

Financial Guide

For

Charter Schools

Division of School Business
NC Department of Public Instruction

Revised May 2015

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Definition of Terms

Allotment - The amount of state or federal funds allocated to a Charter School to spend on a particular grant or specific use of funds. The state allotment to Charter Schools is based on dollars received on the Average Daily Membership (ADM). In order to lawfully spend money in a particular program report code (PRC), the Charter School must have an allotment from DPI.

Amendment - An adjustment to a federal budget for changes in projected expenditures.

Authority to Draw (ATD) - This account (11210000) represents the amount of cash that can be requested (drawn down) for a particular PRC. The balance in the Authority to Draw account is the total allotment for the PRC, less any cash requested to cover expenditures for the PRC. If your cash request exceeds the authority to draw balance (ATD), then you will only be given the amount of cash remaining in the ATD account. This happens quite frequently when new federal grants are being established or at the beginning of the fiscal year, when DPI is waiting to receive the grant awards from the federal government and the allotments for the year have not been established.

Authority to Spend (ATS) - This account (11220000) represents the budget balance or remaining allotment for a particular PRC. The balance in the Authority to Spend account is the total allotment for the PRC, less any expenditure reported for the PRC. Many of the federal allotments carry over from fiscal year to fiscal year. In these cases, the balance in the authority to spend (ATS) account, or budget balance, rolls over to the next fiscal year. If the allotment does not carry over to the next fiscal year (State or Vocational Education PRCs, for example), the account is zeroed out and the balance reverts to the state and/or federal government.

Average Daily Membership (ADM) - The sum of the number of days in membership (NVIO) for all students in individual LEAs, divided by the number of school days in the term. Allotments for each Charter School will be adjusted based on first month ADM.

Benefits - Matching social security, retirement, and health insurance. These costs are also referred to as the "matching benefits". The employer may pay other benefits.

Budgets (Federal) - A projection of expenditures in accordance with an approved federal project. It is a necessary part of the federal fund processing and is transmitted via the BUD system (for LEAs) or submitted manually for Charter Schools and non-units for the federal PRCs. Other budgets (state, local, etc.) are maintained at the local level only.

Calculated cash - The cash balance calculated on the cash balance report (beginning cash, plus certifications, minus expenditures = calculated cash). The calculated cash balance (per cash balance report) may be different from the actual system cash balance, due to accounting corrections, FPD 202s being improperly handled, etc. In these cases, there will be an asterisk on the cash balance report and you should look up the 22430000 account balance to confirm your actual cash balance for the PRC.

Carryover - Funds appropriated but unspent in the first fiscal year which are brought forward for expenditure in the succeeding fiscal year. State allotments for Charter Schools will not carry over. Some federal funds carry over for 15 months. Refer to the [North Carolina Allotment Policy Manual](#) for grant terms.

Cash balance - The beginning of the fiscal year cash balance plus all certification activity for the period, less the expenditure activity for the period. Proper cash management requires a minimum cash balance at the Charter School. DPI uses the cash balance when referring to the monthly cash zero-out to bring the cash balances back to zero.

Cash expenditures - Expenditures that affect current year cash requests. In order to have a true picture of cash available, cash expenditures are examined when referring to the Cash Balance Report.

Cert - DPI term for cash certification.

Certification - The process used when cash is deposited (positive certification) or withdrawn (negative certification) from the Charter School's bank account. When the Charter School requests funds via the cash management system, the money (positive or negative) is certified to the bank account.

OR

The term is used interchangeably with licensure or license when referring to professional educators. For example, at least 50% of kindergarten through grade 5 teachers are required to have the proper certification. Also, the professional Licensure Section at DPI is often called Certification.

Certified Personnel - Individuals employed in positions within job classifications that require professional licensure issued by the Division of Human Resource Management, Licensure Section, based on the completion of approved education program requirements as specified by the State Board of Education. Certified personnel are coded in the Uniform Chart of Accounts with an object code between 100 and 135. (Object codes are defined in the Uniform Chart of Accounts.)

CFDA # - The [Catalog of Federal Domestic Assistance](#) (CFDA) contains information for all federal grant programs such as grant authorization, eligibility for funds, etc. A number that is assigned by the federal government to each federal program in which a grant is awarded.

Chart of Accounts - The [Uniform Chart of Accounts](#) was enacted in 1975 in response to a law passed by the General Assembly requiring a uniform accounting system for all LEAs. The Chart of Accounts contains the minimum requirements for account code structure, which consists of four dimensions:

1) fund, 2) function, 3) program report, and 4) object.

CICS - The Customer Information Control System (CICS) is the operating system used by DPI to run its accounting and reporting software, access the cash management system, etc. This software allows SIPS to divide the state's mainframe into regions to store and process data. LEA and Charter School data is processed on Region F.

Class 5 account - An expenditure account in the DPI's MSA general ledger system. All expenditure accounts begin with a 5, such as 55100121 for instructional teachers, or 56210312, for workshop expenditures. When looking up expenditure codes in MSA, always precede the purpose/object code with a 5.

Class 7 account - A budget or allotment account in the DPI's MSA general ledger system. All budget accounts begin with a 7, such as 75100121 for teacher budget line item or 76210312 for the workshop expense budget line item. When looking up budgets or allotments in MSA, always precede the purpose/object code with a 7.

CMS - The acronym for the Cash Management System (CMS). The Cash Management System is used to request state or federal funds (cash) from the State Treasurer.

Code - DPI term for account code, expenditure code.

Company 6000 - This company which contains the Charter School State and Federal expenditure data. It is the number the unit should enter in the MSA general ledger inquiry system to review their data online.

Current year - The current fiscal year, which is the accounting period beginning July 1 and ending June 30. For example, the 2015 school year refers to July 1, 2014, through June 30, 2015.

Data file - The process by which DPI receives data via the monthly expenditure transmission from Charter Schools. It is the transfer of your 275-byte files and the Monthly Financial Report (MFR) file from your computer to the state. Expenditure transactions are pulled from your general ledger and will post to our general ledger (MSA) via the MFR data file. These expenditures will not be altered by DPI. In MSA these expenditures will contain a DF in the first two digits of the source code to identify them as data file transactions.

Detail - The 275-byte file "detail" records are received via data file. When you are reconciling your reports with DPI's by account, the amount posted from the MFR file on MSA will agree with the figures on your general ledger, except for any adjustments you make after data has been transmitted. Also, sometimes checks are run for a prior month after the cutoff for data file transfer (usually matching and/or deduction checks) and do not make the data file pickup transfer, which can account for discrepancies in reporting. If this is the case, ask the Charter Schools Finance Area to "run the detail" for items posted in a particular month, for a particular account. This will provide you with the checks transmitted to DPI in the data file transfer for that month.

Effective date - This date signifies the accounting period to which data should be posted. For instance, an entry may be keyed on February 10, but the effective date is January 31, meaning that the data will post to the January reporting period or period 7. The effective date is also important when verifying cash transactions since it notifies you, within 2 days, which day the transaction should be made to your bank account verifying cash.

