

**Heritage Academy BOARD POLICY MANUAL**  
**POLICY GROUP 5 – FISCAL MANAGEMENT**  
**ALLOWABLE AND PROHIBITED USES OF FUNDS**

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**Sec. 1. Purpose of Policy.**

The Board of Directors (hereafter, the “Board”) and Superintendent/Chief Executive Officer (hereafter, “Superintendent”) of Heritage Academy Charter Schools, Inc. doing business as Heritage Academy (hereafter, the “Academy”) shall endeavor to safeguard the use of Academy funds and to further the Academy’s mission and facilitate the implementation of the charter program through the efficient and effective use of local, state and federal funds. Accordingly, the Superintendent and Academy employees shall expend public funds for the benefit of the students enrolled in the Academy and shall, at all times, demonstrate how each use of funds benefitted the Academy’s students. Through this policy, the Board shall address the legal requirements, as applicable, promulgated at:

- (a) Texas Education Code Sections 12.107 and 45.105(c);
- (b) Texas Education Code Chapter 42, Subchapter C;
- (c) Texas Administrative Code Title 19, Sections 61.1093, 61.1094, 61.1095, 61.1096, 89.1125, 100.1043 and 100.1047; and
- (d) Financial Accountability System Resource Guide Module 11, Section 1.8.2.9.

**Sec. 2. Policy to Supplement and Not Supersede.**

This policy shall supplement existing state and Federal law, rule and other legal requirement (collectively, legal requirement) and shall not supersede any state or Federal legal requirement. In the event of a conflict with a state or Federal legal requirement, the legal requirement shall prevail.

**Sec. 3. Applicability of Policy.**

This policy pertains to the use of Academy local, state and federal funds.

**Sec. 4. Local Funds Defined.**

Local funds means funds received by the Academy from private donors and grantors or generated from fundraising activities initially or continually supported by state funds.

**Sec. 5. Designee(s).**

In this policy, where the Superintendent is authorized to delegate authority to a designee (as denoted by the phrase “or designee”), the Superintendent may delegate such authority to a designee. If the Superintendent delegates authority to a designee, the Superintendent shall do so in writing through an administrative procedure, job description or internal memorandum. The Superintendent’s delegation of authority to a designee must be specific, must cite the policy section from which it is derived, and must utilize thresholds for each approval level. Any delegation of authority to a designee not documented as set forth in this section shall be null and void.

**Sec. 6. Final Authority.**

The Board shall have final authority over the obligation and expenditure of state and federal funds.

**Sec. 7. Expenses to Support Instructional Plan.**

The Superintendent or designee shall ensure that the use of local, state and federal funds supports the implementation of the Academy's instructional plan.

**Sec. 8. General Requirement.**

Sec. 8.1. Recognizing that it is impractical to list every conceivable allowable use of funds and that a general framework is beneficial in guiding decisions regarding the use of funds, the Academy shall adhere to the following general requirements prior to and when it obligates and disburses funds.

Sec. 8.2. The proposed use of funds:

- (a) Benefits the Academy's students;
- (b) Is reasonable in its nature and amount;
- (c) Does not exceed that which a prudent person would incur under the circumstances prevailing at the time the decision was made to incur the cost(s);
- (d) Is ordinary and necessary to achieve the goals and implement the strategies and activities of the charter program;
- (e) Conforms to the documented and established practices of the Academy;
- (f) Is generally or specifically allowed by applicable state or federal law, rule or other legal requirement;
- (g) Is not prohibited by applicable state or federal law, rule or other legal requirement; and
- (h) Complies with policy and administrative procedures approved by the Board.

**Sec. 9. Generally Authorized Expenses.**

In general, the Superintendent or designee is authorized to expend and may authorize the expenditure of state and federal funds for the following purposes.

- (a) To compensate the Superintendent, teachers, janitors and other employees for employment services rendered.
- (b) To pay the interest for short-term loans acquired to compensate Academy employees.
- (c) To purchase equipment, furniture, materials, software, supplies and vehicles.
- (d) To pay for insurance premiums.
- (e) To purchase real property for use as a school site pursuant to Board authorization.
- (f) To purchase, build, repair and rent school buildings pursuant to Board authorization.

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- (g) As authorized by the Board, to acquire school buildings and real property by leasing through annual payments with an ultimate option to purchase.
- (h) For other purposes necessary in the conduct of the Academy as determined by the Board including for the following purposes.
  - (1) To develop and monitor a system of controls to ensure compliance with state and federal laws and rules.
  - (2) To administer state and federal grants.
  - (3) To conduct Board meetings and provide Board members with training.
  - (4) To procure legal, audit and other professional services necessary for the proper administration and oversight of the Academy.
  - (5) To record, compile, maintain and report data on student attendance, student enrollment, staff, finances, grants and other functions, programs, services and activities as required by the state and federal governments.
  - (6) To develop, maintain and update a charter instructional plan including conducting a comprehensive needs assessment.
  - (7) To conduct periodic assessments of students to identify potential learning deficiencies and to measure the students' progress towards desired academic goals.
  - (8) For the upkeep and repair of instructional and instructionally related materials and equipment in the classroom and library, of food service equipment, and of vehicles.
  - (9) To provide breakfast and lunch and snacks to students pursuant to the guidelines and requirements of the Texas Department of Agriculture.
  - (10) To conduct field trips as authorized by the Board.
  - (11) For athletic and band equipment, instruments and uniforms.
  - (12) To conduct graduation and award ceremonies recognizing the achievements of students and staff.
  - (13) To conduct pre/post employment physicals or drug testing and background checks.
  - (14) For the research, development and maintenance of curriculum and innovative, new or modified instruction.

