



TMSA BOARD POLICY MANUAL

POLICY GROUP 5 – FISCAL MANAGEMENT

Board Approved: _____ Effective Date: _____

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RECORDS RETENTION NOTICE

Each policy in this group shall be retained until superseded, expired, or discontinued, and for five (5) years thereafter, in accordance with applicable records retention schedules issued by the North Carolina Department of Natural and Cultural Resources, Division of Archives and Records. N.C.G.S. §§ 121-5, 132-1; 07 NCAC 04M .0101 et seq.

PG-5.001 — AUTHORITY OVER FISCAL MATTERS

Sec. 1. Purpose of Policy.

Through this policy, the Board of Directors ("Board") of TMSA Public Charter Schools, doing business as TMSA Schools ("TMSA"), establishes the legal framework governing the Board's authority over fiscal matters pursuant to North Carolina and federal law.

Sec. 2. Applicability.

This policy serves as the keystone fiscal policy for all other Board fiscal policies and administrative procedures. In the event of a conflict with any other Board policy or administrative procedure, this policy governs.

Sec. 3. Final Authority.

The Board, functioning as a body corporate, retains final authority over the following powers and duties, which may not be delegated except as permitted by applicable law and the charter agreement:

(a) Adopting and amending policy; (b) Adopting and amending the annual budget, including the number and type of personnel positions; (c) Approving amendments to the School's charter agreement with the North Carolina State Board of Education; (d) Approving the obligation and expenditure of funds; (e) Approving the use of property; (f) Approving the purchase, lease, or sale of real property; (g) Directing the disposition and safekeeping of records; (h) Approving the annual financial and compliance report; (i) Setting compensation for the Superintendent and officers through policy and the annual budget; (j) Approving contracts exceeding the Board-approved threshold of \$50,000 for the acquisition of personal property and the purchase of goods and services; (k) Amending governing documents, subject to applicable charter amendment approval; and (l) Establishing and staffing committees to support fiscal oversight.

Sec. 4. Delegation to Superintendent.

The Board authorizes the Superintendent or designee to initially exercise the authority described in Sec. 3(d), (e), and (g) of this policy, consistent with Board policy. The Superintendent or designee shall bring recommendations through the Board's committee process for final Board review and approval. The Board may, at any time, review any business arrangement or transaction and approve or disapprove the Superintendent's initial action. The Superintendent remains responsible for all transactions undertaken on the Board's behalf.

Sec. 5. Officers Defined.

For purposes of this and other Board fiscal policies, "Officer" means any person charged with the duties of superintendent, central administration officer, campus administration officer, or business manager, including:

(a) Superintendent; (b) Deputy Superintendents; and (c) Any other person characterized as an officer under applicable law.

Sec. 6. Board Authorization Required.

The Superintendent shall present to the Board for approval any contract with a cost or value of \$50,000 per LEA or more, or that relates to an officer or a conflicted, interested, or related party as defined by applicable law or Board policy. All contracts shall be presented to the Board for approval. The Board may periodically revise cost thresholds through resolution.

Sec. 7. Conflict of Interest and Related Party Transactions.

TMSA Schools shall disclose all related party transactions in its annual audit and IRS Form 990 as required by federal and state law.

Sec. 8. Prudent Person Rule.

Officers and employees shall limit the use of School funds, property, and other resources to purposes pertaining to the School's mission and to activities that are ordinary and necessary for its conduct. Costs incurred, by their nature and amount, shall not exceed that which a prudent person would incur under the circumstances prevailing at the time the decision was made. N.C.G.S. § 55A-8-30; N.C.G.S. Chapter 36E; 2 CFR §§ 200.303(a) and 200.404.

Sec. 9. Abuse and Waste Prohibited.

Officers and employees shall not abuse or waste School funds, property, or other organizational resources. Abuse includes misuse of authority or position for personal financial interests. Waste includes careless, extravagant, or purposeless use of resources resulting from mismanagement or inadequate oversight. Government Auditing Standards §§ 6.21–6.23.

Sec. 10. Annual External Audit.

An annual independent audit shall be performed each fiscal year in compliance with the statutory October 31 deadline under applicable North Carolina law. The audit shall include a review of the accuracy of the School's financial statements and an evaluation of the School's internal controls.

Sec. 11. Training.

The Superintendent or designee shall train School officers and employees on the requirements of this policy and any implementing administrative procedures, and shall keep officers and employees informed of changes to this policy and related requirements.

Sec. 12. Administrative Procedures.

The Superintendent or designee shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law. The Superintendent may not adopt procedures that conflict with this policy or applicable law without first seeking Board approval of a specific, documented deviation stating the purpose, scope, and duration of the requested deviation.

PG-5.002 — CODE OF ETHICS AND FISCAL STEWARDSHIP

Sec. 1. Mission Statement.

TMSA Schools aims to prepare students for college, careers, and life through a rigorous STEAM-focused curriculum, character education, and strong family-school partnerships.

Sec. 2. Board Stewardship.

The Board shall make financial decisions with integrity, fairness, and objectivity, in furtherance of the School's mission and in compliance with its fiduciary duties. The Board shall maximize benefits while minimizing the cost of goods and services to the School.

The Board shall, as a body corporate and as individual members, develop fiscal stewardship through ongoing training and education, including the development of management controls, monitoring of business activities, addressing potential fraud and irregularities through audits and appropriate referrals to oversight agencies and law enforcement, and adherence to applicable ethical standards and fiscal management guidance issued by the North Carolina Department of Public Instruction and the State Board of Education.

PG-5.003 — AUTHORIZATION FOR THE OBLIGATION AND EXPENDITURE OF FUNDS

Sec. 1. Purpose of Policy.

Through this policy, the Board establishes requirements governing the authorization, obligation, and expenditure of School funds pursuant to:

(a) North Carolina Constitution, Article IX; (b) N.C.G.S. Chapter 55A, Sections 55A-3-02, 55A-8-01, 55A-8-30, and 55A-8-33; (c) N.C.G.S. §§ 115C-218.15, 115C-218.45, 115C-218.95, and 115C-218.105; (d) State Board of Education Policy CHTR-006; and (e) 2 CFR § 200.303 and applicable North Carolina DPI Financial Guidelines.

Sec. 2. Authority Over Fiscal Matters.

The Board has primary and ultimate authority over fiscal matters. Refer to PG-5.001 for the controlling requirements applicable to this policy. Any conflict between this policy and other Board policy shall be submitted to the Board for resolution.

Sec. 3. Budget Adoption.

Sec. 3.1. Fiscal Year. The School's fiscal year begins on July 1 and concludes on June 30 of the succeeding year.

Sec. 3.2. Proposed Budget. The Superintendent or designee shall prepare and recommend an annual budget ("Proposed Budget") for consideration and adoption by the Board. The Proposed Budget shall include estimated revenues from all sources and proposed expenses necessary and reasonable for the conduct of the School's operations and furtherance of its mission. The Proposed Budget shall be prepared in a form consistent with North Carolina DPI reporting requirements. N.C.G.S. §§ 115C-218.15, 115C-218.95, 115C-218.105.

Sec. 3.3. Compensation Plan. As part of the Proposed Budget, the Superintendent or designee shall prepare a compensation plan identifying all forms of remuneration provided to

School employees, including salary, wages, stipends, supplemental pay, incentives, and fringe benefits, consistent with applicable law and Board policy.

Sec. 3.4. Finance Committee Review. The Superintendent or designee shall submit the Proposed Budget to the Board's Finance Committee prior to full Board submission. The Finance Committee may propose modifications.

Sec. 3.5. Board Adoption. The Board shall adopt the annual budget no later than May 30 prior to the start of the new fiscal year.

Sec. 4. Budget Amendments.

