



Horizon Academy West

SECTION D: FINANCIAL POLICIES

SECTION D: FINANCIAL POLICIES

D.1 PSAB SUPPLEMENT ADDITIONS CHANGES

D.2 INTERNAL CONTROL STRUCTURE

D.3 CASH

D.4 CAPITAL ASSETS

D.5 PURCHASING

D.6 PAYROLL

D.7 JOURNAL ENTRIES

D.8 TRAVEL & PER DIEM

D.9 FUND BALANCE REPORTING & FUND TYPE DEFINITIONS

D.10 PER-PUPIL EXPENDITURES

D.11 FEDERAL PROCUREMENT POLICY & PROCEDURES

D.1 PSAB SUPPLEMENTS ADDITIONS AND CHANGES

PSAB SUPPLEMENT 1- BUDGET PLANNING, PREPARATION AND MAINTENANCE

6.20.2.11 D. NMAC Basis of accounting: In accordance with GASB 34, school districts shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting. There is one exception to the cash basis of accounting, which is summer payroll. Although contracts are from July 1 to June 30, contracts are paid through July sometimes August. These payments in those months are accrued as of June 30 and paid throughout July and August. Therefore the school uses Modified Cash Basis of Accounting for budgeting and reporting purposes.

PSAB SUPPLEMENT 2- INTERNAL CONTROL STRUCTURE

For the School's Internal Controls see below under policies.

The School uses Aptafund for its Financial Management System. There is a Manual of procedures available from Aptafund.

There is Computer Data policies available with the general school's policies.

PSAB SUPPLEMENT 3- UNIFORM CHART OF ACCOUNTS

No additions/changes.

PSAB SUPPLEMENT 4- FEDERAL AND STATE GRANTS

No additions/changes.

PSAB SUPPLEMENT 5- FINANCIAL STATEMENTS

As mentioned in Supplement 1, the school uses Modified Cash Basis of Accounting for budgeting and reporting purposes at June 30.

PSAB SUPPLEMENT 6- FINANCIAL AND COMPLIANCE AUDIT

No additions/changes.

PSAB SUPPLEMENT 7- CASH CONTROLS

See the policies and procedures for additions/changes.

PSAB SUPPLEMENT 8- PUBLIC FUND DEPOSITS AND INVESTMENTS

No additions/changes to the Deposits section.

At this time the school does not hold any investments, therefore this section does not apply.

PSAB SUPPLEMENT 9- INSTRUCTIONAL MATERIALS

No additions/changes.

PSAB SUPPLEMENT 10- WAREHOUSE/SUPPLY INVENTORY

Due to the small size of the School, it does not maintain an inventory warehouse. General supplies that are purchased are disbursed to employees. There is a cabinet that the Office Manager maintains with office supplies, which is kept locked. Maintenance supplies are on hand and kept locked in the Director's office. The custodians are the only employees that have access to remove the maintenance supplies.

PSAB SUPPLEMENT 11- INSURANCE

No additions/changes.

PSAB SUPPLEMENT 12- CAPITAL ASSETS

See the policies below for additions/changes.

PSAB SUPPLEMENT 13- PURCHASING

See the policies below for additions/changes.

PSAB SUPPLEMENT 14- PAYROLL

See the policies below for additions/changes.

PSAB SUPPLEMENT 15- UNASSIGNED

PSAB SUPPLEMENT 16- BONDS, CAPITAL PROJECTS AND DEBT SERVICE

Charter schools are not allowed to acquire debt at this time.

PSAB SUPPLEMENT 17- STUDENT NUTRITION

The School administers a food service program, however all functions including inventory, delivery and storage of food is outsourced to a Contractor.

PSAB SUPPLEMENT 18- STUDENT ACTIVITY AND ATHLETICS

See the policies below for additions/changes.

PSAB SUPPLEMENT 19- TRANSPORTATION

At this time the School does not provide Transportation services to its students, therefore this section does not apply.

PSAB SUPPLEMENT 20- TRAINING AND TRAVEL

See the policies below for additions/changes.

PSAB SUPPLEMENT 21- RECORDS, RETENTION AND DISPOSITION

The School is in the process of setting policies and procedures.

D.2 INTERNAL CONTROL STRUCTURE

Horizon Academy West Charter School (the School) has established and continues to maintain an internal control structure over all assets. The internal control structure consists of policies and procedures established to provide reasonable assurance of safeguarding assets, providing reliable financial information, promoting operational efficiency and ensuring compliance with laws, regulations and established policies and procedures. The School has designed and implemented its internal control structure to adhere to the Committee of Sponsoring Organizations (COSO) Internal Control Integrated Framework. The structure includes the control environment (see below), the constant evaluation of what risks are present and how to respond to those risks (risk assessment), the consideration of flow of information and how it is communicated upstream and downstream within the School (information and communication), the specific key controls in place for each significant transaction class to ensure safeguarding of assets and reliable financial reporting (control activities), and the continued monitoring of the internal control structure of the School and evaluation of the four aforementioned elements (monitoring).

The School has established the control environment so that it reflects the overall attitude, awareness, and actions of the Governing Council, management and others concerning the importance of control and its emphasis within the School. It is policy to ensure that the control environment provides for strong administrative governance. The School makes every effort to set an honest and ethical tone that is demonstrated at every level.

