

IDEA Public Schools

# GRANT ACCOUNTING POLICY



**IDEA PUBLIC SCHOOLS BOARD POLICY**  
**GRANT ACCOUNTING POLICY**

**Contents**

Sec. 1. Purpose of Policy..... 3

Sec. 2. Authority Over Fiscal Matters..... 3

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

Sec. 4. Grant Accounting Records..... 4

Sec. 5. Financial Services Responsibility..... 4

Sec. 6. Compliance Requirements..... 4

    Sec. 6.1. Allowable Costs..... 4

    Sec. 6.2. Reasonable, Necessary, and Not Excessive Costs..... 5

    Sec. 6.3. Prudent Person Rule..... 5

    Sec. 6.4. Abuse and Waste Prohibited..... 6

    Sec. 6.5. Direct and Indirect Costs..... 6

    Sec. 6.6. Unallowable Costs..... 7

    Sec. 6.7. Matching..... 7

        Sec. 6.7.1. Documentation..... 7

        Sec. 6.7.2. Overall Match..... 7



**Sec. 1. PURPOSE OF POLICY.**

The Board of Directors and all “Officers of a Charter School” as defined by Texas law shall endeavor, in accordance with their fiduciary duty and applicable law, to honor any legal restrictions on federal or state funds and donor restrictions (that can be accepted) on philanthropic funds, the use and obligation of all funds, for the purchase of goods and services that have a direct benefit to students, are in the best interest of students and that facilitate the implementation of IDEA’s charter program. Through this policy, the Board of Directors (“Board”) of IDEA Public Schools (“IDEA”) shall address applicable legal requirements, including:

- (a) Texas Education Code (“Tex. Ed. Code”) Sections 12.115(a)(2) and 12.1053(b)(2) and Chapter 44, Subchapter B (“Chapter 44”);
- (b) Texas Government Code (“Government Code”) Chapter 2254, Subchapter A and Chapter 2269 (“Chapter 2269”);
- (c) Texas Local Government Code (“Local Government Code”) Chapter 271, Subchapter B;
- (d) Texas Business Organizations Code (“Tex. Bus. Org. Code”);
- (e) Texas Administrative Code, Title 19 (“19 TAC”), §100.1006;
- (f) United States Code, Title 20 (“20 USC”);
- (g) Code of Federal Regulations, Title 2, Part 200 (“2 CFR § 200”);
- (h) Financial Accountability System Resource Guide (“FASRG”);
- (i) *Standards for Internal Control in the Federal Government*; and
- (j) *Government Auditing Standards*.

**Sec. 2. AUTHORITY OVER FISCAL MATTERS.**

**Sec. 2.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board’s Authority Over Fiscal Matters Policy (the “Controlling Policy”) for requirements applicable to this policy.**

**Sec. 2.2. The Delegates (as defined in Sec. 3(b) of the Controlling Policy) shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of the Controlling Policy, and any conflicted,<sup>1</sup> interested<sup>2</sup> or related<sup>3</sup> party, as defined in other Board policy or applicable law. IDEA (and its officers) may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.**

**Sec. 3. APPLICABILITY OF POLICY.**

This policy pertains to state, federal, and philanthropic grant funds.

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<sup>1</sup> Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135  
<sup>2</sup> 19 TAC § 100.1047(f)  
<sup>3</sup> Tex. Ed. Code § 12.1166



**IDEA PUBLIC SCHOOLS BOARD POLICY  
GRANT ACCOUNTING POLICY**

- (f) the use of funds be adequately documented.<sup>4</sup>

**Sec. 6.2. Reasonable, Necessary, and Not Excessive Costs.**

**Sec. 6.2.1. In determining if an expenditure or cost is reasonable, necessary, and not excessive IDEA officers and employees shall adhere to the prudent person rule.<sup>5</sup> A cost is necessary if it is reasonable and a prudent person would agree that it is tied to a direct benefit to the students of IDEA. An expenditure or cost is not excessive if it is both reasonable and necessary and a prudent person would agree that it could not be accomplished in a more efficient manner.**

**Sec. 6.2.2. In determining if a cost is reasonable, IDEA officers and employees shall consider the following factors.<sup>6</sup>**

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of IDEA or the proper and efficient performance of the Federal award.<sup>7</sup> Importantly, IDEA officers and staff shall adhere to the accepted practices of Texas public schools relating to the use of grant funds.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local and other laws and regulations; and terms and conditions of the Federal award.<sup>8</sup>
- (c) Market prices for comparable goods or services for the geographic area.<sup>9</sup>
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to IDEA, its employees, where applicable its students, the public at large, and the Federal Government.