Sec. 4.1. The Board may adopt budget amendments as revenues and expenditure projections change during the fiscal year. A material variance requiring a proposed amendment is any difference between actual and budgeted revenues or expenses equal to or greater than ten percent (10%) of the relevant budgeted amount, by major object classification.

Sec. 4.2. The Superintendent or designee shall prepare proposed amendments in writing with sufficient justification for Finance Committee and Board consideration. The Finance Committee may initially approve proposed amendments on the Board's behalf. The Board retains authority to review and approve or disapprove any such action at any time.

Sec. 4.3. The Superintendent or designee shall obtain an approved amendment prior to obligating or expending funds beyond the adopted budget. Prior to fiscal year-end, the Superintendent or designee shall prepare a final amendment to account for all unfavorable material variances.

Sec. 5. Authority to Obligate and Expend.

Sec. 5.1. The Adopted Budget, as amended, constitutes the Board's authorization to obligate and expend funds. The School shall not obligate or expend any funds without such authorization.

Sec. 5.2. Administrative Line-Item Transfers. The Superintendent or designee, with the concurrence of the Financial Officer, may transfer funds between budget line items without a formal amendment. The Superintendent or designee shall report all such transfers to the Board at the next regularly scheduled meeting.

Sec. 5.3. Multi-Year Contracts. Any agreement or contract extending beyond the current fiscal year shall include a non-appropriation clause enabling the Board to terminate the agreement at fiscal year-end due to non-appropriation of funds, and a clause requiring a best-effort attempt to obtain and appropriate funds for continued payment.

Sec. 6. Spending Controls.

Single purchases per LEA exceeding \$50,000 and any contract for goods or services exceeding \$50,000 per LEA shall require prior Board approval. After Board approval, contracts shall not become effective until signed by the Superintendent.

Sec. 7. Tuition Reimbursement.

The Board may authorize tuition reimbursement for qualifying employees as provided in the annual operating budget. The Superintendent or designee shall establish administrative procedures governing eligibility, application, and reimbursement requirements consistent with applicable law and Board policy.

Sec. 8. Accuracy of Revenue Estimates.

The Superintendent or designee shall prepare revenue estimates based on reasonable and supportable assumptions.

Sec. 9. Fiscal Compliance.

The Superintendent or designee shall ensure the Proposed Budget and any amendments comply with:

(a) North Carolina charter school financial accountability standards and DPI reporting requirements; (b) Federal maintenance of effort requirements under ESEA and IDEA; (c) Requirements governing expenditure of funds for specific student populations, including exceptional children, limited English proficiency, at-risk students, and career and technical education allotments; and (d) All other applicable federal and state legal requirements.

Sec. 10. Financial Reporting to Finance Committee.

Within ten (10) business days after the close of each calendar month, The Superintendent or designee shall provide the Finance Committee a comparison of actual to budgeted expenses, as amended, with a statement accounting for any variances exceeding ten percent (10%) and any corrective measures undertaken. The Finance Committee Chair shall report findings to the Board.

Sec. 11. Training and Administrative Procedures.

The Superintendent or designee shall train officers and employees on the requirements of this policy and any implementing administrative procedures, and shall keep staff informed of changes. The Superintendent or designee shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law.

PG-5.004 — ALLOWABLE AND PROHIBITED USES OF FUNDS

Sec. 1. Purpose of Policy.

Through this policy, the Board establishes requirements governing allowable and prohibited uses of School funds pursuant to:

(a) North Carolina Constitution, Article IX; (b) N.C.G.S. Chapter 55A; N.C.G.S. §§ 115C-218.15, 115C-218.45, 115C-218.95, 115C-218.100, and 115C-218.105; (c) N.C.G.S. Chapter 36E (Uniform Prudent Management of Institutional Funds Act); (d) State Board of Education Policy CHTR-006; (e) 26 U.S.C. § 501; 2 CFR Part 200; and (f) North Carolina DPI Financial Guidelines.

Sec. 2. Applicability.

This policy applies to the use of local, state, and federal funds regardless of originating source, unless otherwise noted.

Sec. 3. Prohibited Use of Public Funds.

The Board and officers may not pledge or use public funds to secure loans or bonds for any other organization, including a non-charter operation conducted by the charter holder or a related party, or use public funds to support operations or activities not related to the educational activities of the School. N.C.G.S. §§ 115C-218.15, 115C-218.95, 115C-218.100.

Sec. 4. General Requirements for Use of Funds.

Before obligating or expending funds, The Superintendent or designee and officers shall ensure that a proposed use:

(a) Is reasonable in its nature and amount; (b) Does not exceed that which a prudent person would incur under the circumstances; (c) Is ordinary and necessary to achieve the goals of the charter agreement and instructional plan; (d) Conforms to the School's documented and

established practices; (e) Is generally or specifically allowed by applicable law; and (f) Is not prohibited by applicable law or Board policy.

Sec. 5. Generally Authorized Expenses.

Consistent with N.C.G.S. § 115C-218.105, the School is authorized to obligate and expend funds for the following purposes, among others authorized by the Board through the annual budget:

(a) Compensation of employees for services rendered; (b) Interest on short-term loans to compensate employees; (c) Equipment, furniture, materials, software, supplies, and vehicles; (d) Insurance premiums; (e) Real property purchases for school use, as authorized by the Board; (f) School building purchase, construction, repair, and rental, as authorized by the Board; (g) Acquisition of school facilities through lease-purchase arrangements, as authorized by the Board; (h) Development and monitoring of compliance systems; (i) Administration of state and federal grants; (j) Board meetings and Board member training; (k) Legal, audit, and other professional services; (l) Data reporting and recordkeeping required by state and federal law; (m) Development and maintenance of the charter instructional plan; (n) Student assessments and progress monitoring; (o) Facility and equipment maintenance and upkeep; (p) Student meal programs, consistent with USDA and DPI requirements; (q) Board-authorized field trips; (r) Athletic and extracurricular program equipment; (s) Graduation, recognition, and award ceremonies; (t) Pre/post-employment physicals, drug testing, and background checks; (u) Curriculum and professional development; (v) Utilities and technology network maintenance; (w) Safe and drug-free school environment; (x) Memberships in civic and professional organizations furthering the School's mission; and (y) Other purposes authorized by the Board through the annual budget.

For any proposed use under subsections (x) or (y) that may raise compliance questions, the Board and Superintendent may seek legal counsel to confirm that the proposed use serves a public purpose, complies with applicable law, and provides a demonstrable benefit to the School and its students.

Sec. 6. Generally Prohibited Expenses.

The School is prohibited from obligating and expending funds for:

(a) Alcoholic beverages; (b) Goods or services for personal benefit or use; (c) Field trips not part of an approved instructional plan; (d) Fines and penalties levied against individuals; and (e) Gifts or donations not otherwise authorized by Board policy.

Sec. 7. Special Program Funds.

The School may use state funds for educational programs established under N.C.G.S. Chapter 115C, including exceptional children, limited English proficiency, at-risk students, and career and technical education programs, for their authorized purposes. Use of such funds for indirect costs is limited to the maximum allowed by state law and the charter agreement.

Sec. 8. Federal Program Funds.

The Superintendent or designee may use federal funds only for purposes authorized by federal law, applicable regulations, and the approved grant application, as amended.

Sec. 9. Restricted Philanthropic Funds.

If a donor restricts a contribution, or the School states a specific purpose for a fundraising effort, the Superintendent or designee may only use such funds for the restricted purpose. See Board Policy PG-5.203.

Sec. 10. Documentation and Monitoring.

The Superintendent or designee shall maintain adequate records for all uses of funds demonstrating compliance with this policy and applicable law, and shall regularly monitor the use of funds to ensure compliance with the adopted budget and legal requirements.

