

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 public funds entrusted to them for the benefit of 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 12.115(a)(2);
- (b) Texas Administrative Code, Title 19, Section 100.1047;
- (c) Code of Federal Regulations, Title 2, Part 200; and
- (d) the Financial Accountability System Resource Guide (“FASRG”).

Sec. 2. 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. 3. Financial Management System Defined.

The Academy’s financial management system is the system of controls that enable the Academy to use and safeguard funds and property for lawfully authorized purposes in furtherance of its mission and to achieve its vision, consisting of the following components. The Academy’s financial management system also enables it to create and maintain adequate records to demonstrate its compliance with applicable law.

- (a) Budgetary Control. The financial management system facilitates oversight of the Academy’s finances by the Board through:
 - (1) Documented practices that provide for the maintenance of records of the original budget and budget amendments as approved by the Board;
 - (2) Approval of obligations and expenses by the Superintendent and other designated Academy administrators not exceeding budgeted amounts approved by the Board unless authorized in Board policy or through a Board approved budget amendment; and
 - (3) Board receipt and review of budgeted and actual expenses, including accurate, complete and timely updates by the Superintendent of compliance with the budget, as amended, to include a comparison of the original and amended budget to the Academy’s actual obligations and expenses.
- (b) Financial Reporting. The financial management system shall provide accurate, complete and timely information regarding the Academy’s financial condition, results of operations, cash flows and other pertinent matters concerning Academy operations.

The Superintendent may utilize summary and detailed reports and records to oversee Academy finances, property and staff resources.

- (c) Internal Control. The financial management system shall include documented controls over assets, liabilities, appropriations, obligations, revenues, expenses, and cash flows to ensure that funds, property, staff resources and other tangible and intangible items of value are used to implement the Academy's program. The financial management system shall also include controls over budgeting, contract administration, financial accounting, financial reporting, grant administration, payroll and other Academy functions. The financial management system shall include controls over records to demonstrate compliance with local policy and federal and state legal requirements.
- (d) Records. The financial management system shall create and maintain financial accounting and other summary, detailed and source records that account for the Academy's assets, liabilities, appropriations, obligations, revenues, expenses and cash flows. The Academy shall maintain records that identify the source and application of funds and the use, custodial assignment and location of property. Additionally, the Academy shall maintain records that include sufficiently detailed source documents that function as the origin of the summary and detailed financial and other information disclosed to the public, oversight government agencies, the Board, the Superintendent and other interested parties.

Sec. 4. Chart of Accounts.

In accordance with FASRG Module 11, the Superintendent or designee shall maintain a chart of accounts that conforms to the minimum account code structure and the defined account codes mandated by the State Board of Education and the Texas Education Agency. To the degree utilized, the Superintendent or designee shall maintain accurate and complete definitions for any locally defined account codes.

Sec. 5. Obligations.

The Superintendent or designee shall authorize or cause to be authorized any obligation of public funds. Additionally, the Superintendent or designee shall prepare a financial accounting record(s) that accounts for any obligation of local or public funds through the execution of a contract or the issuance of a purchase order. In authorizing the obligation of local or public funds, the Superintendent or designee shall determine if the obligation was authorized by the Board in the approved budget, as amended, and through applicable Board policy or resolution.

Sec. 6. Disbursements for Goods and Services.

The Superintendent or designee shall authorize any disbursement of public funds through check, electronic funds transfer, charge or credit account, promissory note, or other means or method of disbursing funds to a third party. Prior to authorizing the disbursement of funds, the Superintendent or designee shall prepare or cause to be prepared a sufficiently detailed, original internal accounting record identifying the business related purpose of the disbursement. Additionally, the Superintendent or designee shall obtain a sufficiently detailed, original third-party record identifying the goods received or services rendered.

Sec. 7. Disbursements for Employment Services.

As authorized by the Board through policy or resolution, the Superintendent or designee shall approve the employment of qualified individuals for Board approved positions. Moreover, the Superintendent or designee shall prepare sufficiently detailed payroll, personnel, position control and time or activity accounting records to support the use of local and public funds for employment services.

Sec. 8. Competitive Procurement.

Pursuant to applicable federal and state law, the Superintendent or designee shall ensure that goods and services are procured competitively to ensure that limited financial resources are maximized without unreasonably sacrificing the quality of the goods and services received.

Sec. 9. Contract Administration.

The Superintendent or designee shall maintain a system for contract administration to safeguard the Academy's interests in procured goods and services by ensuring that contractors deliver goods or provide services in accordance with the negotiated terms, conditions, and other legal requirements of the applicable contract or purchase order.

Sec. 10. 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.