

PG-5.102: FINANCIAL MANAGEMENT SYSTEM

SEC. 1. FINANCIAL MANAGEMENT SYSTEM DEFINED.

The **Treetops School** Financial Management System is the system of controls and records that enable **Treetops School** 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.

- (a) *Budgetary Control.* The Financial Management System facilitates oversight of **Treetops School**'s finances by the Board of Directors ("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, Chief Financial Officer and other authorized or designated **Treetops School** administrators not exceeding budgeted amounts approved by the Board unless authorized in Board policy or through a Board approved budget amendment.
 - 3. Board receipt and review, 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 **Treetops School**'s actual obligations and expenses.
- (b) *Financial Reporting.* The Financial Management System shall provide accurate, complete and timely information regarding **Treetops School**'s financial condition, results of operations, cash flows and other pertinent matters concerning **Treetops School** operations. The Board shall receive summary reports at each meeting. The Superintendent may utilize summary and detailed reports and records to oversee **Treetops School** 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 **Treetops School** program. The Financial Management System shall also include controls over budgeting, contract administration, financial accounting, financial reporting, grant administration, payroll and other **Treetops School** 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 **Treetops School**'s assets, liabilities, appropriations, obligations, revenues, expenses and cash flows. The records maintained shall identify the source and application of funds and the use, custodial assignment and location of property. The records maintained shall 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. 2. CHART OF ACCOUNTS.

In accordance with Module 11 of the *Financial Accountability System Resource Guide* (“FASRG”), **Treetops School** shall maintain financial accounting records that utilize the minimum account code structure mandated by the State Board of Education and the Texas Education Agency (“TEA”).

Sec. 2.1. Required Account Codes.

Treetops School shall utilize the account codes mandated in FASRG Module 11 to account for public funds and public property. As appropriate and necessary, the Superintendent may authorize the use of the local option codes and locally defined classifications provided in FASRG Module 11.

Sec. 2.2. Local Account Codes.

Within the mandated account code structure, the Superintendent may authorize the development and use of locally defined account codes that facilitate the administration and oversight of non-**Treetops School** functions and activities and the use of local funds and property.

SEC. 3. 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. 4. 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 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. 5. 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 and time or activity accounting records to support the use of local and public funds for employment services.

SEC. 6. COMPETITIVE PROCUREMENT.

Pursuant to applicable Federal and state law and rules, 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. 7. CONTRACT ADMINISTRATION.

The Superintendent or designee shall maintain a contract administration process to ensure that contractors deliver goods or provide services in accordance with the terms, conditions, and other legal requirements of the applicable contract or purchase order.

SEC. 8. ADMINISTRATIVE PROCEDURES.

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