E.S.E.A - Elementary and Secondary Education Act of 1965. This act was amended by the No Child Left Behind Act of 2001. Refer to the [North Carolina Allotment Policy Manual](#) for information related to federal funds authorized by E.S.E.A

Federal funds - Those are funding sources, which come from the federal government. Each source of federal funds has a separate PRC. Transactions for these funds are always posted to the current fiscal year, as the federal funds have no prior year reporting.

Fiscal year - The period of time between July 1 and June 30 of any given year. For example, the 2015 fiscal year refers to July 1, 2014 through June 30, 2015.

Fund or funding source - The source of revenue for a particular grant or program. The State Public School Fund is fund 1; Local Fund is fund 2; Federal Fund is fund 3; and Capital Outlay Fund is fund 4.

Funds requirement date (FRD) - The date funds are to be deposited into the Charter School's bank account. Use this date to request cash in the Cash Management System (CMS).

General ledger (GL) - The record of expenditures maintained at DPI. DPI's MSA system is the general ledger, so the term "MSA" is often used when referring to entries posted to the general ledger.

Headcount (Children with Disabilities) - This term refers to the process of actually counting the number of students who are defined as having disabilities. For federal and state purposes, children with disabilities include only the handicapped. The federal government requires headcount of children with disabilities who have been properly identified, are receiving special education and related services on the headcount day, and have an individual education program (IEP) or an individualized family service plan (IFSP). The December 1 IDEA Title VI-B Handicapped headcount includes those children ages 3-21 who are being served by LEAs (including Charter Schools) and state-operated programs. State law requires an adjusted headcount on April 1 of children ages 5-20 who are being served by LEAs (including Charter Schools). The April headcount includes additions or deletions to the December 1 headcount and is used for state funding purposes. The headcount of eligible/identified children with disabilities on December 1 is used for determining federal funds and on April 1 is used for state funds. Each child eligible for counting shall be counted ONCE under the PRIMARY handicapping classification. The handicapped student must have an Individualized Education Program (IEP) in order to be counted.

I.D.E.A. - Individuals with Disabilities Education Act replaced the Education of Handicapped Act (EHA) for Title VI-B. Title VI-B is one of the federal grants for which the Charter School may receive funds. This funding is targeted towards handicapped students. Refer to the [North Carolina Allotment Policy Manual](#) for more information.

Indirect Cost - Cost incurred to run federal programs that are not directly paid from federal programs. Indirect cost rates are established by the Department of Public Instruction so that LEAs can be reimbursed for local funds that are expended for activities directly related to federal programs.

Initial Allotments - The allocation of state and federal funds to LEA's occurs after adjournment of the General Assembly. In the first revision, the LEA's state allotments will be reduced for children attending new Charter Schools and all Charter Schools will receive 34% of its state fund allotment. If federal funds have been received from Washington, the Charter School will also receive federal funds in an allotment revision.

Invalid code - An account code, which either does not exist in the Uniform Chart of Accounts or is no longer a valid code for a particular PRC due to legislative or reporting changes to the funding. The majority of these codes emerge during the monthly data file processing. DPI notifies the Charter School, via the monitoring letter, that an invalid code has been used and must be corrected. Invalid codes will be reflected in the monitoring letter until the error has been corrected in your general ledger.

LEA # - The acronym used for Local Education Agency (LEA). We often refer to the LEA # in various documentation or software applications. This is the same as the Charter School's UNIT #, which is the alphanumeric number assigned by DPI to identify the Charter School data in DPI's systems.

Matching - The term used when referring to the employer matching benefits associated with a person's payroll (i.e., social security, retirement, & hospitalization). Matching also refers to a mandate of some federal programs requiring that any federal money received for the grant is "matched" with an equal amount or a percentage of non-federal money to support the grant. Non-federal money pertains to state and/or local funds and may be provided in cash, property, or services. For example, the Dwight D. Eisenhower Professional Development Program regulations state that each LEA must provide at least 33% of the cost of activities assisted by the Eisenhower program. The Learn and Serve America program also requires matching funds; however, the percentage is different each year: 10% the first year, 20% the second year and 30% the third year. For more information regarding federal matching requirements, refer to the [North Carolina Allotment Policy Manual](#).

Message online - A message which appears on the CICS screen when you sign on to the state network to gain access to DPI. At this point, enter your ID, which starts with "P..." Messages are often sent online to notify LEAs and Charter Schools of important information quickly. We suggest that you sign-on to the CICS system weekly in order to receive these messages.

MFR file - The MFR file includes the year-to-date account totals from your general ledger at the moment in time that the file is created. DPI will create monthly summary transactions by taking your current MFR year-to-date general ledger totals and compare those totals to the previous month's general ledger year-to-date totals; the difference will be posted as the current month's activity. This is the actual amount that will post to the MSA general ledger system at DPI. This record is part of the UERS requirements. This record is also referred to as the "summary record".

MSA - The general accounting system used by DPI to process the Charter School's financial data. MSA literally stands for Management Science America, who was the designer of the software. It has since changed hands to Dun & Bradstreet (DBS), but the name has never been changed. MSA refers to the general ledger inquiry screens. The financial data is posted to MSA via data file and the cash management system.

Negative Certification - When funds are taken from the Charter School's bank account during the Zero Out process.

Net gross - The amount of the expenditure record before statutory and voluntary payroll deductions. This amount equals the 60-byte record that posts to the MSA general ledger.

Non-certified Personnel - Individuals in positions within job classifications, which do not require a professional license issued by the Division of Human Resource Management, Licensure Section.

Planning Allotments - Provide information on allotments for budgeting purposes only. You cannot access funds based on Planning Allotment information.

Positive Certification - When funds are deposited into the Charter School's bank account.

PRC (Program Report Code) - The number assigned in the chart of accounts for a particular source of funding. General State funds for Charter Schools are allotted in PRC036. Each federal grant has their own PRC.

Principal's Monthly Report (PMR) - This is a record of data about student enrollment,

transfers, membership, and attendance. The Charter School transmits the PMR to DPI at the end of each school month.

Prior year - Used to reference any fiscal year occurring before the current year. Any refunds for the prior year are deposited into a prior year account at DPI, not the LEAs' bank account. Corrections to the prior year for federal funds, however, are considered current year transactions, since the funding carries over from year to year.

RACF ID - Acronym for Resource Access Control Facility and is pronounced "RACK F." This is the software that secures North Carolina's mainframe system at SIPS. You must have RACF security to access DPI's Cash Management and MSA General Ledger systems.

Reconciliation - The process ensuring that one set of data is in agreement with another set of data; such as, bank reconciliation's, report reconciliation's, etc. Charter Schools must reconcile the DPI financial reports (listed below), downloaded monthly, with their own accounting system reports in order to ensure that DPI has an accurate reflection of the Charter School's data.