Governing Council Reporting

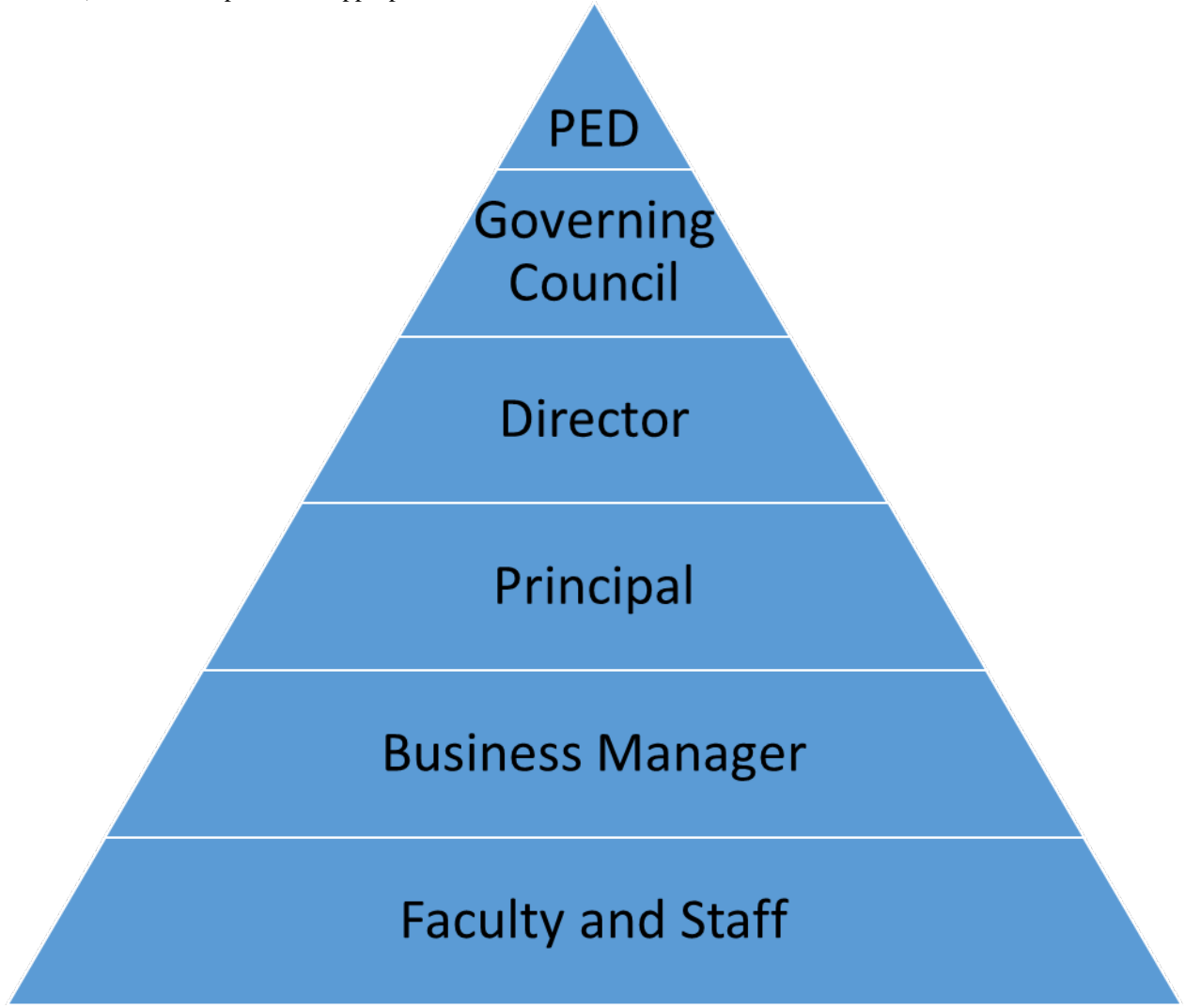
The Governing Council shall appoint a finance committee to meet monthly to review financial reports that include, but are not limited to:

- Vouchers
- BARS
- Bank Reconciliations
- Regulatory Reporting (Quarterly and Annual)
- Balance Sheet and Statement of Revenue, Expenditures and Change in Fund Balance
- Revenue and Expenditure budgetary statements

The finance committee will report to the Governing Council with any findings, exceptions, or deviations noted in the above. The Governing Council will approve all vouchers and BARS.

Organizational Structure

The assignment of duties to staff members and/or contractors who have access to the School’s financial management system will be done with the intent of limiting the ability of any one person to cause or conceal errors or irregularities. Working within certain limitations, including staff size, incompatible functions are not assigned to any one person. Due to the small size of staff, added administrative review and oversight procedures will act as a mitigating control. Although the financial management function is assigned to the Business Manager in terms of this policy, the Director and Principal retains overall control and authority and the Business Manager at all times acts under the direction and supervision of the Director and Principal and subject to any limitations (particularly in relation to authority to contract for goods or services) as the Principal deems appropriate.



D.3 CASH

All operational monies received are receipted by the Office Manager, including activity funds and cafeteria funds. All monies are receipted using pre numbered receipts and are deposited into the bank account within 24 hours. Exceptions to using the pre numbered receipts are all wire deposits. These funds are entered directly into Aptafund. All bank accounts are reconciled on a monthly basis.