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**IDEA PUBLIC SCHOOLS BOARD POLICY  
GRANT ACCOUNTING POLICY**

**Sec. 6.5.6. As set forth in the pertinent grant requirements, federally and state funded grant programs may claim indirect costs provided that an indirect cost rate has been established and approved.**

**Sec. 6.6. Unallowable Costs.**

**Sec. 6.6.1. An unallowable cost is any cost that cannot be charged to the grant regardless of whether the cost is treated as direct or indirect.**

**Sec. 6.6.2. IDEA shall refund to the grantor agency any amounts received from a grant or other program that the grantor agency determines to be unallowable, either as direct or indirect costs, because the underlying activity or use of funds:**

(a)



**IDEA PUBLIC SCHOOLS BOARD POLICY  
GRANT ACCOUNTING POLICY**

***Sec. 6.7.2. Overall Match.***

The Delegates or designee shall ensure that contributions are matched overall as opposed to category-for-category.

***Sec. 6.7.3. Source of matching contributions.***

Matching contributions may be made from any non-Federal source, including non-Federal grants. Matching or cost-sharing requirements may be satisfied by any necessary and reasonable costs paid by IDEA and verifiable in the accounting records; or the value of third-party in-kind contributions.

**Sec. 6.8. Standards for Documentation of Personnel Expenses.**

**Sec. 6.8.1. Grant funds may be used, if allowed by the grant agreement, to pay all or part of the salaries and allowable fringe benefits of personnel who are directly working on the grant project.<sup>17</sup>**

**Sec. 6.8.2. The Delegates or designee shall ensure that state-funded and federally funded grants bear their fair share of cost. To support charges to payroll for personnel who spend time on a grant, the Delegates or designee shall prepare or cause to be prepared records that accurately reflect the work performed and that conform to all of the following requirements.<sup>18</sup>**

- (a) Are supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.<sup>19</sup>
- (b) Are incorporated into IDEA's official records;<sup>20</sup>
- (c) Reasonably reflect the total activity for which an employee is compensated by IDEA, not exceeding 100% of compensated activities.<sup>21</sup>
- (d) Encompass both federally-assisted and all other activities compensated by IDEA on an integrated basis.<sup>22</sup>
- (e) Comply with IDEA's established accounting policies and practices.<sup>23</sup>
- (f) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on:

**IDEA PUBLIC SCHOOLS BOARD POLICY**  
**GRANT ACCOUNTING POLICY**

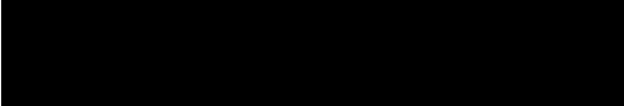
indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

**Sec. 6.8.3. For record keeping purposes, the Delegates or designee shall not use b**

**IDEA PUBLIC SCHOOLS BOARD POLICY  
GRANT ACCOUNTING POLICY**

**Sec. 7.3. When used in connection with IDEA’s utilization of funds under a Federal award, obligations means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by IDEA during the same or a future period.<sup>27</sup>**

**Sec. 7.4. From a federally-funded grant, IDEA makes obligations for various kinds of property and services as observed in the following table.<sup>28</sup>**

<b>If the obligation is for</b>	<b>The obligation is made</b>
Acquisition of real or personal property	On the date on which IDEA makes a binding written commitment to acquire the property.
Personal services by an IDEA employee	When the services are performed.
Personal services by a contractor who is not an IDEA employee	On the date on which IDEA makes a binding written commitment to obtain the services.
Performance of work other than personal services	On the date on which IDEA makes a binding written commitment to obtain the work.
Public utility services	When IDEA receives the services.
Travel	When the travel is taken.
Rental of real or personal property A pre-agreement cost that was properly approved by USDE or TEA under the cost principles in 2 CFR part 200, Subpart E	When IDEA uses the property. 

**IDEA PUBLIC SCHOOLS BOARD POLICY**  
**GRANT ACCOUNTING POLICY**

- (b) the purchase is an equitable distribution of other such purchases;
- (c) the purchase price is at a reasonable cost;<sup>29</sup> And
- (d) the purchase is not a prohibited separate, sequential, or component purchase under the Board's Purchasing policy, Sec. 5.12.<sup>30</sup>

As set forth in Sec. 6.3.1 of the Board's Purchasing policy, the Delegates or designee shall approve any procurement action under this Sec. 8.2.2 prior to the purchase.

**Sec. 8.3. Invoices.**

The Grant Directors will have oversight of the federal grants and will approve invoices related to federal expenditures.

**Sec. 9. REPORTING REQUIREMENTS.**

With each grant received there are reporting requirements that must be met (if applicable).

- (a) Federal/State Grants – IDEA reports on expenses for Federal and State grants on a monthly basis through the drawdown process.
- (b) Philanthropic Grants – During the life of the grant grantors might request financial information from IDEA; this information is pro

**Sec. 12. ADMINISTRATIVE PROCEDURES.** <sup>31</sup>

The Delegates shall formally adopt administrative procedures as reasonably necessary to properly

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