Reports (Monthly) - Monthly reports which are downloaded to Charter Schools in WSFTP software. These reports are:

- Budget Balance Report (JHA705EG)
- Cash Balance Report (JHA714EG)
- Local Fund Expenditures (JHA305EG)
- Monitoring Letter

Reversion - The reduction of an allotment due to failure to submit a budget or failure to spend funds timely. Any unused State allotment as of June 30th will revert to the State.

Rollover - The term used to describe the process of bringing forward the federal balances from the prior fiscal year to the new fiscal year. It is the budget balance remaining at June 30. DPI typically processes the rollover in mid-August after the close of federal fund books for the fiscal year. If a Charter School wishes to see the balance that rolls, look up the period ending balance in the 11220000 account (authority to spend or budget balance) for period 12 in MSA.

School Activity Report (SAR) - A record of data related to students' classroom schedules and school personnel assignments. The Charter School transmits the SAR to DPI at the end of the second school month.

SIPS - The acronym for the State Information and Processing Service (SIPS). This is the main computer connection or link which we all have to go through (DPI & charters alike) in order to log onto MSA system, the cash management system, Internet, etc. Many times, if you cannot connect to the system at the CICS screen, this would be because the SIPS system is down. If the system is down during the mid-day, wait 15-30 minutes since DPI intermittently takes the system down during that time for system updates. If the system is down longer than one hour, call the Charter School Accountant at 919-807-3725.

Source code - The code used to identify the individual general ledger transactions in the MSA system. The first two or four digits can identify certain transactions, which will help with reconciliation's. Please see the source codes listed on the "MSA Hints for Analysis" for more information.

SPSF - The abbreviation for the State Public School Fund.

Tydings Amendment - The federal law, which provides that certain federal funds not, obligated during the first year of allotment shall remain available for obligation and expenditure for one additional year. Federal grant periods vary; therefore, each grant must be reviewed to determine if the Tydings Amendment will apply. Since the federal fiscal year begins October 1 and the state fiscal year begins July 1, many grant periods can be active up to 27 months when provisions of the Tydings Amendment are applicable. Refer to the [North Carolina Allotment Policy Manual](#) for more information regarding grant items.

UERS - The acronym for the Uniform Education Reporting System. This is a board legislative term referring to the requirement of all LEAs and charter to school to provide requested data in a requested format per GS115C-12(18). It is the required system specifications and processes designed to help ensure standard and accurate reporting of fiscal, personnel, and student data by Charter Schools in order to maintain uniform reporting of the use of various funds to the state.

Zero-out - It is a federal requirement that LEAs and Charter Schools have only three days of cash from state and federal funds in their bank account at any time. The zero out process compares your year-to-date cash certification (cash drawn) and your year-to-date expenditures (checks written) to see if they are out-of-balance. If any account is out-of-balance, a cash certification (negative or positive) is done by DPI to bring that cash balance to zero. A positive certification means that money was given to the charter school and a negative certification means that money was taken back.

1101 account - The cash account (11010000) in the MSA general ledger system. For simplicity, the zeros are omitted and the account is called "the eleven-zero-one account" or "one-one-zero-one account." All account numbers entered in the MSA system are eight digits in length.

1121 account - The authority to draw account (11210000) in the MSA general ledger system (see authority to draw definition). For simplicity, the zeros are omitted and the account is called "the eleven-twenty-one account." All account numbers entered in the MSA system are eight digits in length.

2243 account - The cash advance account (22430000) in the MSA general ledger system. For simplicity, the zeros are omitted and the account is called "the two-two-four-three account." All account numbers entered in the MSA system are eight digits in length. The cash advance account is considered to be the actual cash balance for each grant.

275-byte record - This is the payroll and general expense detail record your accounting software creates to be uploaded to us in order to post the detailed expenditure information into our systems. This record is part of the UERS requirements and is created by your software from your check writer. This record is also referred to as the voucher detail, payroll detail, or general expense detail. The net pay from the payroll voucher detail and the gross from the general expense detail should equal your 60-byte summary records, which is what is posted to our general ledger system.

Section A - DPI Contacts and General Information

This booklet contains information, which is designed to familiarize personnel at Charter Schools with the financial services offered by the Division of School Business and the reporting requirements of the Division. The mission of the Division is to ensure financial integrity by providing reliable financial services, support, and information in order to fulfill your personalized needs.

An organization chart of the Financial and Business Services (FBS) can be found on the Internet at www.ncpublicschools.org/fbs/directory/.

Locate links to forms, manuals, and reports at www.ncpublicschools.org/fbs/resources.

Contact Information:

Department of Public Instruction
Financial and Business Services
Division of School Business – **Charter School Finance Area**
6334 Mail Service Center
Raleigh NC 27699-6334

Telephone Number: 919-807-3725

Fax Number: 919-807-3704

Department of Public Instruction
Financial and Business Services
Office of Charter Schools
6303 Mail Service Center
Raleigh NC 27699-6303

Telephone Number: 919-807-3491

Fax Number: 919-807-3496

CHIEF FINANCIAL OFFICER AND DIRECTORS

Chief Financial Officer:	Philip Price
Director of School Business:	Alexis Schauss
Asst Director of School Business:	Leigh Ann Kerr
Office of Charter Schools:	Vacant
Director of Safe and Healthy School Support:	Ben Matthews
Director of Financial Services:	Sarah Harris
Asst Director of Financial Services:	Sam Fuller

SECTION CHIEFS

Division of School Business

School Allotments:	Lydia Prude
Monitoring & Compliance:	Kathy Cooper
School Reporting:	Andrew Cox

Safe and Health School Support

School Nutrition:	Lynn Harvey
Insurance:	Eileen Townsend
Plant Operation:	Kim Lawson
School Planning:	Ken Phelps
Textbooks:	Drew Fairchild
Transportation:	Derek Graham
Licensure	Susan Ruiz

Section B - Reference Materials

I. Charter School Legislation

The General Assembly of North Carolina ratified Chapter 731 House Bill 955 (S.L. 1995-731) on June 21, 1996. This is an act to increase educational opportunity by authorizing the creation and funding of charter schools, which are deregulated schools under public control. There have been subsequent charter school amendments since 1996.

A complete copy of the Charter School legislation can be found at [NC General Assembly](#) page or the homepage at www.ncleg.net. Legislation specific to charter schools: 115C-218.

The NC Office of Charter Schools has links to both the legislation and the State Board of Education Policy Manual for Charter Schools at www.ncpublicschools.org/charterschools/policy.

II. North Carolina State Health Plan

A charter school shall elect whether or not to participate in the North Carolina State Health Plan. If electing to participate, the request shall be made no later than 30 days after the effective date of the approved charter application. Charter schools should contact the [NC State Health Plan](#).

III. Retirement Benefits and Reporting

A Charter school that elects to participate in the North Carolina Teachers' and State Employees Retirement System shall submit a request no later than 30 days after the effective date of the approved charter. Charter schools that are approved to participate in the North Carolina Teachers' and State Employees Retirement System report electronically to the [Retirement Systems Division](#) (RSD): see ORBIT in the Systems Section for Retirement.