D.4 CAPITAL ASSETS

Capital assets inventory listing is maintained by the Business Manager. All assets purchased with an individual cost of \$5,000 or more are included on the listing and depreciated over the assets estimated useful life using the straight-line depreciation method. The cost basis of assets includes all charges relating to the purchase of the asset and placing it in service, including the purchase price, freight charges, and installation, if applicable. Expenditures incurred in connection with maintaining an existing facility or equipment in good working order is expensed as a repair.

The purchase of capital assets is initiated using the same policies and procedures as all other purchases. The School maintains the listing in excel due to the small quantity of assets. At the end of every fiscal year there is a physical inventory of items on the listing. The Business Manager compares the physical inventory to the capital asset listing.

D.5 PURCHASING

Governing Council authorizes the Director and Principal to approve vouchers for payment prior to a board meeting. A summary listing of the vouchers shall be presented to the School Board at its next regular meeting for formal approval and entry in minutes.

The School shall follow the Procurement rules under NMSA 13-1-1 to 13-1-199 and NMAC 1.4.1. Below are some highlighted sections of NMAC 1.4.1. In addition to these rules, the School has adopted federal procurement policies and procedures in section D.11.

SMALL PURCHASES; 1.4.1.48 - 1.4.1.52 NMAC: The provisions of 1.4.1.48 through 1.4.1.52 NMAC of this rule apply to the procurement of nonprofessional services, construction or items of tangible personal property having a value not exceeding sixty thousand dollars (\$60,000) and to the procurement of professional services having a value not exceeding sixty thousand dollars (\$60,000) the use of a statewide price agreement, an existing contract or the methods of procurement set forth in 1.4.1.50 through 1.4.1.52 NMAC of this rule provide alternatives to the competitive sealed bid and competitive sealed proposal methods of procurement. If an existing statewide price agreement, an existing contract or, the procurement methods set forth in 1.4.1.50 through 1.4.1.52 NMAC of this rule are not used, the competitive sealed bid or competitive sealed proposal methods shall apply.

SMALL PURCHASES OF \$20,000 OR LESS

The School may procure services, construction or items of tangible personal property having a value not exceeding twenty thousand dollars (\$20,000), excluding applicable state and local gross receipts taxes, by issuing a direct purchase order to a contractor based upon the best obtainable price.

SMALL PURCHASES OF ITEMS OF TANGIBLE PERSONAL PROPERTY, CONSTRUCTION AND NONPROFESSIONAL SERVICES

Quotation to be obtained. Insofar as it is practical for small purchases of nonprofessional services, construction or items of tangible personal property having a value exceeding twenty thousand dollars (\$20,000) but not exceeding sixty thousand dollars (\$60,000), excluding applicable state and local gross

receipts taxes, no fewer than three businesses shall be solicited via written requests containing the specifications for the procurement to submit written quotations that are recorded and placed in the procurement file. If three written quotes cannot be obtained, the agency shall document the reasons and include the document in the procurement file. Such notations as “does not carry” or “did not return my phone call” do not qualify as a valid quotation. If the lowest quotation is not acceptable, the central purchasing office must issue a written determination as to the reasons for such a decision. These reasons must not be arbitrary or capricious. The written determination becomes a part of the procurement file. The term shall not exceed 4 years, including all extensions and renewals.

SMALL PURCHASES OF PROFESSIONAL SERVICES

The School may procure professional services having a value not to exceed sixty thousand dollars (\$60,000), excluding applicable state and local gross receipts taxes, except for the services of architects, engineers, landscape architects, or surveyors for state public works projects, as that term is defined in 13-1-91 NMSA 1978, in accordance with Subsections B, C, and D of this section and 2.40.2 through 2.40.17 NMAC. The School is encouraged to examine the state purchasing agent's current list of potential offerors, if any. The School is encouraged to contact at least three businesses for written offers before selecting a contractor. The School shall negotiate a contract for the required services at a fair and reasonable price to the School. If more than one business is contacted, the contents of the written or oral offer of one business shall not be disclosed to another business until award is made. Award in this context means the final required School signature on the contract(s) resulting from the procurement.

PROCUREMENT UNDER EXISTING CONTRACTS AUTHORIZED:

The School may contract for services, professional services, construction, or items of tangible personal property without the use of competitive sealed bids or competitive sealed proposals as follows:

- A. at a price equal to or less than the contractor's current federal supply contract (GSA), providing the contractor has indicated in writing a willingness to extend the contract's pricing, terms and conditions to the state agency and the purchase order adequately identifies the contract relied upon; or
- B. with a business which has a current price agreement with the state purchasing agent or a central purchasing office for the item, services, or construction meeting the same standards and specifications as the items to be procured, if the following conditions are met:(1)the total quantity purchased does not exceed the quantity which may be purchased under the applicable price agreement; and(2)the purchase order adequately identifies the price agreement relied upon;
- C. other than Subsection A and B of this section and cooperative procurements as authorized by statute (and described in 13-1-135 NMSA 1978) or the state procurement card program (described in 6-5-9.1 NMSA 1978), no other procurement under existing contracts is authorized; no central purchasing office of a state agency or any other governmental entity may utilize a contract entered into by a different state agency or other governmental entity if not involved in the procurement itself (i.e., so-called “piggybacking” of contracts; the practice of “piggybacking” is not allowed under the Procurement Code); purchases under contracts developed through cooperative procurement authorized under 13-1-135 NMSA 1978 or contracts which qualify under 13-1-129 NMSA 1978 is permitted and does not constitute “piggybacking.”