- (15) For in-service training or staff development for instructional and instructionally related staff conducted by a regional education service center, an outside consultant(s) or an Academy employee(s).
- (16) To travel for Academy activities and functions.
- (17) For utilities and the maintenance of telecommunication and computer networks and systems.
- (18) To provide a safe and drug free school environment.
- (19) For memberships in civic and professional organizations that further the mission of the Academy.
- (20) For any other purpose, function, activity, program or service authorized by the Board through the adoption of the Academy's annual operating budget and charter instructional plan including any amendments thereto.
- (21) For other purposes determined by the Board to be in the best interest of the Academy's students.

**Sec. 10. Generally Prohibited Expenses.**

In general, the Superintendent or designee is prohibited from expending and may not authorize the expenditure of state and federal funds for the following purposes.

- (a) Alcoholic beverages.
- (b) Any good or service for personal benefit or use.
- (c) Entertainment including amusement, diversion, recreation and social activities.
- (d) Field trips that are not part of a teacher's lesson plan or that do not meet the instructional objectives of the charter instructional plan.
- (e) Fines and penalties levied against individuals.
- (f) Gifts.

**Sec. 11. Authorized Uses of Funds for Special Programs.**

In addition to the general requirement and generally authorized expenses enumerated above, the Superintendent or designee may use and may allow the use of the following types of state funds for the purposes authorized in the relevant statutes and as discussed in this section.

**Sec. 11.1. Special Education.**

Sec. 11.1.1. The Superintendent or designee may use and may allow the use of state funds provided for special education for the following purposes.

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- (a) To evaluate, place and provide educational and/or other services to students pursuant to an individual educational plan designed to address the unique learning need(s) of a student with a disability as approved by an admission, review and dismissal committee.
- (b) To provide special education instructional services, including speech, occupational and physical therapy and resource room.
- (c) To purchase adaptive technology to facilitate learning for the student(s).
- (d) For a purpose included in the charter instructional plan and budget as approved and amended by the Board.

Sec. 11.1.2. The Superintendent or designee is prohibited from using state funds provided for special education for the following purposes.

- (a) Office and routine classroom supplies.
- (b) Transportation other than to and from residential placements.
- (c) Staff development meetings that include time spent in performing functions relating to the operation of professional organizations.

Sec. 11.2. Bilingual Education.

The Superintendent or designee may use and may allow the use of state funds provided for bilingual education for the following purposes.

- (a) To evaluate, place and provide educational and/or other services to students that are intended to make the students proficient in the English language.
- (b) To provide a bilingual program.
- (c) To provide English as a second language instruction.
- (d) To provide instruction in the student's primary language.
- (e) To increase cognitive academic language proficiencies.
- (f) To conduct an evaluation of the program and student performance.
- (g) For supplemental staff expenses.
- (h) For salary supplements to teachers.
- (i) For supplies required for quality instruction and smaller class size.
- (j) For a purpose included in the charter instructional plan and budget as approved and amended by the Board.

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Sec. 11.3. Career and Technology Education.

The Superintendent or designee may use and may allow the use of state funds provided for career and technology education to provide educational and/or other services to prepare students for gainful employment, advanced technical training or for homemaking including employment preparation services, apprenticeship opportunities and job training activities.

Sec. 11.4. Compensatory Education.

The Superintendent or designee may use and may allow the use of state funds provided for compensatory education for instructional strategies that address the academic needs of students at risk of dropping out of school as discussed in the charter instructional plan and/or campus improvement plans. However, the Superintendent or designee may only use and may only allow the use of state funds for activities that supplement the regular education program for students at risk of dropping out of school. Accordingly, compensatory education funds may be used for the following purposes.

- (a) Intensive instructional programs.
- (b) Concentrated instructional staff resources.
- (c) Reduction of class size
- (d) Teacher assistants.
- (e) Staff development activities for teachers and teacher assistants to add new competencies specifically designed to address the needs of students at risk of dropping out of school.
- (f) Extension of the instructional day, week and/or year.
- (g) Individual and small group tutorials.
- (h) Specialized computer-assisted instruction.
- (i) Specialized instructional equipment, materials and supplies.
- (j) Individualized instruction programs.
- (k) For a purpose included in the charter instructional plan and budget as approved and amended by the Board.

Sec. 11.5. Gifted and Talented Education.

The Superintendent or designee may use and may allow the use of state funds provided for Gifted and Talented Education for gifted and talented programs and advanced placement courses designated as part of a gifted and talented program.

Sec. 11.6. Indirect Cost Limitation.

The Superintendent or designee may use and may only allow the use of state funds provided for special programs for indirect costs up to the maximum allowed by state law and rule.

**Sec. 12. Authorized Uses of Funds for Federal Programs.**

The Superintendent or designee may use and may allow the use of federal funds for those purposes authorized by federal law, rule and grant requirement.

**Sec. 13. Documentation Required.**

The Superintendent or designee shall prepare or cause to have prepared records for all uses of funds. All recorded uses of funds shall adequately demonstrate compliance with this policy and applicable legal requirement.

**Sec. 14. Monitoring and Oversight of Budgetary Authorization.**

The Superintendent or designee shall regularly monitor and oversee the use of local, state and federal funds through the review and approval of purchase requisitions, purchase orders, payment authorizations, travel authorization requests, travel reimbursement forms, itemized vendor invoices and receipts, and any and all other such original record deemed appropriate and necessary to ascertain if a proposed use constitutes an allowable cost. The Superintendent or designee shall document monitoring and oversight activities.

**Sec. 15. Use of Restricted Local Funds.**

If a donor restricts a contribution or the Academy implies or states a specific purpose for its fundraising effort(s), the Superintendent or designee may only use or allow the use of local funds for the restricted purpose.

**Sec. 16. Administrative Procedures.**

The Superintendent or designee shall prepare and formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law.