IV. NC Division of Employment Security (DES)

The NC Division of Employment Security (DES) requires that all employers file a quarterly report of their employees' wages and FICA taxes withheld. Both Quarter-to-Date (QTD) and Year-to-Date (YTD) wages and taxes must be reported at the end of each quarter. An employer may file the quarterly DES report on paper if the number of employees is less than 100. If an employer has 100 or more employees, the quarterly DES report **must** be filed electronically.

All financial software used by local education agencies and Charter schools offer electronic DES reporting.

NC Division of Employment Security (DES), please write or contact:

NC Division of Employment Security
Attn.: Collections Unit
PO Box 26504
Raleigh NC 27611

<https://www.ncesc1.com/>
Tel 919-707-1129
Fax 919-715-9655

Note: Compliance with DES requirements is the Charter School's responsibility. The software is an aid. However, the Charter School is responsible for the accuracy of the data submitted.

V. Generally Accepted Standards of Fiscal Management

"A CHARTER SCHOOL THAT IS APPROVED BY THE State shall be a public school within the local school administrative unit in which it is located. It shall be accountable to the local board of education if it applied for and received preliminary approval from that local board for purposes of ensuring compliance with applicable laws and the provisions of its charter. All other Charter schools shall be accountable to the State Board for ensuring compliance with applicable laws and the provisions of their charters, except that any of these charter schools may agree to be accountable to the local board of the school administrative unit in which the charter school is located rather than to the State Board." (NC Gen. Stat. 115C-218.15.)

Charter schools are required to meet generally accepted standards of fiscal management. (NC Gen. Stat. 115C-218.95). It is now generally accepted that the primary responsibility for the fair presentation of financial statements rests with the reporting management of an organization. Accordingly a process must be affected by a schools management and other personnel and designed to provide **reasonable** assurance regarding the achievement and maintenance of the following standards:

1. A fiscal year balanced budget that clearly defines achievable goals as defined in the school's charter and approved by the Board of Directors in the form of a budget resolution.
2. Full compliance with Uniform Education Reporting System (UERS) policies and procedures.
3. Additionally, accounting records should properly and accurately record and account for all transactions including cash. Accounting information should be relevant, reliable, comparable and consistent and must be available for the preparation of reliable financial statements.
4. Demonstrate compliance with Federal and state laws/regulations, State Board of Education policies and other compliance requirements.
5. Maintenance of documentation that outlines internal controls on business practices and operation.
6. All accounts payable must be current.
7. Transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on state and federal funds
8. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
9. Ensure that required independent audits are performed and submitted when due in a timely manner as prescribed by the Local Government Commission.
10. Schools should have documentation that supports its financial statements and that reflect its financial position/condition, results of operations or changes in net assets and where appropriate, cash flows for any fiscal period/year

11. Positive financial cash flow must be maintained as required by the General Accepted Accounting Principles (schools in a deficit financial condition at the end of any fiscal year would be in violation of this principle).
12. Any necessary corrective action plans on any audit findings must be filed in writing and proposed changes must be implemented in the subsequent fiscal year.

Note: These objectives do not replace any other statutory rules and regulations currently in place.

VI. State Language

Specific state language is required for every contract or lease into which a charter school enters. The following language is required per General Statute 115C-218.105 State and local funds for a charter school:

No indebtedness of any kind incurred or created by the charter school shall constitute an indebtedness of the State or its political subdivisions, and no indebtedness of the charter school shall involve or be secured by the faith, credit, or taxing power of the State or its political subdivisions.

VII. Conflicts of Interest Policy (IRS Model)

Article I – Purpose

The purpose of the conflicts of interest policy is to protect the Corporation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

Article II – Definitions

1. **Interested Person** - Any director, principal officer or member of a committee with board delegated powers who has a direct or indirect financial interest.
2. **Financial Interest** - a person who has directly or indirectly through business, investment or family:
 - a. an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
 - b. a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - c. a potential ownership or investment interest in, or compensation arrangement with any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Article III – Procedures

1. **Duty to Disclose** - In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all material facts to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.
2. **Determining Whether A Conflict Of Interest Exists** - After disclosure of the financial interest and all material facts, and after any discussion with the

interested person, he or she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

- 3. Procedures For Addressing The Conflict Of Interest** - an interested person may make a presentation at the board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
 - a. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - b. After exercising due diligence, the board or committee shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
 - c. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

4. Violations Of The Conflicts Of Interest Policy

- a. If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Sample Conflict of Interest Statement

Annual Statement of the Board of Directors of the ABC Charter School

Each of the undersigned members of the Board of Directors of the ABC Charter School, states for himself or herself that he or she:

1. has received a copy of the conflicts of interest policy,
2. has read and understands the policy,
3. has agreed to comply with the policy, and
4. understands that the ABC Charter School is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Date	Name
Date	Name
Date	Name

Sample Conflict of Interest Statement

For Officers, Directors, Committee Members, Staff Members, and certain Consultants

No member of the Board of Directors or any of its Committees shall derive any personal profit or gain, directly or indirectly, by reasons of his or her participation with the XYZ Nonprofit. Each individual shall disclose to the organization any personal interest, which he or she may have in any matter pending before the organization and shall refrain from participation in any decision on such matter.

Any member of the Board, any Committee or Staff who is an officer, board member, a committee member or staff member of a client organization or vendor of the XYZ Nonprofit shall identify his or her affiliation with such agency or agencies; further, in connection with any committee or board action specifically directed to that agency, he/she shall not participate in the decision affecting that agency and the decision must be made and/or ratified by the full board.

Any member of the Board, any Committee, Staff and certain Consultants shall refrain from obtaining any list of clients for personal or private solicitation purposes at any time during the term of their affiliation.

At this time, I am a Board member, a committee member, or an employee of the following organizations:

Now this is to certify that I except as described below, am not now nor at any time during the past year have been:

- 1) A participant, directly or indirectly, in any manner, agreement, investment, or other activity with any vendor, supplier, or other party; doing business with the XYZ Nonprofit which has resulted or could result in personal benefit to me.
- 2) A recipient, directly, or indirectly, of any salary payments or loans or gifts of any kind or any free service or discounts or other fees from or on behalf of any person or organization engaged in any transaction with the XYZ Nonprofit.

Any exceptions to 1 or 2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have (or have not had during the past year) in the persons or organizations having transactions with the XYZ Nonprofit.

Date: _____ Signature _____

Print name _____

VIII. SYSTEMS

Educational Directory & Demographical Information Exchange (EDDIE)

The Educational Directory and Demographical Information Exchange (EDDIE) is an online application containing LEA (school district) and school information such as LEA numbers, school numbers, administrative contacts, school types, grade levels, calendar types, program types, addresses, and more. This information is maintained and edited by subscribed users at the LEAs and Charter Schools. EDDIE does not contain individual teacher or student information.