Sec. 11. Training and Administrative Procedures.

The Superintendent or designee shall train officers and employees on the requirements of this policy and shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law.

PG-5.101 — FISCAL COMPLIANCE MONITORING

Sec. 1. General Principles.

The Superintendent is responsible for developing and implementing the fiscal compliance monitoring systems described in this policy.

Sec. 2. State Compliance Monitoring.

The Superintendent or designee shall develop and implement systems to monitor each TMSA campus's compliance with:

(a) Financial solvency, using historical, budgeted, and projected data, including conservative enrollment and revenue estimates; (b) Financial accountability standards required by the State Board of Education and DPI to attain a favorable financial accountability assessment; and (c) Indirect cost limitations for special program allotments.

Sec. 3. Federal Compliance Monitoring.

The Superintendent or designee shall develop and implement systems to monitor each campus's compliance with:

(a) Maintenance of effort requirements under ESEA/ESSA and IDEA; (b) Supplement, not supplant requirements for federal funds; (c) Excess cost requirements for special education programs' and, any other applicable federal funding requirement.

Sec. 4. Monitoring Standards and Corrective Action.

Monitoring systems shall be based on regulatory models and financial accountability standards implemented by DPI and the State Board of Education and shall, to the degree feasible, incorporate additional indicators and historical, budgeted, actual, and projected data updated periodically throughout the fiscal year. Upon identifying potential noncompliance, the Superintendent or designee shall prepare a corrective action plan and report findings to the Board at the beginning, middle, and end of each fiscal year.

Sec. 5. Administrative Procedures.

The Superintendent shall prepare administrative procedures as required to implement this policy.

PG-5.102 — FINANCIAL MANAGEMENT SYSTEM

Sec. 1. Financial Management System Defined.

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The School's Financial Management System shall consist of controls and records enabling the School to use and safeguard funds and property for lawfully authorized purposes, including the following components:

(a) Budgetary Control — maintenance of records of the adopted budget and amendments; oversight of obligations and expenses within approved amounts; and timely, accurate reporting to the Board. (b) Financial Reporting — accurate, complete, and timely information regarding the School's financial condition, results of operations, and cash flows. (c) Internal Control — documented controls over assets, liabilities, appropriations, obligations, revenues, expenses, and cash flows, including controls over financial accounting, grant administration, payroll, purchasing, and records. (d) Records — financial accounting and source records identifying the source and application of funds and the use, custodial assignment, and location of property.

Sec. 2. Chart of Accounts.

The School shall maintain financial accounting records utilizing the minimum account code structure mandated by the State Board of Education and DPI. The Superintendent may authorize locally defined account codes consistent with DPI guidelines.

Sec. 3. Obligations, Disbursements, and Procurement.

The Superintendent or designee shall authorize obligations and disbursements of School funds, ensure that all obligations are authorized by the adopted budget and applicable Board policy, obtain sufficient documentation supporting all disbursements, maintain payroll and personnel records supporting employment-related expenditures, and ensure competitive procurement of goods and services consistent with applicable law.

Sec. 4. Contract Administration.

The Superintendent or designee shall maintain a contract administration process ensuring that contractors deliver goods or perform services in accordance with the applicable contract or purchase order.

Sec. 5. Administrative Procedures.

The Superintendent shall prepare administrative procedures as required to implement this policy.

PG-5.103 — ACCOUNTS PAYABLE

Sec. 1. Purpose.

This policy governs the payment of invoiced amounts for goods and services from local, state, or federal funds, pursuant to N.C.G.S. §§ 115C-218.15, 115C-218.95, and 115C-218.105; N.C.G.S. Chapter 55A; State Board of Education Policy CHTR-006; 2 CFR Part 200; Standards for Internal Control in the Federal Government; and Government Auditing Standards.

Sec. 2. Payment Standards.

The Superintendent or designee shall only disburse School funds to a vendor upon confirming that:

(a) Goods or services have been received and conform to the applicable purchase order or contract; (b) Required vendor certifications and documentation have been obtained; (c) The invoice conforms to applicable requirements; and (d) The disbursement complies with applicable law and Board policy.

The Superintendent or designee shall reject invoices that do not conform to these requirements and shall take appropriate corrective action, including requesting a corrected invoice.

Sec. 3. Disbursement from Proper Fund Source.

The Superintendent or designee shall disburse funds from the appropriate fund source consistent with the authorized use of those funds, applicable law, and Board policy.

Sec. 4. Disbursement Methods.

The Superintendent or designee shall issue payment only to a vendor's registered mailing address or directly to the vendor's verified bank account.

Sec. 5. Prepaid Items.

The Superintendent or designee may prepay amounts to vendors only as authorized, accounting for prepaid items in accordance with generally accepted accounting principles, applicable fiscal requirements, and Board policy.

Sec. 6. Records.

The Superintendent or designee shall create and maintain adequate records to support all disbursements, as required by applicable law and policy.

Sec. 7. Training and Administrative Procedures.

The Superintendent or designee shall train officers and employees on the requirements of this policy and shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law.

PG-5.104 — GRANT ACCOUNTING

Sec. 1. Purpose.

This policy establishes requirements governing the accounting, administration, and oversight of state, federal, and philanthropic grants pursuant to N.C.G.S. §§ 115C-218.15, 115C-218.95, and 115C-218.105; 2 CFR Part 200; 20 U.S.C. (applicable federal program statutes); Standards for Internal Control in the Federal Government; Government Auditing Standards; and applicable DPI guidelines.

Sec. 2. Authority Over Fiscal Matters.

The Board has primary and ultimate authority over fiscal matters. See PG-5.001. Conflict of interest and related-party transaction requirements apply to all grant administration activities.

Sec. 3. Grant Records.

For each grant, The Superintendent or designee shall maintain complete and accurate financial, programmatic, and administrative records as required by applicable law, the grant agreement, and Board policy.

Sec. 4. Grant Administration Responsibilities.

The Superintendent or designee shall bear responsibility for:

(a) Maintaining fiduciary and financial responsibility over each grant; (b) Maintaining accurate and complete financial accounting records for each grant; (c) Reviewing and approving grant budgets and amendments; (d) Ensuring compliance with applicable law and grant requirements;

(e) Ensuring lawful procurement of goods and services with grant funds; and (f) Timely preparation and submission of required grant expenditure reports.

Each grant shall have an assigned program manager responsible for monitoring program implementation, compliance with grant terms and conditions, evaluation, and required reporting.

Sec. 5. Allowable Uses of Grant Funds.

See PG-5.004. Officers and employees shall ensure that grant expenditures are reasonable, allocable, allowable, properly authorized, incurred during the approved budget period, and adequately documented, in accordance with applicable federal cost principles. 2 CFR §§ 200.403–200.404. Federal funds shall not be used for general educational costs normally funded through non-federal sources, unless expressly authorized. 2 CFR § 200.444(a).

Sec. 6. Supplement Not Supplant.

The Superintendent or designee shall ensure that federal grant funds supplement, and do not supplant, federal, state, and local funds, as required by applicable federal law. 20 U.S.C. §§ 1413(a)(2)(A)(ii) and 6321(b).

Sec. 7. Federal Time and Effort Requirements.

The Superintendent or designee shall implement a time and effort reporting system for all personnel compensated with federal funds, in compliance with 2 CFR § 200.430(i). The Superintendent shall establish administrative procedures governing the documentation, certification, and monitoring of time and effort records.

Sec. 8. Cash Management.

The Superintendent or designee shall implement internal controls providing for the periodic and timely drawdown of grant funds to reasonably coincide with disbursements for grant expenses. For federal grants, the time between transfer of funds and disbursement by the School shall be minimized as required by 2 CFR § 200.305(b).