REFER TO NMAC 1.4.1.54 FOR SOLE SOURCE PROCUREMENT AND NMAC 1.4.1.58 FOR EMERGENCY PROCUREMENTS.

THERE ARE SEVERAL ITEMS THAT ARE EXEMPT FROM THE PROCUREMENT CODE WHICH ARE LISTED IN SECTION 13-1-98. NMSA. 1978 COMPILATION.

INITIATING PURCHASES

A requisition is submitted from any employee to the Business Office. The Business Office enters the requisition in Aptafund and the Director must approve or reject. The Business Manager is notified of all approved requisitions and issues the purchase order. The Business Office notifies the employee of the approved purchase order and the employee orders the goods/services.

A purchase is exempt from the above process when it is: a recurring purchase, an employee reimbursement payment, or a refund, the normal purchasing process does not need to be followed. In any of these instances, the following procedures are followed:

- For recurring payments, no purchase requisition or purchase order is required, but recommended for encumbrance purposes. Budget must be verified and available before purchase or approval of contract.
- For employee reimbursements, the requestor must complete a requisition form prior to purchase and submit the supporting documentation to the Business Office. The requisition must be approved by the Director.
- For refunds, supporting documentation must be submitted to the Business Office or provided by the Business Office/Business Manager. The supporting documentation for refund must be approved by the Director.

Some examples of recurring and reimbursements: Utilities, state mandated inspections, software licenses, board approved contract services, employee purchases of supplies.

When goods or services are received, the employee or Business Office verifies the receipt of goods by signing a packing slip or invoice. The Business Office gives the supporting documentation to the Business Manager for payment.

Purchase Order Changes: All purchase order changes must be approved by the Director, except if the change is only for increase in price and the price increase is under \$25. In those instances, the Business Manager can make change to PO. Purchase Order does not need to be updated to include tax or shipping charge.

D.6 PAYROLL

The Director and Principal are responsible for monitoring the hiring of personnel, authorizing salaries, initiating employment contracts, and maintaining the staffing levels approved in the annual budget. At the beginning of each fiscal year, the Principal is responsible for all new employee contracts and at will employee documentation. Copies are given to the Office Manager and Business Manager. The Office Manager maintains all personnel files and access to these files is restricted to authorized staff. All payroll information is kept in a locked filing cabinet.

The Business Manager enters all contracts into Aptafund for payroll processing and encumbrance purposes, including new employee information.

D.7 JOURNAL ENTRIES

Business Manager will enter journal entries on an as needed basis.

Printed journal entry is to be given to the Principal for review. Any supporting documentation used should be attached to the journal entry.

D.8 TRAVEL & PER DIEM

Employees and Governing Council members of the school may be entitled to per diem or reimbursement of registration fees, mileage, and other costs associated with authorized trips for official school business.

All travel (in state and out of state) must be approved in advance by the Director and/or Principal for reimbursement to be authorized. Per Diem or actual expenses in lieu of the per diem where overnight travel is required will be approved by a signed travel reimbursement form.

All per diem and reimbursements are processed in accordance with the Per Diem and Mileage Act. Although the school is considered a local agency, the school will follow the State's requirement of reimbursing at 80% of the internal revenue service standard mileage rate set January 1 of the previous year versus 100%.

D.9 FUND BALANCE REPORTING & FUND TYPE DEFINITIONS

The objective of GASB 54, is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied in financial statements and to clarify the existing governmental fund type definitions.

The Uniform Chart of Accounts as well the as The Uniform Chart of Accounts Supplement, as set for by Public Education Department (PED), serves to summarize the PED Terms for the GASB 54 categories and PED Fund numbers; which is uniform for all New Mexico Public School Districts and Charter Schools.

1. Classifications of Funds

A. Nonspendable: The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balances associated with inventories or are legally or contractually required to remain intact. The following categories of Horizon Academy West Charter School (The Charter) funds are hereby declared "nonspendable:"

- Inventory – These assets are associated with supplies line items 56113, 56116, 56117, 56118, and 57332.

B. Spendable: The second fund distinction is classified as "spendable" funds in the categories of restricted, committed, assigned, and unassigned based upon the relative strength of the constraints that control how specific amounts can be spent.

(1) Restricted: The *restricted* fund balance category of spendable funds include amounts that can be spent only for the specific purposes stipulated by statute, ordinance, or enabling legislation. Assigned fund balances (amounts carried forward) in this category represent the remaining amount that is restricted for future use in the specific assigned fund category.

These include:

- 13000, Transportation
- 14000, Instructional Materials
- 21000, Food Service
- 22000, Athletics
- 24000, Federal Flow-through Grants
- 25000, Federal Direct Grants
- 26000, Local Grants
- 27000, State Flow-through Grants
- 28000, State Direct Grants
- 29000, Combined Local/State Grants
- 30000, Capital Outlay
- 40000, Debt Service

(2) Committed: The *committed* fund balance category of spendable funds includes amounts for specific purposes by formal action of the Governing Council of the Charter. The Charter currently has the following "committed" fund category:

Budgeted expenditures for the subsequent year as indicated on the Schools budget.