EDDIE is the authoritative source for NC public school numbers and demographic information, and is used by multiple systems including; Accountability, PowerSchool, NC School Report Cards, and is used to meet federal reporting requirements.

LEAs and Charter Schools are responsible for ensuring EDDIE contains complete, accurate and current data.

The EDDIE application is located at <http://apps.schools.nc.gov/eddie>. This is a public application, anyone can view EDDIE and download reports, only subscribed users can edit the data.

For additional information and help documents, including a list of subscribed users, go to: www.ncpublicschools.org/fbs/accounting/eddie/.

Education Value-Added Assessment System (EVAAS)

EVAAS is a customized software system available to all NC school districts and charter schools. EVAAS tools provide a precise measurement of student progress over time and a reliable diagnosis of opportunities for growth that help to identify which students are at risk for under-achievement. This is not a public application. Authorized individuals must subscribe to be approved access. To engage in EVAAS go to <https://ncdpi.sas.com/welcome.html?as=d>.

Charter School ADM Projection System (CSADM)

CSADM provides maximum average daily membership (ADM) information and collection projections from the charter Schools. The system is opened at certain times of the year for data collection but is always available to view only. This is not a public application. Authorized individuals must subscribe to be approved access. www.ncpublicschools.org/fbs/charterschools/

Allotment System

Provides information on allotments and revisions - View only. This is not a public application. Authorized individuals must subscribe to be approved access. www.ncpublicschools.org/fbs/allotments/

Children with Disabilities Child Count Transfer System

LEAs and Charter Schools should use this system to report all children with disabilities transferred to their schools within the first sixty instructional days of the school year. www.ncpublicschools.org/fbs/allotments/forms/.

Cash Management System

System used to request and access cash based on the allotments provided. See page 38 for detailed information.

MSA

MSA is the general ledger accounting system used by DPI to process and record all of the unit's financial activity in funds 1, 2 and 3. MSA is the system that produces your monthly reports, which are issued to you. It is the system which records and processes your cash transactions and refunds, as well as your adjusting entries. It is the **first place** we recommend you go when you perform any reconciliation for your reports or bank statements. This is the first place Charter Schools Finance staff refers to when you call with a question about your reports, adjustments, or cash. See page 41 for full details.

Online Retirement Benefits through Integrated Technology (ORBIT)

ORBIT is a system that will grant employers, employees and retirees online access to retirement accounts and transactions.

The Retirement Systems Division (RSD) will require employers to report contributions and member employment information electronically. Employers will either generate a file (In a format specified by RSD) or if, an employer is not capable of producing a file in the prescribed file, log into an RSD website to enter their contribution information.

The Retirement System Division expects to receive a contribution transaction on a monthly report from the time the member is enrolled to the time the member is terminated. www.nctreasurer.com/Retirement-and-Savings/For-Government-Employers/Pages/Payroll-and-Reporting-in-ORBIT.aspx

IX. Home Base (Instructional Improvement System and Student Information System)

What is Home Base?

Home Base is a statewide, instructional improvement system and student information system for teachers, students, parents and administrators. Teachers will be able to use Home Base to access student data and to access teaching and learning resources to help improve educational outcomes for students. Students will be able to access their assignments, grades and learning activities. Parents will be able to view their child's attendance and progress, and administrators can monitor data on students, teachers and schools. Not only does Home Base put data and resources at the users' fingertips, it does so with single sign-on access to the

integrated system made up of the following components: Learner Profile and Student Information; Standards & Curriculum; Instructional Design: Practice & Resources; Assessment; Data Analysis & Reporting; and Professional Development & Educator Evaluation.

How do I access Home Base?

The Home Base URL is specific to your district or charter school. All Home Base users will log into PowerSchool, which will act as a portal for all of the Home Base applications. Once you log in to PowerSchool, you are in Home Base and have access to the entire suite of tools available within Home Base, including the student information, the core instructional improvement and the NC educator evaluation systems. Home Base vendors have set up single sign-on integration among all of the Home Base applications. In other words, once logged in, you will be able to launch any of the Home Base systems without having to log in again.

What is PowerSchool?

PowerSchool is the student information system used by the State of North Carolina. It creates a collaborative environment for accessing student, school, and LEA related information via the web for: administrators, schools, teachers, parents, and students.

How is the data from PowerSchool used at the local and state levels?

At the district level, PowerSchool data can be exported into spreadsheets to use in other applications that support the business needs of local districts. At the state level the data is still used for appropriating funds, additional positions, state reports for the general assembly, federal reporting, public records requests and much more.

What are some other benefits of PowerSchool?

Teachers, parents and students will have access to student assignments, grades and assessment results through secure web portals. Teachers can take attendance, enter grades, and check student's performance. Nurses can check immunizations and track daily medications. Counselors are able to discuss performance with parents and review graduation goals with students. Data Mangers can validate data entered and run reports as well as train other end-users. Superintendents can view PMR and reports on demographics, dropout rates, and appropriate funds. Principals can review disciplinary action during discussions with parents, transcripts are sent electronically, and coaches can confirm academic eligibility.

How will PowerSchool deal with different levels of access?

Home Base access will be role-based. Functionality will be granted to each student, teacher, parent and administrator on an as-needed basis.

How is security maintained in PowerSchool?

Roles can be created to manage user access in PowerSchool and other systems. Each role has the option to have a different PowerSchool Security Group association. Roles are disabled as an employee no longer needs access to PowerSchool data. Data is backed up via the Pearson ODS and stored in the state ODS.

Can anyone get into the PowerSchool database to look up a student?

The access to data inside the PowerSchool database is restricted based on 'need to know' roles. For example, a teacher only has access to data for students in his or her class. A principal is assigned access to all students in his or her school. All access to PowerSchool is via a password protected LEA instance.

For additional information about PowerSchool visit: www.nc-sis.org.

X. Uniform Chart of Accounts

The General Assembly enacted a law requiring a uniform accounting system for all local school administrative units effective July 1, 1976. The manual contains the minimum requirements for your account code structure, which consists of four dimensions.

The dimensions are: *fund, purpose, program report code, and object*. A-BBBB-CCC-DDD.

Fund Code consists of one numeric digit. The fund is an independent fiscal accounting entity with a self-balancing set of accounts.

Purpose Code consists of four numeric digits and describes the purpose for which the activity exists or the type of balance sheet account. There are four types of function codes:

- 1) Asset Codes (Example: 1100 Accounts Receivable - State);
- 2) Liabilities, Reserves and Fund Balance Codes (Example: 2010 Accounts Payable);
- 3) Revenue Codes (Example: 3211 Textbooks);
- 4) Purpose Codes (Example: 5100 Regular Instructional Programs).

Program Report Code (PRC) consists of three numeric digits. The program describes a plan of activity or funding for a particular activity. (Example: Charter School State Funding is code 036.)

Object Code consists of three numeric digits. The object code is the service or commodity obtained as the result of a specific expenditure. (Example: Teacher Salary Code 121: Instructional Supplies is code 411.)