Sec. 9. Training and Administrative Procedures.

The Superintendent or designee shall train officers and employees on the requirements of this policy and shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law.

PG-5.105 — TRAVEL

Sec. 1. Purpose.

This policy establishes requirements governing employee travel, reimbursement of travel expenses, and fiscal accountability for travel expenditures using School funds, pursuant to N.C.G.S. §§ 115C-218.15, 115C-218.20, and 115C-218.30, and applicable State Board of Education financial governance requirements.

Sec. 2. Authority Over Fiscal Matters.

The Board retains primary authority over all travel expenditures involving School funds. The Board may delegate administration of this policy to the Superintendent or designee; such delegation does not limit the Board's oversight responsibility. All travel expenditures shall comply with adopted Board policy, approved budgets, any applicable grant restrictions, and applicable law.

Sec. 3. General Travel Requirements.

The School may reimburse employees only for reasonable and necessary travel expenses incurred while conducting approved School business. Travel shall be approved in advance by the Superintendent or designee. Employees shall plan travel to minimize cost to the School. Personal travel combined with School business travel shall not be reimbursed.

Sec. 4. Prudent Use of Public Funds.

Employees shall exercise reasonable care when incurring travel expenses and shall select cost-effective travel arrangements. Waste, abuse, or misuse of School funds is prohibited.

Sec. 5. Transportation.

School vehicles may be used solely for official School purposes. Employees using personal vehicles may receive mileage reimbursement at the IRS or Board-approved rate, provided they maintain legally required automobile insurance. Rental vehicles may be authorized when cost-effective and necessary.

Sec. 6. Lodging and Meals.

Lodging expenses shall be reimbursed only when overnight travel is necessary for official School business. Employees shall select reasonably priced accommodations. Meal reimbursement may be provided when travel requires the employee to remain away from the normal duty station for an extended period, subject to Board-approved reimbursement schedules consistent with federal accountable plan requirements.

Sec. 7. Travel Advances.

Travel advances may be authorized when necessary. Employees receiving advances shall submit reconciliation documentation within ten (10) business days of completing travel. Failure to reconcile advances may result in payroll deduction or classification as taxable income under applicable federal law.

Sec. 8. Reimbursement Documentation.

Employees shall submit reimbursement requests within 30 days with documentation sufficient to demonstrate that expenses were reasonable, necessary, and incurred for official School business. Incomplete or unsupported requests may be denied. Reimbursable and non-reimbursable expense categories shall be established by administrative procedures consistent with this policy.

Sec. 9. Student Travel.

Off-campus travel involving students shall support instructional programming or approved extracurricular activities. Student travel requires prior administrative approval. Written parent or guardian consent is required before student participation. Overnight or out-of-state travel may require Board approval.

Sec. 10. Board Review.

Travel reimbursements submitted by senior administrators or officers shall be reviewed or ratified by the Board to ensure fiscal oversight.

Sec. 11. Administrative Procedures and Retention.

The Superintendent or designee may establish procedures to implement this policy, provided they do not conflict with Board policy or applicable law. Records shall be retained in accordance with N.C.G.S. §§ 132-1 et seq.

PG-5.106 — ACTIVITY FUNDS

Sec. 1. Purpose.

This policy establishes requirements governing the receipt, safeguarding, accounting, disbursement, and audit of activity funds, pursuant to N.C.G.S. §§ 115C-218.15, 115C-218.20, and 115C-218.30, and applicable State Board of Education financial oversight requirements.

Sec. 2. Applicability.

This policy governs all funds generated in the name of the School or its approved student or staff organizations.

Sec. 3. Authority Over Fiscal Matters.

The Board retains primary and ultimate authority over all School funds, including activity funds, pursuant to N.C.G.S. § 115C-218.15. The Superintendent or designee shall administer this policy subject to Board oversight and applicable law.

Sec. 4. Definitions.

Co-Curricular Activities are School-sponsored activities directly supporting classroom instruction. Extracurricular Activities are School-sponsored activities conducted outside the regular instructional program to enhance student engagement, leadership, or enrichment. Student Activity Funds are funds raised or collected by approved student organizations, held in trust by the School for the benefit of the respective organization. Independent parent, booster, or alumni organizations that control their own funds are separate legal entities and are not subject to this policy.

Sec. 5. Accounting and Responsibility.

The Superintendent or designee shall account for activity funds separately within the School's accounting system in accordance with generally accepted governmental accounting principles and applicable charter school reporting requirements. All activity funds shall be maintained under the School's centralized accounting controls, reconciled at least monthly, and deposited promptly upon receipt. Funds collected by staff from students for School-related purposes shall be deposited and accounted for as activity funds. The Superintendent or designee shall administer and oversee all activity funds, approve participating organizations, ensure compliance with internal controls and purchasing procedures, ensure proper reconciliation, and ensure annual review or audit of accounts.

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Sec. 6. Disbursements.

Student activity funds may be expended only for lawful School-related purposes, upon proper authorization by the student organization, and in compliance with School purchasing policies. All expenditures shall be documented and approved before payment is made.

Sec. 7. Fundraising.

Funds raised in the name of the School become School funds and shall be accounted for accordingly. Fundraising activities require prior administrative approval. Fundraising involving raffles or gambling is prohibited unless expressly authorized under applicable North Carolina law. Applicable sales taxes shall be collected and remitted as required by law.

Sec. 8. Contributions.

The School may accept monetary contributions in accordance with the Board's gift acceptance policy. Documentation of contributions shall comply with applicable federal and state requirements.

Sec. 9. Audits.

Activity funds shall be subject to review as part of the School's annual independent financial audit. An internal review may be required upon a change in campus administration, finance personnel, or sponsor oversight.

Sec. 10. Administrative Procedures and Retention.

The Superintendent or designee may adopt procedures to implement this policy. Records shall be maintained in accordance with N.C.G.S. §§ 132-1 et seq. and 115C-218.20.

PG-5.107 — FINANCIAL REPORTING

Sec. 1. Purpose.

This policy establishes requirements governing financial reporting, fiscal transparency, internal controls, and regulatory compliance, pursuant to North Carolina Law Generally Accepted

Accounting Principles (GAAP); Government Auditing Standards; and applicable DPI reporting requirements.

Sec. 2. Authority Over Fiscal Matters.

The Board retains primary and ultimate authority over all fiscal matters. The Superintendent or designee shall administer financial reporting functions consistent with Board policy and applicable law. School officers or employees shall not enter into financial arrangements designed to circumvent Board oversight, internal controls, or statutory requirements.

Sec. 3. Monthly Financial Reporting.

The Superintendent or designee shall prepare unaudited monthly financial statements and provide them to the Board within ten (10) business days following the close of each calendar month, except for the first and final months of the fiscal year. Monthly financial reporting shall disclose, without exception:

(a) Related-party transactions or conflicts of interest; (b) Unauthorized expenditures or policy violations; (c) Purchases inconsistent with procurement policy; and (d) Identified deficiencies or weaknesses in internal fiscal controls.

The Board shall review financial statements and budget amendments during regular Board meetings.

Sec. 4. Required Financial Submissions.

The School shall submit all financial information required by DPI or other governmental entities, including annual financial reports, budgeted and actual financial data, grant expenditure reports, and any other reports required under state or federal law.

Sec. 5. IRS Filings.

The School shall comply with all applicable federal tax filing requirements, including timely submission of IRS Form 990 and payroll tax filings. All required federal filings shall be presented to the Board before submission.

Sec. 6. Annual Independent Audit.

The Board shall annually contract with an independent certified public accountant to perform the School's annual financial and compliance audit in accordance with the statutory October 31

deadline. The audit shall evaluate financial statements, internal controls over financial reporting, and compliance with applicable laws and grant requirements.