(3) Assigned: The *assigned* fund balance category of spendable funds includes amounts that are intended to be spent for specific purposes, but are not restricted or committed. Therefore, the Charter has assigned these balances to a specific purpose, but has latitude in spending the funds for general fund requirements when the Governing Council approves their budget. Additionally, assigned fund balance cannot be greater than the total fund balance less the sum of Nonspendable, restricted and committed. Furthermore, the Governing Council has delegated the authority to assign fund balance to its Business & Finance Director. Assignment procedures will consist of the maintenance of a GASB 54 spreadsheet, which will allow for the proper classification of fund balance in the financial statements, including assignments.

(4) Unassigned: The *unassigned* fund balance category of spendable funds include amounts that that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the Operational Fund, (11000 Fund). The Operational Fund (11000) is the only fund that reports a positive or negative unassigned fund balance. An unassigned fund can only occur in other funds if a negative fund balance has occurred because assigned, committed or restricted amounts are too high. If a negative unassigned amount occurs, the assigned, committed or restricted amounts will be reduced until the negative is cleared.

2. Fund Balance Disclosures:

C. The authority for the expenditure of all funds spendable is the current budget in force and approved by the Governing Council. The Governing Council may rescind or modify a balance limitation by taking a formal action to modify the budget and obtain PED approval of the adjustment.

D. Regarding the Charter's spending policies, in all cases, restricted, then committed, and then assigned fund balances are to be expended in that order, prior to infusion and expenditure of any general (unassigned) funds designated for supplementing any given department. In this manner restricted, committed, and assigned balances, if any, must be spent first before any unassigned general funds are used for the intended purposes of the fund number. In this manner, only after restricted, committed, or assigned funds are expended will the Governing Council permit general unassigned funds be spent to meet a specific fund's objectives. These general funds are to be returned to the general unassigned pool at the close of each fiscal year for appropriation in the subsequent year.

D.10 PER-PUPIL EXPENDITURES (PPE) POLICY (FROM PED NON-REGULATORY GUIDANCE)

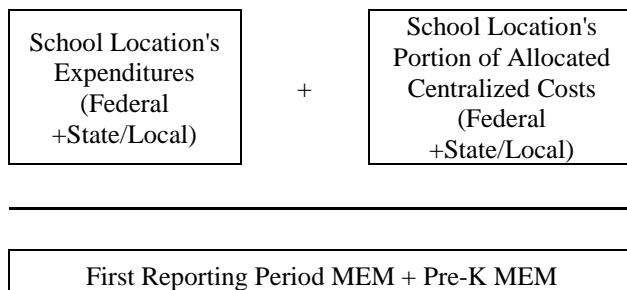
The Elementary and Secondary Education Act (ESEA), as amended by the Every Student Succeeds Act (ESSA) (P.L. 114–95), in Part A, Subpart 1, Section 1111 Subsection (h)(1)(C)(x), requires the inclusion of per-pupil expenditures (PPE’s) of Federal, and State and local funds, including actual personnel expenditures and actual non-personnel expenditures of Federal, State and local funds, disaggregated by source of funds, for each local education agency (LEA) and each school in the State for the preceding fiscal year in the annual state report card.

Definitions

1. **CURRENT EXPENDITURES** – These will be defined as totals for instruction, support services, and non-instructional services (less community services operations). It excludes capital outlay or debt services expenditures. In the UCOA these items correspond to functions 1000, 2000 and 3000 (less 3300).
2. **FEDERAL FUNDS** – These are expenditures from a federal funding revenue stream; either as a fiscal flow-through or as a direct grant, except for Impact Aid. In the UCOA, these would be those federal funds that are recognized in the revenue object codes for 44000, excepting 44103 Impact Aid and 44204 Forest Reserve. Federal expenditure tracking by fund would be 24000 and 25000 funds.
3. **LOCAL EDUCATION AGENCY (LEA)** – a local school district board of education or state-chartered charter school governing body legally constituted within New Mexico for control and direction of public elementary schools or secondary schools. Specifically, for the purposes of this guidance these are the budget entities school districts and state-chartered charter schools.
4. **NON-PERSONNEL COSTS** – These are expenditures that are not specifically tied to personnel and may include a variety of expenditures. In the UCOA these are all expenditure object codes for which there is no corresponding job code classification component. These include expenditures for administration, instruction, instructional and student support services, pupil transportation services, operations and maintenance, certain fixed costs, below the line programs like Reads to Lead and Pre-Kindergarten, and Food Services and agency or school activity trust funds.
5. **PERSONNEL COSTS** – These are salary expenditures tied to specific personnel and can include items such as salaries expense, overtime expense, and additional compensation. In the UCOA these are expenditure object codes (51100 to 51300) for which there are corresponding job classification components assigned.
6. **STATE AND LOCAL FUNDS** – These are expenditures attributable to state funding sources (either State Equalization Guarantee or PED grants) or local funding streams (1/2 mill levy, Impact Aid, and Forest Reserve) but excludes local mil levies for capital outlay uses or debt services. In the UCOA, these would be those state or local funds that are recognized in the revenue object codes for 41000, 43000 and includes 44103 Impact Aid and 44204 Forest Reserve Funds. State/Local expenditure tracking by fund would be those 10000 and 20000 funds that do not include federal revenues (e.g. 24000 and 25000 funds, other federal funds), and excluding the Food Services fund (21000)
7. **STUDENT MEMBERSHIP DATA (MEM)** – The data the state collects annually to report to the NCES uses membership data from the first reporting period (40th day). ***PER PUPIL EXPENDITURES REPORTING MUST CONFORM TO, AND USE DATA FROM, FIRST REPORTING PERIOD MEMBERSHIP DATA IN STARS.*** Please note that the ESSA PPE calculation requires the inclusion of any pre-school aged children in the first reporting period count, including those in a public school Pre-k program.