Locate the complete Chart of Accounts Manual at www.ncpublicschools.org/fbs/finance/reporting/.

XI. Web Sites

www.ncpublicschools.org/

- Department of Public Instruction

www.ncpublicschools.org/fbs/charterschools/

- Charter Schools Financial Operations

www.ncpublicschools.org/fbs/finance/reporting/

- Data Transfer Schedule
- Uniform Chart of Accounts
- Annual/Monthly Financial Report (AFR/MFR)
- Help Guides
- Audits: State Compliance Supplements – Section C, DPI-4

www.ncpublicschools.org/fbs/resources/manuals/

- Financial Reporting
- Allotments
- Student Accounting

www.ncpublicschools.org/fbs/finance/cash/

- Cash Management

www.ncpublicschools.org/fbs/finance/federal/

- Grants
- Programs

www.ncpublicschools.org/charterschools/

- The Office of Charter Schools

www.nctreasurer.com

- State and Local Government
- Auditing and Reporting Resources
- Auditors & Audit Fees – Charter Schools
- ORBIT (Online Retirement Benefits through Integrated Technology)

<http://www.ncpublicschools.org/fbs/allotments/>

- Allotment Policy Manual
- Allotted ADM
- Allotment Revision Calendar
- State Public School Fund Budget
- Federal Grant Expiration Dates

www.ncpublicschools.org/fbs/accounting/eddie/

- EDDIE - School Data

Section C – New Charter School Checklist for Finance

A charter school that is approved by the State Board of Education shall be a public school within the local school administrative unit in which it is located. It shall be accountable to the State Board of Education for ensuring compliance with applicable laws and the provisions of their charters. Refer to the North Carolina Charter Schools Act (NC General Statute 115C-118).

The board of directors of the charter school shall decide matters related to the operation of the school, including budgeting, curriculum, and operating procedures.

The School Set-up Checklist will assist a new charter school with the set up process. This list may not be all inclusive.

School Set-up Checklist

1. **Read Charter School Financial Guide online at www.ncpublicschools.org/fbs/charterschools/.**
2. **Obtain Tax Exempt Status** no later than 24 months following the final approval of application.
What to Do: Contact the Internal Revenue Service at www.irs.gov. Complete the necessary form to obtain tax-exempt under section 501C(3).
3. Determine whether to participate in the Teachers' and State Employees' Retirement System and the Comprehensive Major Medical Plan **no later than 30 days after both parties have signed the written charter.**

What to Do:

- Contact the NC Department of State Treasurer at www.nctreasurer.com.
- Contact the NC State Health Plan at <http://statehealthplan.state.nc.us/>.

4. **Establish Accounting Services** – Hire personnel and use approved accounting software.

What to Do: Contact Education Management Systems, Inc. for accounting software training at 1-800-541-8999 or www.k12financials.com.

5. **Obtain a Certificate of Occupancy (C/O)** for facility and submit to the Office of Charter Schools.

NO FUNDING CAN BE PROCESSED WITHOUT A C/O.

What to Do: Contact a local building inspector to inspect the facility for educational use. Obtain the official inspection and forward to the Office of Charter Schools. (Note: State and federal funds will not be allotted until a Certificate of Occupancy is on file.)

6. **Establish a Bank Account** with a Financial Institution insured by the FDIC or otherwise fully collateralized.

What to Do:

- Open a checking account with a local Bank,
- Complete check signature cards (remember to update signature cards as authorized members/staff resign); and

- Complete an [ACH Bank Account Authorization Form](http://www.ncpublicschools.org/docs/fbs/finance/cash/achbankform.doc) located at www.ncpublicschools.org/docs/fbs/finance/cash/achbankform.doc at least ten (10) business days before the first cash deposits. (Provide an original voided check or deposit slip with form.) The ACH Bank Account Authorization Form is used to establish the charter school's bank account, account number and bank transit routing number with the State banking system.
- Return form to the Division of School Business, DPI.

7. Cash Management / MSATraining - Inquire about and sign up for Cash Management and MSA training in May (provided by DPI staff for charter school finance personnel).

8. Establish access to State Computer Systems prior to school opening

What to Do: Complete Bill Code Action Form to establish account with Information Technology Services for Cash Management systems. (Return to Division of School Business)

- Complete Security Forms
 - CICS Application Access - Maintenance Form
 - RACF02 Site Security Officer Form
 - RACF03 RACF User ID - Maintenance Form

Locate CICS form at

www.ncpublicschools.org/docs/fbs/finance/cash/cicsapplicationform.doc. It takes approximately 2-3 days to set-up CMS access. Once your request has been processed, a Service Desk staff member will contact you.

9. Obtain Liability Insurance

What to Do: Contact a local Insurance Company and obtain the following coverage at minimum:

- Errors and omissions
- General liability
- Boiler and machinery
- Real personal property
- Fidelity bonds: to cover employee dishonesty
- Automobile liability
- Workers' compensation: as specified by Chapter 97 of the General Statutes.

10. Complete school data in EDDIE (Due by early July). This is the authoritative source for address, grade levels, etc.

What to Do: Subscribe to EDDIE, details at www.ncpublicschools.org/fbs/accounting/eddie/.

11. Submit a Budget (July) with enough detail to provide meaningful comparisons with actual transactions. Please include Average Daily Membership (ADM) (Due mid-July).

12. Contract with CPA Firm to perform annual audits (Due October 31st).

What to Do:

- LGC approval is required for all contracts and invoices for audit services, including special audits or agreed upon services.
 - The Local Government Commission (LGC) website is at www.nctreasurer.com/.
 - See examples of contracts and other resources. www.nctreasurer.com/slq/Auditing%20and%20Reporting%20Resources/2011AuditContractonlyrev718.pdf.
- 13.** Request access to the Charter school ADM projection system. Provide requested information in late spring.
www.ncpublicschools.org/fbs/charterschools/.
- 14. Prepare a Policies and Procedures Manual to include accounting practices, internal controls, job descriptions etc.**
- 15.** Read the Finance Officers Newsletter sent out through the Office of Charter Schools (OCS). Also found online (without attachments) at www.ncpublicschools.org/fbs/resources/newsletters/.

Section D – Financial Calendar of Events

May/June

- Charter school submits estimated Initial Enrollment information in to the [Charter School ADM projection system](#). Failure to provide this information is considered financial noncompliance.

July

- Charter Schools submit a balanced budget to the Division of School Business for the upcoming fiscal year.

Two weeks after General Assembly approves a budget

- Initial Allotments for state funds are sent to LEAs, after which the calculation for charter schools can begin.
- If any federal grant awards are available, federal allotments will be calculated and distributed to the charter schools.

One week after Initial Allotments are distributed

- In Revision 1, Charter Schools will receive an allotment of 34% of the State funds based on the Initial Enrollment provided by the school.