In selecting an independent auditor, the Board shall consider:

(a) Whether the firm is approved by the North Carolina Local Government Commission; (b) Demonstrated experience auditing North Carolina charter schools; (c) Firm reputation and professional qualifications; and (d) Cost of the audit.

The independent auditor shall hold a valid North Carolina CPA license, demonstrate governmental or nonprofit auditing experience, and conduct audits in accordance with Government Auditing Standards. The Board shall review and approve the annual audit before submission to DPI.

Sec. 7. Accounting Policies.

The School shall observe accounting practices consistent with GAAP, including recognition of cash equivalents, classification of restricted funds, and recording of depreciation consistent with Board capital asset policies. Recommended changes to accounting policies shall require Board approval.

Sec. 8. Training and Administrative Procedures.

The Superintendent or designee shall ensure appropriate training of personnel responsible for fiscal reporting and internal controls. The Superintendent or designee may adopt procedures to implement this policy, provided they do not conflict with Board policy or applicable law.

PG-5.108 — TECHNOLOGY COST REPORTING

Sec. 1. Purpose.

This policy establishes the Board's commitment to transparency and accountability in the management and reporting of school technology expenditures, consistent with N.C.G.S. § 115C-102.10 and applicable State Board of Education requirements.

Sec. 2. Annual Reporting Requirement.

The School shall report to the State Board of Education, no later than August 15 of each year, the following information regarding the prior school year:

(a) The break/fix rate of School technology devices; (b) The total number of technology devices currently in operation; (c) The total number of devices requiring repair or removed from service; and (d) The total amount of funds expended to repair or replace technology devices.

Sec. 3. Technology Cost Evaluation.

The School shall evaluate technology cost considerations adopted by the State Board of Education pursuant to N.C.G.S. § 115C-102.10.

Sec. 4. Board Oversight.

The Superintendent or designee shall present the annual technology cost report to the Board prior to submission to the State Board of Education.

Sec. 5. Administrative Procedures.

The Superintendent or designee shall adopt procedures necessary to collect and report required technology data in a timely and accurate manner.

PG-5.201 — CASH MANAGEMENT

Sec. 1. Purpose.

This policy establishes requirements governing the receipt, custody, disbursement, safeguarding, and investment of School funds to ensure fiscal accountability, transparency, and sound internal controls, consistent with N.C.G.S. §§ 115C-218.15, 115C-218.20, 115C-441, 143C-6-23, and 147-86.11, and applicable GAAP and Government Auditing Standards.

Sec. 2. Board Oversight.

The Board shall maintain ultimate authority and oversight over all funds received or disbursed by the School from all sources. All cash management practices shall safeguard public funds, ensure proper authorization of expenditures, maintain separation of financial duties where practicable, and promote accurate financial reporting.

Sec. 3. Operating and Payroll Accounts.

All School funds shall be deposited into financial institution accounts approved by the Board and maintained in the School's name. State, federal, and local funds shall be deposited into designated operating accounts, and disbursements shall be made only from accounts approved by Board resolution. Financial institutions shall be authorized to conduct business in North Carolina. The Board may authorize separate payroll accounts exclusively for employee compensation, payroll taxes, and authorized employment-related deductions.

Sec. 4. Authorized Signatories and Dual Authorization.

The Board shall designate authorized signatories for all School bank accounts through formal Board action. Authorized signatories may include the Superintendent, Chief Financial Officer, or other Board-approved individuals. Disbursements exceeding a threshold established by the Board shall require dual authorization by two designated signatories.

Sec. 5. Records and Reconciliation.

The Superintendent or designee shall maintain a financial management system recording all deposits and disbursements, identifying funding sources, and maintaining documentation sufficient for audit verification. Bank statements shall be reconciled monthly, with reconciliation responsibilities assigned to promote separation of authorization, custody, and recordkeeping functions. Any discrepancies shall be investigated and resolved promptly.

Sec. 6. Cash and Check Handling.

The School shall minimize cash retained onsite. All collected funds shall be deposited promptly and shall not be used for direct purchases before deposit. Checks received by School personnel shall be logged upon receipt, transmitted promptly to the finance office, securely stored until deposit, and supported by deposit documentation identifying the payment source.

Sec. 7. Petty Cash.

The Board may, by resolution, authorize limited petty cash funds for minor operational expenditures. If authorized, the Superintendent or designee shall establish administrative procedures requiring secure storage, transaction logs, supporting receipts, and independent periodic reconciliation. Unauthorized petty cash funds are prohibited.

Sec. 8. Investment of Surplus Cash.

The Board may authorize investment of surplus funds consistent with North Carolina law governing public funds and fiduciary responsibility. Investment decisions shall prioritize preservation of principal, liquidity, and reasonable return. See PG-5.302.

Sec. 9. Cash Flow Projections.

The Superintendent or designee shall prepare periodic cash flow projections and present them to the Board during regular meetings. Material variances between projected and actual cash activity shall be explained to the Board.

Sec. 10. Methods of Disbursement.

Funds may be disbursed through methods authorized by administrative procedures. Gift cards or similar instruments shall not be used as substitutes for authorized disbursement methods unless expressly approved by Board policy.

Sec. 11. Administrative Procedures.

The Superintendent or designee shall develop administrative procedures necessary to implement this policy and ensure compliance with applicable law and Board directives.

PG-5.202 — CORPORATE CREDIT ACCOUNTS

Sec. 1. Purpose.

This policy establishes requirements governing the authorization, administration, oversight, and permissible use of corporate credit accounts, pursuant to N.C.G.S. §§ 115C-218.15, 115C-218.20, 143C-6-5, and 143C-6-23; applicable provisions of the North Carolina School Budget and Fiscal Control Act; and 2 CFR Part 200.

Sec. 2. Board Authority and Delegation.

The Board retains primary and ultimate authority over all fiscal matters, including the establishment and oversight of corporate credit accounts. The Board may delegate

administration to the Superintendent or designee, subject to Board oversight and adopted fiscal policies.

Sec. 3. Authorized Use.

The Board authorizes The Superintendent or designee to establish corporate credit accounts solely for official School purposes, including approved procurement of goods and services, operational expenditures, programmatic activities, and authorized business travel. Authorization does not relieve any employee of personal responsibility for improper or unauthorized expenditures.

Sec. 4. Access Controls.

Access to School credit accounts shall be limited to personnel authorized by The Superintendent or designee. Purchases require supervisory approval consistent with purchasing policies. Transactions exceeding established thresholds require documented authorization. Original receipts shall be submitted to the finance office. Credit cards shall be surrendered immediately upon employee separation or reassignment. Personal use of School credit accounts is strictly prohibited.

Sec. 5. Employee Eligibility and Agreement.

Only full-time School employees may be assigned a corporate credit account unless otherwise approved by the Superintendent or designee. Independent contractors, volunteers, and temporary personnel are not eligible. Prior to card issuance, eligible employees shall execute a written user agreement acknowledging policy requirements and accepting financial responsibility for unauthorized or noncompliant charges.

Sec. 6. Prohibited Use.

Corporate credit accounts shall not be used for personal expenses, cash advances, gifts or gift cards unless expressly authorized, political contributions, loans or advances, purchases intended to circumvent procurement thresholds, or any expenditure inconsistent with School policy or applicable law.

Sec. 7. Required Documentation.

Each transaction shall include documentation demonstrating the business purpose of the expense, benefit to School operations, vendor identification, transaction date, authorization by a School employee, and original itemized receipts. Failure to provide required documentation may result in personal liability for the cardholder.

Sec. 8. Board Review.

The Board retains authority to review corporate credit expenditures and may require reimbursement for improper charges.