LEA Required PPE Calculation Framework

Each LEA in the state (school district or state-chartered charter school) will be required to report per-pupil expenditures for the LEA as an entity and for each school site within the LEA. The expenditures will also need to be disaggregated by funding source: whether federal or state/local sources. Some revenues, like private donations or federal payment in lieu of taxes (PILT's) must be treated as state/local revenues. Unless specifically specified by this guidance, funds may not be excluded from the calculation. LEA's will be required to allocate certain school district, centralized expenditures to individual school sites using an allocation methodology (as discussed later in this guidance). The basic framework for this approach to a calculation is represented in the graph below.



This simplified approach allows the PED to specify what expenditures must be included in the school location level of calculation and what must be excluded from the calculation and reported separately, while still allowing the flexibility of school districts to determine how best to allocate the remaining centralized expenditures. It also results in a LEA-level calculation that balances ease of implementation and comparability of data with different capabilities of data tracking, and therefore ease of implementation at the LEA-level.

Exclusions from PPE Calculations

For information regarding Fund and Function codes discussed in this section, please reference the Manual of Procedures, for Public School Accounting and Budgeting, Supplement 3, *Universal Chart of Accounts*. The following expenditure items are excluded from presentation as current expenditures per pupil as they do not meet the definition of current expenditures:

- all Capital Project fund expenditures (30000 series);
- all Debt Service fund expenditures (40000 series);
- all Community Services function expenditures, regardless of fund (3300);
- all Capital Outlay function expenditures, regardless of fund (4000); and
- all Debt Service function expenditures, regardless of fund (5000).

Additionally, the following items are also excluded for the stated reasons below:

- all Food Services fund (21000) expenditures;
- all Flowthrough Grants to Charter Schools object (55912) expenditures.

Though many stakeholders have indicated the ability to allocate expenditures to the school location site for Food Service (21000) expenditures, disaggregating those expenditures by specific federal (USDA grant fund) or state/local (student lunch fees) funding sources continues to be a challenge. For that purpose, Food Service fund expenditures must be presented in the exclusions section of PPE reporting. Please note that any Operational fund (11000) expenditures on food services operations functions (3100) must be presented in the calculation as either school location expenditure or centrally allocated expenditure. Requiring school districts to report Flowthrough grants to Charter Schools (55912) expenditure objects

would result in double counting expenditures for the same revenue sources. Transfers to private or non-public schools (e.g. Title I funds for private schools) are not excluded, and must be allocated to public schools in the district, as they are not delineated by any specific coding.

The intent behind all these exclusions is primarily three-fold: first, to align with the definitions used in the past regarding current expenditures, which are those that reflect current activities – activities that do not include non-education, or one-time capital outlays; second, to capture current expenditures that best reflect the Pre-K through 12th grade services at the individual school site; and third, to ease the burden of implementation for reporting some expenditures (primarily food services).

Adding the opportunity for school districts to allocate costs centralized at the LEA office significantly limits the need for excluded functions. Please note that the following functions: Support Services – General Administration (2300), Central Services (2500), Operations & Maintenance of Plant (2600), and Transportation (2700) functions are not excluded from the school-level calculation. The functions must be included as either tracked at the school-level using a school location code or allocated from a central location to the school location using a school district developed allocation methodology, as presented in the local school board or governing council approved PPE policies and procedures. Additionally, a list of all expenditures that are excluded must be included in the approved policies and procedures and conform to this guidance.

Expenditures Required in the Per-Pupil Numerator

All LEA (school district) expenditures, except for those specifically allowed to be excluded per this guidance, will be included in the numerator section and presented as a school location expenditure or LEA central expenditure that has been allocated to the school site. With regard to state and local revenue sources for reported expenditures, current expenditures are defined as the sum of all expenditures for all General (10000 series) and Special Revenue (20000) funds, less exclusions, and less Federal funds (24000 and 25000 series funds). Federal revenue sources for reported expenditures will be Federal funds (24000 and 25000 series funds), less exclusions. This provides a conservative estimate of federal receipts at the LEA and school level, but it eases application of the existing UCOA to PPE reporting. The following functions (codes) are required to be present in the school location-level PPE data: Instruction (1000), Support Services - Students (2100), Support Services – Instruction (2200), and Support Services - School Administration (2400). It is an expectation that PPE calculation reporting for school location calculations contains some expenditure amounts from these functions.

All other function codes may be tracked either at the school location level, allocated from the central location to the school-level, or some hybrid of the two. A clear explanation of allocation methodologies is required to be in your School Board or Governing Body approved policies and procedures, and made available to oversight entities upon request (see Appendix A for an example of commonly accepted/ utilized allocation methodologies). When determining whether to track expenditures with a specific school location code, or whether or not to track expenditures at the centralized LEA level and allocate expenditures back to the school-level, please keep in mind the intent of this new policy: to track those current expenditures that best reflect Pre-K through 12th grade expenditures at the school-site. A clear explanation of allocation methodologies is required to be in your School Board or Governing Body approved policies and procedures, and made available to oversight entities upon request.