After receipt of first month ADM data for all Charter Schools

- If Charter School enrollment is lower than reported on the first 20 day report, the Charter School's State allotment will be decreased to match the reported first month's ADM.
- If the Charter School enrollment is higher than reported on the first 20 day report, but within the enrollment in the final submission in the Charter School ADM Projection System, the Charter School's State allotment will be increased.
- Based on the first month ADM, the Charter School's State Allotment will be recalculated and additional state funds will be given to the charter school equal to 68% of their revised state allotment.

September - During the first 60 days

- Charter School submits requests for any Children with Disabilities, who were included in a LEA's April 1, headcount transferred to the Charter School within the first 60 days. This request is done through the Children with Disabilities Child Count Transfer System - www.ncpublicschools.org/fbs/allotments/forms/.

October

- All paperwork must be completed and submitted to federal program administrators. Review [allotment manual](#) and [FBS website](#) for more information on federal grants administered through DPI.
- Annual audits are due to the Local Government Commissions (LGC) by October 31st.
- Office of Charter Schools will send out a notice for schools to request growth above 20% of current year ADM. These requests must be sent to the State Board of Education for approval.

Late November

- 2nd allotment – 34% which is adjusted based on the 1st month ADM reported on the PMR.

December

- DPI Accountability Services requires the charter schools to submit an electronic Economically Disadvantaged Student (EDS) data file. A memo is sent out via the Office of Charter Schools early so that the charter schools can meet the December deadline.

January

- Division of School Business will notify all Charter Schools to submit the preliminary projected ADM for the next fiscal year via the Charter School ADM Projection System.

February

- Free Lunch count reports are due to the School Allotment Staff www.ncpublicschools.org/fbs/allotments/forms/.
- The final 32% of the Charter School's state allotment will be distributed before the end of February.

Section E - Charter School Funding Overview

I. Funding Sources

Charter schools are funded with **State**, **Federal** and **Local** Funds. State and Federal allotments are posted and available in the Cash Management System.

State Funds

State Funds include:

- Dollars per Average Daily Membership (ADM),
- Children with Disabilities (CWD),
- Limited English Proficiency (LEP) (if eligible headcount), and
- Fines and Forfeitures.

State funds will be allotted after the General Assembly adjourns and after the calculation of the State Initial Allotment.

State funds will be allotted to one Program Report Code (PRC) 036. State funds are allotted in three (3) installments:

- 1st allotment is equal to 34% of the total Initial Allotment.
- 2nd allotment 34%, which is adjusted after the first month Average Daily Membership (ADM) reported on the Principal's Monthly Report (PMR).
- 3rd allotment is equal to 32%, which is allotted prior to March 31st.

State funds for Children with Disabilities (CWD) will be allotted based on the number of children who were included in a child count on April 1st. This information must be returned to the Department of Public Instruction by mid-June.

Federal Funds

Most federal funds are targeted to specific student population, i.e. children with disabilities, children in poverty; vocational education (grades 7-12).

An application is required for each federal grant. Federal funds for children with special needs will be allotted based on a formula, which includes the number of children in a December 1st headcount.

Federal funds are allotted after grant awards are received from the Department of Education and approval from the program staff.

Most federal awards have a term of 27 months. Refer to Federal Programs (page 32) for more information.

Local Funds (Per G.S. 115C-218.105)

The local school administrative unit (LEA) in which a child resides shall transfer to the charter school an amount equal to the per pupil local current expense appropriation fund of the LEA for the fiscal year.

The per pupil share of the local current expense fund shall be transferred to the charter school within 30 days of the receipt of monies into the local current expense fund.

The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to a charter school located in the tax

district for which these taxes are levied and in which the student resides. I.e. the revenue does not leave the LEA.

The LEA shall also provide each charter school to which it transfers a per pupil share of its local current expense fund with all of the following information within the 30-day time period:

- (1) The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
- (2) The student membership numbers used to calculate the per pupil share of the local current expense fund.
- (3) How the per pupil share of the local current expense fund was calculated.

II. Allotments

Allotment information for a particular school can be seen in the [Allotments System](#).

The School Allotments Section develops and administers a system which calculates and distributes projected State and Federal funding to Charter Schools, the Local Education Agencies (LEAs), and other education programs.

Per General Statute 115C-218.105, the State Board of Education shall allocate to each charter school:

- (1) An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the charter school is located for each child attending the charter school.
- (2) An additional amount for each child attending the charter school who is a child with special needs; and
- (3) An additional amount for children with limited English proficiency attending the charter school, based on a formula adopted by the State Board.

The State Board shall allow for annual adjustments to the amount allocated to a charter school based on its enrollment growth in school years subsequent to the initial year of operation.

The term for State funds is July 1 – June 30.

State Fund - Program Report Code (PRC 036) – Charter Schools

A complete description of Charter Schools PRC 036 can be located in the [Allotment Policy Manual](#). A summary of PRC 036 is as follows:

Funding for an existing charter school is based on the base allotments per ADM of the LEA in which the school is located. Funding for new charter schools and charters who have growth above 20% is based on the base allotment per ADM of the LEA in which the student is, or would be currently enrolled.

The first installment is based on the projected initial enrollment provided by the school (usually in July).

After the 1st school month, the funded average daily membership is calculated and the annual allotment is recalculated based on this number. The 2nd installment reflects the adjustments.

After the 1st month ADM adjustments, a charter school can request additional funding if it has significant growth (20%) or more in months two through four.

Request will be verified and must be within the charter school's maximum. Additional funds are only provided depending on the availability of funds.

III. Funding Q & A

1. When will I receive my allotment for State Funds (PRC 036)?

State funds are allocated approximately 3 weeks after the budget is passed by the General Assembly.

New Charter Schools must provide a Certificate of Occupancy before state or federal funds may be allotted.

Note: A Charter School must operate for at least 185 days or 1,025 hours of instruction between July 1st and June 29th of each year. If a Charter School cannot obtain a facility in time to meet this educational requirement, the Charter School will not be authorized to receive state resources and State Board of Education will determine whether or not the charter will lose its charter for the remainder of the school year.

2. What are Allotment Revisions?

The initial Allotments are the first allocations for the fiscal year. After that, there are revisions to adjust the initial allotments. For instance; reductions for the cost of NC Virtual Public School, allocations for Indian Gaming funds, allocations for approved Special State reserve, etc.

A. Revision 1 will include the following adjustments:

- LEA's state allotments will be reduced based on the number of children from that LEA who are attending a new Charter School or a charter that has approved growth above 20%.
- Charter Schools will receive 34% of their state funds. All state funds will be allotted in one program report code (PRC 036), which will be available in three installments:
 - a. Installment #1 (34% of state funds) is allotted in Revision 1.
 - b. Installment #2 (an additional 34% - adjusted) will be allotted after all 1st month ADM has been calculated. Charter School's first month ADM has been calculated based on First Month PMR data.
 - c. Installment #3 (the final 32%) will be allotted by February 28th.

B. Allotment Revision after First Month of School:

After the first month of school, the Charter School will submit its first month ADM data.