Sec. 9. Rewards Programs.

Any rewards or benefits earned through corporate credit accounts remain the property of the School and shall be used solely for School purposes.

Sec. 10. Training and Administrative Procedures.

The Superintendent or designee shall ensure periodic training regarding fiscal controls, allowable expenditures, and policy compliance. The Superintendent or designee shall adopt administrative procedures necessary to implement this policy consistent with applicable law and Board direction.

PG-5.203 — FUNDRAISING

Sec. 1. Purpose.

This policy establishes requirements governing fundraising activities and the receipt, safeguarding, documentation, and use of contributions, pursuant to N.C.G.S. §§ 115C-218.15, 115C-218.20, 115C-218.25, 55A-8-01, 55A-8-30, and applicable federal nonprofit and auditing standards.

Sec. 2. Applicability.

This policy applies to all fundraising activities conducted in the name of the School, by School employees or officials, by affiliated organizations acting on behalf of the School, or using School facilities, branding, or student participation.

Sec. 3. Board Authority.

The Board retains primary authority over the acceptance, administration, and oversight of fundraising funds. The Board may delegate administration to the Superintendent or designee without transferring ultimate fiduciary responsibility. School officials and employees shall disclose any financial interest or related-party transaction connected to fundraising activities in accordance with N.C.G.S. §§ 55A-8-31 and 115C-218.15.

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Sec. 4. Contributions Received.

Contributions include currency, checks, electronic payments, credit card donations, grants, sponsorships, and donated goods or services. In-kind contributions shall be recorded at fair market value on the date received. Funds collected through School programs shall be promptly recorded, safeguarded, and deposited in accordance with Board cash management procedures. Individual employees shall not independently accept donations on behalf of the School. Employees or officers shall not personally receive contributions from vendors conducting business with the School.

Sec. 5. Use of Contributions.

Unrestricted donations may be used for any lawful School purpose consistent with Board priorities and the School's charter mission. Restricted donations shall be used strictly in accordance with donor-imposed conditions, which shall be documented and maintained. The School shall monitor compliance with all grant and donor agreements.

Sec. 6. Tax-Exempt Status and Donor Acknowledgment.

The School shall maintain documentation supporting its nonprofit and tax-exempt status. For qualifying donations, the School shall issue written acknowledgment consistent with IRS requirements, including the School's name, date and amount of contribution, description of non-cash donations, and required disclosure statements. Fundraising records shall be maintained consistent with N.C.G.S. §§ 115C-218.25 and 55A-16-01.

Sec. 7. Training and Administrative Procedures.

The Superintendent or designee shall ensure personnel involved in fundraising activities receive appropriate training. Administrative procedures may be adopted as necessary to implement this policy.

PG-5.301 — CAPITAL ASSETS

Sec. 1. Purpose.

This policy establishes requirements governing the acquisition, capitalization, inventory, safeguarding, depreciation, and disposal of capital assets, pursuant to N.C.G.S. §§

115C-218.15, 115C-218.20, 115C-425, 115C-426, 115C-441, and 143C-6-23, and 2 CFR Part 200.

Sec. 2. Board Authority.

The Board retains primary and final authority over capital asset management, acquisition, and disposition. The Superintendent or designee may administer asset management procedures consistent with this policy and Board authorization. Board approval shall be required for acquisition of real property, construction or major renovation projects, and capital purchases requiring a contractual obligation.

Sec. 3. Capital Assets Defined and Capitalization.

Capital assets include tangible or intangible property with a useful life exceeding one (1) year and an acquisition or fair market value meeting or exceeding the capitalization threshold established by the Board. Capital assets include real property, buildings, leasehold improvements, furniture, equipment, technology, vehicles, and intellectual property. Capitalized costs include purchase price, installation, transportation, site preparation, and fair market value of donated assets. Improvements shall be capitalized when they extend useful life, materially increase asset value, or adapt property for a different operational use.

Sec. 4. Depreciation.

Except for land, capital assets shall be depreciated using the straight-line method consistent with GAAP, based on useful lives established by the Board.

Sec. 5. Inventory.

The Superintendent or designee shall maintain a complete inventory of all capital and controlled assets with permanent identification labels linking each item to inventory records. A physical inventory shall be conducted annually, and missing assets shall be investigated and reported as required. A joint inventory verification shall occur upon any change in campus leadership or financial administration.

Sec. 6. Safeguarding.

School officials shall implement internal controls to safeguard assets against loss, theft, misuse, or unauthorized transfer, consistent with N.C.G.S. § 115C-441 and 2 CFR § 200.303.

Sec. 7. Disposition of Capital Assets.

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Obsolete, damaged, or unneeded assets may be disposed of upon administrative approval. The Board may authorize donation of assets to nonprofit or governmental entities serving a public purpose. Disposed assets shall be sold at fair market value when practicable, with proceeds credited to the originating fund source. Assets with no recoverable value may be discarded with proper documentation. All disposals exceeding \$5,000 in value shall require written approval and documentation. Prior to disposal, all technology devices shall undergo permanent data removal consistent with applicable student privacy laws. Employees may not personally acquire disposed assets except through approved procedures. Assets purchased with federal funds shall be disposed of in accordance with 2 CFR § 200.313.

Sec. 8. Training, Administrative Procedures, and Retention.

The Superintendent or designee shall provide training regarding asset accountability and internal control procedures. Administrative procedures may be adopted to implement this policy. Records shall be retained in accordance with applicable North Carolina public records retention requirements.

PG-5.302 — INVESTMENT OF FUNDS

Sec. 1. Purpose.

This policy governs the investment of School funds pursuant to N.C.G.S. Chapter 55A; N.C.G.S. §§ 115C-218.15 and 115C-218.105; N.C.G.S. § 159-30; applicable North Carolina Administrative Code; and the NCDPI Charter School Financial Guide.

Sec. 2. Authority Over Fiscal Matters.

The Board has primary and ultimate authority over fiscal matters. See PG-5.001. Conflict of interest requirements, including G.S. 14-234 and G.S. 55A-8-31, apply to all investment activities.

Sec. 3. Investment Objectives.

The Board and Superintendent shall observe, in priority order, the following objectives when investing funds, consistent with G.S. 159-30:

(a) Preservation and safety of principal; (b) Liquidity; and (c) Yield.

Sec. 4. Authorized Investments.

Consistent with G.S. 159-30(c), authorized investments include:

(a) Obligations of or guaranteed by the U.S. government or its agencies and instrumentalities; (b) Direct obligations of the State of North Carolina or its agencies; (c) Qualifying obligations of other states or political subdivisions rated at least "A" by a nationally recognized rating firm, as permitted by the North Carolina Local Government Commission; (d) Interest-bearing banking deposits insured by the FDIC or NCUSIF; (e) Certificates of deposit from qualified North Carolina institutions meeting applicable requirements; (f) Fully collateralized repurchase agreements meeting applicable requirements; (g) Banker's acceptances meeting applicable maturity and rating requirements; (h) Qualifying commercial paper meeting applicable rating requirements; (i) Qualifying no-load money market and mutual funds registered with the SEC; and (j) Qualifying investment pools, such as the North Carolina Capital Management Trust, authorized by Board policy or resolution.

The following investments are prohibited: collateralized mortgage obligations with maturities exceeding ten (10) years; obligations whose interest rate adjusts inversely to a market index; and obligations representing only interest or only principal streams of mortgage-backed security collateral.

Sec. 5. Records and Reporting.

The Superintendent or designee shall ensure that accurate and complete investment records are maintained in accordance with the North Carolina Public Records Act. At each Finance Committee meeting, the Superintendent shall provide the Committee a report disclosing the status of all invested amounts under this policy.

Sec. 6. Training and Administrative Procedures.