Expenditures Allocation Methodologies

Horizon Academy West has only one location and therefore at this time does not have any allocation methodologies and will include all expenditures in the PPE unless part of the exclusions mentioned above.

D.11 FEDERAL PROCUREMENT POLICY AND PROCEDURES

The Horizon Academy West Policy and Procedures for procuring items for use in the Child Nutrition Program and Other Federal Awards is as follows. The procurement Policy and Procedures provides for free and open competition, transparency in transactions, comparability, and documentation of all procurement.

Uniform Guidance General Procurement Standards taken from Part 200.318 through 200.326.
<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200.pdf>

PROCUREMENT BY MICRO-PURCHASES

Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$10,000 (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

PROCUREMENT BY SMALL PURCHASES

Federal guidance states if the estimated expenditure is more than \$10,000 but less than \$250,000 the following must be completed prior to making the purchase. In considering the State Procurement Code, this amount is lowered to \$60,000. For purchase over \$10,000 but less than \$60,000:

1. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, written price or rate quotations must be obtained from at least three qualified sources.
2. The employee may solicit bids, quotes or offers directly from providers and may utilize bids received by fax, telephone, e-mail and catalog comparison or through online prices.
3. If less than three providers sell or provide the service or product, document that fact and consult the available provider(s).
4. Maintain documentation of the above. Records must maintain sufficient support to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

PROCUREMENT BY SEALED BIDS OR REQUESTS FOR PROPOSALS

Federal guidance states if the estimated expenditure is \$250,000 or more, a formal procurement method is required. In considering the State Procurement Code, this amount is lowered to \$60,000. The following **COMPETITIVE SEALED BID** in the form of Invitation for Bid (IFB) or **COMPETITIVE NEGOTIATION** in the form of a Request for Proposal (RFP) procedures will apply to purchases over \$60,000:

1. An announcement of an IFB or RFP will be placed in newspaper/media, website, other internet source to publicize the intent of the Local Education Agency to purchase needed items. The advertisement for bids/proposals or legal notice will be run for a minimum of two weeks.
2. An advertisement is required for all purchases over \$60,000. The announcement (advertisement or legal notice) will contain a general description of items to be purchased, the deadline for submission of sealed bids or proposals, and the address where complete specifications and bid forms may be obtained.
3. In an IFB or RFP, each vendor will be given an opportunity to bid on the same specifications.

4. The developer of written specifications or descriptions for procurements will be prohibited from submitting bids or proposals for such products or services.
5. The IFB or RFP will clearly define the purchase conditions. The following, are examples that shall be addressed in the procurement document:
 - a) Contract period
 - b) LEA is responsible for all contracts awarded (statement)
 - c) Date, time, and location of bid opening
 - d) How vendor is to be informed of bid acceptance or rejection
 - e) Delivery schedule
 - f) Set forth requirements which bidder must fulfill in order for bid to be evaluated
 - g) Benefits to which the Local Education Agency will be entitled if the contractor can not or will not perform as required
 - h) Statement assuring positive efforts will be made to involve minority, small and women's business
 - i) Statement regarding the return of purchase incentives to the Local Education Agency's non-profit Child Nutrition account
 - j) Statement regarding the return of all discounts, rebates and credits for all cost reimbursable contracts
 - k) Termination provisions and the basis for any settlement for all procurement over \$10,000
 - l) Provision requiring compliance with Executive Order 11246 entitled "Equal Employment Opportunity" as amended by Executive Order 11375 and as supplemented in the Department of Labor regulations required for all contracts over \$10,000
 - m) Procuring instrument to be used are purchase orders from firm fixed prices after formal bidding
 - n) Escalation/De-escalation clause based on appropriate standard or cost index
 - o) Specific bid protest procedures
 - p) Provision requiring access by duly authorized representatives of the Local Education Agency, State Agency, United States Department of Agriculture, or Comptroller General to any books, documents, papers and records of the contractor which are directly pertinent to all negotiated contracts
 - q) Method of shipment or delivery upon Contract award
 - r) Provision requiring contractor to maintain all required records for *three* years after final payment and all other pending matters are closed for all negotiated contracts
 - s) Description of process for enabling vendors receive or pick up orders upon Contract award
 - t) Provision requiring the contractor to recognize mandatory standards and polices related to energy efficiency which are contained in the State Energy Policy and Procedures issued in compliance with the Energy Policy and Conservation Act (PL 94-165)
 - u) All contracts over \$100,000 will require compliance with the Clean Air Act issued under Section 306, Executive Order 11738
 - v) Signed Certificate of Lobbying for all contracts over \$100,000. —Contractors that apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
 - w) Signed statement of non-collusion
 - x) Signed Debarment/Suspension Certificate or statement included in contract or copy of Excluded Parties List System (EPLS). A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), "Debarment and Suspension."

The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549. Go to Sam.gov then go to Data Access and download Exclusions Extract Data Package for list of vendors excluded.

