.309 - Period of performance.

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 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 School, its employees, its students, the public at large, and the federal government;
5. Whether the 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 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;

Legal Reference: 2 C.F.R. §§ 200.403 - .405.

Procedure History:

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Liberty 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):

Item of Cost	Citation of Allowability Rule
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.

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