The Superintendent or designee shall train officers and employees on the requirements of this policy and shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law.

PG-5.401 — PAYROLL ADVANCES

TMSA Schools does not issue payroll advances or loans to employees.

PG-5.501 — PURCHASING AND CONTRACTING

Sec. 1. Purpose.

This policy establishes requirements governing the procurement of goods and services from local, state, and federal funds, pursuant to N.C.G.S. Chapter 55A; N.C.G.S. §§ 115C-218.15 and 115C-218.105; N.C.G.S. Chapter 143, Articles 3D and 8; State Board of Education policies; 2 CFR Part 200; and the NCDPI Charter School Financial Guide.

Sec. 2. Authority Over Fiscal Matters.

The Board has primary and ultimate authority over fiscal matters. See PG-5.001. Conflict of interest requirements, including G.S. 14-234 and G.S. 55A-8-31, apply to all procurement activities.

Sec. 3. General Requirements.

The School shall only acquire goods and services for the benefit of its students and instructional program and to provide best value. All procurement shall comply with the adopted budget. No expenditures may be made without budget authorization or emergency approval by the Treasurer and Board President. Employees are prohibited from obligating School funds for personal benefit, items prohibited by Board policy or law, or in ways that circumvent procurement requirements. Employees who incur unauthorized expenditures bear personal financial responsibility for such costs.

Sec. 4. Board Approval and Required Contract Language.

Any contract for goods or services exceeding \$50,000 per school shall require prior Board approval. After Board approval, contracts shall not become effective until signed by the Superintendent. All contracts shall include the following language required by N.C.G.S. § 115C-218.105:

"No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions."

Sec. 5. Segregation of Duties.

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The Superintendent shall ensure appropriate segregation of duties among preparation of purchase requisitions, solicitation of bids, receipt of goods and services, invoice reconciliation, payment authorization, and accounting for purchases.

Sec. 6. Procurement Methods — Local and State Funds.

Purchases valued at less than \$20,000 may be procured through the most expedient manner available. Purchases valued at \$20,000 or more in the aggregate shall require a competitive selection process with three or more written price or rate quotations from qualified vendors. Purchases of \$90,000 or more with state funds shall require formal contract bidding with public advertisement. Sole-source procurement is permitted only when one provider can demonstrably meet the School's needs, consistent with applicable law and documented justification.

Sec. 7. Procurement Methods — Federal Funds.

Procurement with federal funds shall comply with applicable Uniform Guidance requirements under 2 CFR Part 200:

(a) Micro-purchases below the applicable threshold may be made through the most expedient method available, with documented price reasonableness. Equitable distribution among qualified vendors is required to the maximum extent practicable. (b) Small purchases between the micro-purchase threshold and the simplified acquisition threshold require three or more written competitive quotes. (c) Procurements at or above the simplified acquisition threshold require sealed bids or competitive proposals, as appropriate, with award to the most responsive and responsible offeror. (d) Noncompetitive procurement is permitted only under documented circumstances authorized by 2 CFR § 200.320.

Sec. 8. Cooperative Purchasing.

The School may procure goods or services through purchasing cooperatives that provide written assurance of compliance with applicable purchasing law. Use of federal funds through cooperatives shall comply with applicable federal procurement standards, and supporting documentation shall be maintained.

Sec. 9. Professional Services.

Professional services shall be selected based on demonstrated competence, qualifications, and fair and reasonable pricing, consistent with G.S. 143-64.31. Architectural, engineering, and land surveying services shall be selected based on qualifications without regard to fee, with fee negotiated thereafter. If a satisfactory contract cannot be negotiated with the most qualified

provider, the School shall formally end negotiations and proceed to the next most qualified provider.

Sec. 10. Public Works Procurement.

The Board shall determine the best-value procurement method for public works prior to advertisement, consistent with G.S. 143-128 and G.S. 143-129. Unless otherwise determined by the Board, formal competitive bidding shall apply. Contracts shall be awarded to the lowest responsible, responsive bidder after public advertisement and publicly opened bids. Contracts for public works shall comply with applicable bonding, right-to-work, minority business participation, and contractor criminal history check requirements. Change orders shall be approved by the Superintendent or designee and may not increase total contract price beyond available appropriated funds. Contracts of \$1 million or more may not be increased by more than 25% through change orders.

Sec. 11. Monitoring and Oversight.

The Superintendent or designee shall monitor and document the performance of all service providers and shall report the progress and status of public works projects to the Board. Final payment for public works shall not be made until the work has been completed and accepted by the Board.

Sec. 12. Training and Administrative Procedures.

The Superintendent or designee shall train officers and employees on the requirements of this policy and shall adopt administrative procedures as necessary to implement this policy, consistent with applicable law.

PG-5.502 — CRIMINAL HISTORY CHECKS FOR CONTRACTED SERVICES

Sec. 1. Definitions.

"Covered contract employee" means an individual who is employed or offered employment by a service contractor or subcontractor, or is an individual independent contractor, who has or will have continuing duties related to contracted services and direct contact with students, and who is not a student enrolled in TMSA Schools.

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"Direct contact with students" means contact resulting from activities that provide substantial opportunity for verbal or physical interaction with students that is not supervised by a certified educator or other professional School employee.

"Contracting entity" means an entity that contracts directly with TMSA Schools to provide services. A law enforcement agency or Department of Social Services conducting an investigation or intervention is not a contracting entity.

"Subcontracting entity" means an entity that contracts with another entity (not TMSA Schools) to provide services to TMSA Schools. G.S. 115C-218.90; G.S. 115C-332.

Sec. 2. Contractor Responsibilities.

Service contractors and subcontractors shall obtain required criminal history record information for covered contract employees as follows:

(a) For employees hired before January 1, 2008 who have continuing duties and direct contact with students, contractors shall obtain available criminal history record information from applicable law enforcement, criminal justice agencies, or qualified consumer reporting agencies.

(b) For persons offered employment on or after January 1, 2008 with continuing duties and direct contact with students, contractors shall obtain a national criminal history record review through the North Carolina State Bureau of Investigation (SBI) or approved background check system before employment begins, consistent with G.S. 115C-332.

Contractors shall certify to TMSA Schools that required criminal history information has been obtained and shall take reasonable steps to ensure that conditions resulting in any person being excluded as a covered contract employee continue to exist throughout the service period. Contractors shall not permit a covered contract employee with a disqualifying offense under G.S. 115C-332 to provide services at TMSA Schools.

Sec. 3. TMSA Schools Responsibilities.

TMSA Schools shall ensure that each service contractor certifies that required criminal history record information has been obtained for covered contract employees. TMSA Schools may independently obtain criminal history record information through the SBI or approved background check system. TMSA Schools may not allow a covered contract employee with a disqualifying conviction under G.S. 115C-332 to serve at the School and may adopt a stricter standard. If TMSA Schools obtains information that a covered contract employee who holds a DPI-issued license has a reported criminal history, the Superintendent or designee shall notify DPI within seven calendar days. G.S. 115C-218.90; G.S. 115C-332.

Sec. 4. Emergency Exception.

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In an emergency, TMSA Schools may allow a covered contract employee to enter School property without the required criminal history review if the person is accompanied by a TMSA Schools employee at all times. G.S. 115C-332.

Sec. 5. Transportation Services Contractors.

If TMSA Schools contracts for transportation services, the School or the contracting company shall obtain criminal history record information for employed or prospective bus drivers, bus monitors, and bus aides. A person with a felony conviction or misdemeanor involving moral turpitude may not drive or serve on a student transport bus without Board permission. G.S. 115C-242; G.S. 115C-332.

PG-5.503 — CRIMINAL HISTORY CHECKS FOR PUBLIC WORKS CONTRACTORS

Sec. 1. Definitions.