- y) Provision requiring “Buy American” as outlined in Policy Memorandum 210.21-14; specific instructions for prior approval of any and all of non domestic product.
6. Specifications will be prepared and provided to potential contractors desiring to submit bids or proposals for the products or services requested.
7. If any potential vendor is in doubt as to the true meaning of specifications or purchase conditions, an interpretation will be provided by Procurement Officer.
8. The Procurement Officer will be responsible for securing all bids or proposals.
9. The Procurement Officer will be responsible to ensure all LEA procurements are conducted in compliance with applicable Federal regulations, State General Statutes or policies of the local Board of Education.
10. Certain criteria will be used in awarding contracts as a result of bids.
11. *In awarding a competitive negotiation (RFP), a set of award criterion in the form of a weighted evaluation sheet will be provided to each bidder in the initial bid document materials. Price alone is not the sole basis for award, but remains the primary consideration when awarding a contract. Following evaluation and negotiations a firm fixed price or cost reimbursable contract is awarded.*
12. The contracts will be awarded to the responsible bidder/proposer whose bid or proposal is responsive to the invitation and is most advantageous to the LEA, price, and other factors considered. Any and all bids or proposals may be rejected in accordance with law.
13. The _____ Procurement Officer _____ is required to sign on the bid tabulation of competitive sealed bids or the evaluation criterion score sheet of competitive proposals signifying a review and approval of the selections.
14. The _____ Procurement Officer _____ will review the procurement system to check ensure compliance with applicable laws.
15. The _____ Procurement Officer _____ will be responsible for documentation that the actual product specified is received.
16. Any time an accepted item is not available, the _____ Procurement Officer _____ will select the acceptable alternate. The contractor must inform _____ Procurement Officer _____ with reasonable time that a product is not available. In the event a non-domestic agricultural product is to be provided to the LEA, the contractor must obtain, in advance, the written approval of the product. The Procurement Officer must comply with the Buy American Provision.
17. Full documentation as to the reason an accepted item was unavailable, and to the procedure used in determining acceptable alternates, will be available for audit and review. The person responsible for this documentation is Procurement Officer.
18. The Procurement Officer will be responsible for maintaining all documentation of the Procurement process.

PROCUREMENT BY NONCOMPETITIVE PROPOSALS

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply: (1) The item is available only from a single source; (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or (4) After solicitation of a number of sources, competition is determined inadequate.

1. Written Specifications will be prepared and provided to the vendor.
2. The _____ Procurement Officer _____ will be responsible for the documentation of records to fully explain the decision to use the non-competitive negotiation. The records will be available for audit and review.
3. The _____ Procurement Officer _____ will be responsible for documentation that the actual product or service specified was received.
4. The _____ Procurement Officer _____ will be responsible for reviewing the procedures to be certain all requirements for using single source or non-competitive negotiation are met.
5. The record of non-competitive purchases shall include, at a minimum, the following:
 - a. Item name
 - b. Dollar amount
 - c. Vendor, and
 - d. Reason for non-competitive procurement
6. A member or representative of the local Board of Education or Governing Board will approve, in advance, all procurements that result from non-competitive negotiations.

PROCUREMENT BY STATE AND LOCAL INTER-GOVERNMENTAL AGREEMENTS OR INTER-ENTITY AGREEMENTS

To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. Horizon Academy West may use State Contracts or Public Procurement Agencies such as Association for Charter School Educational Services, the Cooperative Educational Services, and/or Regional Educational Cooperatives or any other agreement in accordance with 200.318 (e).

CODE OF CONDUCT

The following Code of Conduct will be expected of all persons who are engaged in the awarding and administration of contracts supported by School Food and Nutrition Program Funds and Other Federal Awards.

1. No employee, officer or agent of the Horizon Academy West shall participate in the selection or in the award or administration of a contract supported by federal program funds if a conflict of interest, real or apparent, would be involved.

Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:

- a. The employee, officer or agent;
- b. Any member of the immediate family;
- c. His or her partner;

- d. An organization which employs or is about to employ one of the above.
1. The Horizon Academy West employees, officers or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.
2. Penalties for violation of the code of conduct of the Horizon Academy West School Child Nutrition Program and Other Federal Awards should be:
 - a. Reprimand by Board of Education;
 - b. Dismissal by Board of Education;
 - c. Any legal action necessary.

CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

- a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- b) Affirmative steps must include:
 - 1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - 2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
 - 3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
 - 4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
 - 5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - 6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

CRIMINAL BACKGROUND CHECKS

The Vendor shall conduct criminal background checks on each of its employees who, pursuant to this Agreement, engage in any services on Horizon Academy West property or at Horizon Academy West events. The Vendor shall provide documentation that criminal background checks were conducted on each of its employees prior to hiring, and shall refuse employment to any person convicted of a felony or any other crime, whether misdemeanor or felony, that indicates the person poses a threat to the physical safety of students, school personnel or others. Such check shall include an annual check of the State Sex Offender and Public Protection Registration Program, the State Sexually Violent Predator Registration Program, and the National Sex Offender Registry. Vendor shall not assign any employee or agent to provide services pursuant to this contract if (1) said worker appears on any of the listed registries; (2) said worker has been convicted of a felony; (3) said worker has been convicted of any crime, whether misdemeanor or felony, involving sex, violence, or drugs; or (4) said worker has engaged in any crime or conduct indicating that the worker may pose a threat to the safety or well-being of student or school personnel. Horizon Academy West reserves the right to prohibit any individual employee of Vendor from providing services on Horizon Academy West property or at Horizon Academy West events if Horizon Academy West determines, in its sole discretion, that such employee poses a threat to the safety or well-being of students, school personnel or others.