"Contracting entity" means an entity that contracts directly with TMSA Schools to provide engineering, architectural, or construction services.

"Instructional facility" means real property or an improvement to real property used predominantly for teaching the School's required curriculum.

"Subcontracting entity" means an entity that contracts with another entity (not TMSA Schools) to provide engineering, architectural, or construction services to TMSA Schools. G.S. 115C-332.

Sec. 2. Applicability.

This policy applies to persons employed by a contracting or subcontracting entity on a public works project who have continuing duties related to contracted services and the opportunity for direct contact with students. A person does not have the opportunity for direct contact with students if the public work does not involve an instructional facility, if the person's duties will be completed at least seven days before the facility is used for instruction, or if the work area is physically separated from student areas by a secure barrier and the contractor enforces a policy prohibiting employee interaction with students.

Sec. 3. Disqualifying Criminal Histories.

A contracting or subcontracting entity may not permit an applicable employee to provide services at an instructional facility if the employee, during the preceding 30 years, was convicted of a felony offense against a person, a sex offense requiring registration under North Carolina law, or an equivalent offense under the laws of another state or federal law, where the victim was under 18 years of age or was enrolled in a public school. G.S. 115C-332.

Sec. 4. Duties of Contracting and Subcontracting Entities.

For each applicable person, the employing contractor or subcontractor shall submit required identifying information to the North Carolina SBI or an approved background check vendor, obtain all resulting criminal history record information, and certify to TMSA Schools that such information has been received. Contracting entities shall also obtain written certifications from subcontracting entities confirming compliance with these requirements.

Sec. 5. Criminal History Record Information Obtained by TMSA Schools.

TMSA Schools may directly obtain the criminal history record information of any applicable person through the SBI or an approved background check system. G.S. 115C-332.

Sec. 6. Emergency Exception.

In an emergency, TMSA Schools may allow an applicable person to enter an instructional facility if the person is accompanied by a TMSA Schools employee at all times.

PG-5.504 — FEDERAL GRANT COMPLIANCE ADMINISTRATION

Sec. 1. Purpose.

This policy establishes requirements governing administration, oversight, compliance, monitoring, and documentation of federally funded programs pursuant to 2 CFR Part 200; the Elementary and Secondary Education Act (“ESEA”); the Individuals with Disabilities Education Act (“IDEA”); applicable U.S. Department of Education regulations; State Board of Education requirements; and North Carolina Department of Public Instruction (“NCDPI”) guidance.

Sec. 2. Board Authority.

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The Board retains primary and ultimate authority over all federal grant funds received by the School. The Superintendent or designee shall administer federal programs consistent with Board policy, approved grant applications, applicable law, and funding requirements.

Sec. 3. General Compliance Requirements.

The Superintendent or designee shall ensure that federal grant funds are:

- (a) expended only for authorized purposes;
- (b) used in accordance with approved grant applications and budgets;
- (c) properly documented and supported;
- (d) obligated and liquidated within applicable grant periods;
- (e) maintained separately within the School's accounting system; and
- (f) administered in compliance with supplement-not-supplant, maintenance of effort, comparability, equitable services, and all other applicable federal requirements.

Sec. 4. Federal Registrations and Certifications.

The Superintendent or designee shall maintain all registrations, certifications, and assurances required for receipt of federal funds, including active registration in the federal System for Award Management ("SAM"), when applicable.

Sec. 5. Procurement and Micro-Purchase Standards.

Procurement utilizing federal funds shall comply with TMSA Fiscal Management policy. The Superintendent or designee shall maintain written procedures governing:

- (a) micro-purchases;
- (b) small purchases;
- (c) competitive procurement;
- (d) sole-source procurement;
- (e) cost reasonableness determinations; and
- (f) conflict-of-interest requirements.

Sec. 6. Time and Effort Documentation.

The Superintendent or designee shall maintain time and effort documentation for employees compensated in whole or in part with federal funds, consistent with applicable federal requirements. Documentation shall reasonably reflect actual work performed and shall be supported by internal controls ensuring accuracy and accountability.

Sec. 7. Equipment and Inventory Controls.

Equipment purchased with federal funds shall be identified, tracked, safeguarded, and inventoried in accordance with federal property management requirements. Inventory records shall include:

- (a) funding source;

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- (b) description;
- (c) serial or identification number;
- (d) acquisition date and cost;
- (e) location;
- (f) condition; and
- (g) disposition information.

A physical inventory shall be conducted at least once every two years.

Sec. 8. Monitoring and Corrective Action.

The Superintendent or designee shall monitor compliance with all federal fiscal and programmatic requirements and shall implement corrective actions in response to identified deficiencies, audit findings, monitoring reports, or noncompliance determinations.

Sec. 9. Records Retention.

Federal grant records shall be retained in accordance with federal and state records retention requirements and applicable grant conditions.

Sec. 10. Administrative Procedures.

The Superintendent or designee may establish administrative procedures necessary to implement this policy and ensure compliance with applicable federal requirements.

Sec. 11. Federal Cash Management.

The Superintendent or designee may establish administrative procedures that ensure federal funds are requested, received, and disbursed in compliance with applicable federal regulations and in a manner that minimizes the time elapsing between receipt and expenditure of funds.

The School shall utilize a reimbursement method for managing federal grant funds and shall request reimbursement only after allowable expenditures have been incurred, properly approved, and adequately documented. Requests for reimbursement shall be limited to the School's immediate cash needs and shall be based solely on actual, allowable, allocable, and properly supported expenditures.

Upon receipt, federal funds shall be promptly deposited into the School's designated bank account in accordance with established cash handling procedures. Funds shall be disbursed as soon as administratively feasible to satisfy allowable obligations and minimize the time between receipt and expenditure of federal funds.

The Superintendent or designee shall maintain internal controls designed to ensure that:

- (a) expenditures are allowable, allocable, reasonable, and properly documented;
- (b) transactions are appropriately authorized and reviewed;

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- (c) duties are segregated where practicable;
- (d) financial records accurately reflect federal transactions; and
- (e) cash management activities comply with applicable federal requirements, including 2 CFR § 200.305.

The finance office shall periodically monitor federal cash management practices and promptly address any identified discrepancies, delays, or compliance concerns.

PG-5.505 — SCHOOL NUTRITION PROGRAM FISCAL AND COMPLIANCE CONTROLS

Sec. 1. Purpose.

[The TMSA PCS Food Authority Procurement Plan for School Nutrition Programs](#) establishes requirements governing the fiscal administration, procurement, compliance, accountability, and oversight of the School Nutrition Program in accordance with applicable federal law, United States Department of Agriculture (“USDA”) regulations, North Carolina Department of Public Instruction (“NCDPI”) requirements, State Board of Education policies, and applicable provisions of 2 CFR Part 200.

Sec. 2. [TMSA PCS Food Authority Procurement Plan for School Nutrition Programs](#)

It is the Policy of TMSA PCS that procurement processes and activities will be consistent with the principles of free and open competition. The School Food Authority (SFA) will avoid unreasonable conditions that restrict competition. All reasonable efforts will be made to solicit bids, proposals and/or quotes from as many qualified vendors as possible; all qualified vendors are invited to respond to solicitations.

The procurement of all goods and services using School Nutrition funds will be carefully documented during each phase of the procurement process. The Board shall award contracts to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed solicitation. The Board will restrict awards, sub-awards and contracts with any party that is debarred, suspended, or otherwise excluded from participation in Federal assistance programs or activities. All parties involved in the procurement process involving School Nutrition funds will comply with a written code of ethics/conduct, which includes a conflicts of interest policy. Adherence with the code of ethics/conduct and conflicts of interest policy is fundamental to the integrity of the procurement process.