- If the Charter School's ADM is lower than reported "initial enrollment information", the Charter School's state allotment (PRC 036) will be decreased and the LEA's state allotments will be increased.

To view the Allotment Revision Documents under report ALTARP01, access WSFTP software.

Based on the first month ADM, the Charter School's state allotment will be recalculated and additional state funds will be given to the Charter School to equal 68% of their total revised state allotment.

3. How much money will the school receive for State funds and Federal funds?

Allotments of state and federal funds will be based on information submitted by the Charter School on the required enrollment forms. Locate the enrollment form at www.ncpublicschools.org/docs/fbs/allotments/forms/charterschools/csenrollment.xls.

A. State Base Allotments

State funds will be allotted to the Charter School based on the number of students in average daily membership (ADM) in Month 1. For each student in ADM, the Charter School will receive an amount equal to the state per pupil allocation for the LEA in which the student was previously enrolled. Prior year amounts by LEA can be found at www.ncpublicschools.org/fbs/allotments/state/.

State funds for Children with Disabilities (CWD)

State funds for children with disabilities will be allotted based on the number of children who were included in a child count on April 1st. The Charter School must report this information. This information must be returned by mid June. The School Allotments Staff will verify that students were included in a LEA's April 1st headcount. If the student was not included in the LEA's headcount, the Charter School will not receive funds for that child. **In order to meet UERS requirements, you will have to electronically transmit this information for future years through PowerSchool.** For more information about reporting headcount data, contact the Exceptional Children Division - www.ncpublicschools.org/ec/.

If a child with disabilities leaves the Charter School and enrolls in another public school during the first 60 school days in the school year, the Charter School shall return to DPI a pro rata amount of funds allocated for that child. Those funds will be allocated to the LEA to which the child has moved. If a child with disabilities enrolls in a Charter School during the first 60 school days in the school year, the School Allotments Staff shall transfer from the LEA to the Charter School the pro rata amount of additional funds for children with disabilities.

To initiate a transfer of funds for children with disabilities, the receiving Charter School must use the Children with Disabilities Headcount Transfer System at www.ncpublicschools.org/fbs/allotments/forms/.

This information must be completed at the end of the calendar month during which the child transferred schools. Funds **will not** be transferred if the receiving LEA/Charter School does not notify the School Allotments Staff at the end of the first applicable calendar month. To be eligible to receive funds, the child must have been included in the April 1st (of current year) children with disabilities headcount.

B. Federal Funds

Most federal funds are targeted to specific student populations, for example, children with disabilities, children in poverty, or children in grades 7 - 12 (Vocational Education). All LEAs and Charter Schools must submit an application for each grant in order to receive federal funding.

Federal funds for children with special needs will be allotted based on a formula, which includes the number of children who were counted in the child count on December 1st of the prior year. The Charter School must report this information and return this information by mid-June.

The time constraints are identical to those set forth for the transfer of state funding for children with disabilities.

Federal funds are also generated if the school qualifies for Title I funds.

4. What happens when charter school ADM drops below 65 students?

A Charter School's authorizing charter is not automatically revoked, but the Charter School must submit a request for the State Board of Education (via the Office of Charter Schools) to approve the Charter School to operate with fewer than 65 students. The request must include a detailed explanation of why the school did not meet the anticipated/required enrollment level along with a revised business plan/budget which outlines how the Charter School will operate successfully with reduced state and local revenue.

The Department of Public Instruction will review the request and submit a recommendation to the State Board for action. If the Charter School cannot demonstrate that they can operate with the revised revenue projections, the Department will recommend that the charter for that school be revoked.

5. Why does DPI collect Poverty Data (Free Lunch Count)?

Many of the federal grants utilize poverty data as an element for calculation of eligibility. The State of North Carolina uses the annual free lunch survey to obtain this information. The School Allotment section is responsible for collecting the poverty data.

If your school participates in the Child Nutrition Program, we can obtain this information from the Child Nutrition Section, provided your school has submitted a timely December claim for reimbursement. If your school has not submitted a claim, complete the 'Charter School Enrollment Information Number of Students Below the Poverty Threshold' form.

If your school does not participate in the Child Nutrition Program, you will need to obtain a signed certification from the child's parent or guardian attesting to the household's annual income in order to make a determination of the child's eligibility. Complete the Household Income Survey form.

Note: Supporting documentation must be maintained at the school in the student's folder. Charter Schools are subject to annual audits.

Section F- Federal Programs

I. Budgets and Budget Amendments

Charter Schools are eligible to apply for federal formula grants as well as discretionary grants administered by various Program Offices of the U.S. Department of Education (ED). The Department of Public Instruction provides funding to many federal programs that impact education in North Carolina. These federal programs address diverse needs of North Carolina's schools and student population. For additional information visit: www.ncpublicschools.org/fbs/finance/federal/.

The Federal Funding Process

The Education Department and other branches of the federal government are authorized to award and disburse grants. The Education Department distributes most federal public education funds directly to state departments of education, which then disburse the funds to individual schools and districts.

Formula Grants are allotted to all eligible applicants according to a prescribed formula generally established by law and the Education Department. Eligibility for such funds is based on a set of criteria such as population, per capita income, specialized clientele, or some other measure of need.

Discretionary Grants are competitive grants. The Department of Education or another branch of the federal government awards through a competitive process. A certain amount of discretion is used to determine which applications best address the program requirements and are the most worthy of funding.

The Budget Process

Charter Schools must enter their federal budget in the Budget and Amendment System (BAAS) via the software selected for their sites. Someone in the charter school inputs the budget and it is uploaded into BAAS which is read by the federal program consultant and compared to the federal grant. If the federal budget and federal grant match and the funds are being used in compliance with the federal law then the federal budget and federal grant are approved.

II. Federal Grants Available through DPI

The most common federal grants that charter schools are eligible for are for EC, students in poverty, and teacher development. A summary of those grants is provided below. A full list of all federal grants available through DPI is [here](#).

IDEA Title VI-B Handicapped (PRC 060)

Funding is to initiate, expand and continue special education to handicapped children ages 3-21. This is a formula based grant. This grant has a maintenance-of-effort requirement for the first and second preceding year which each LEA or Charter School must submit by September 30 of each year to be eligible for this program. No cost can be incurred against the new allotment until this form is received. Excess cost information is required. Excess cost computations must be calculated and retained for your records. Your LEA or Charter School may be subject to an audit exception if this form is not kept on file.

ESEA Title I (PRC 050)

Funding provides supplemental financial assistance to local educational agencies (LEAs) through State educational agencies (SEAs) to improve the teaching and learning of children who are at risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families. This is a formula based grant. There is a 15% carryover limitation and a 12% administration limitation. Any LEA/Charter school receiving an allocation of less than \$50,000 will not be subject to the carryover limitation. Funds will be available to LEAs for 27 months, provided a project is submitted each year.

Improving Teacher Quality (PRC 103)

The purpose of the program is to increase academic achievement by improving teacher and principal quality. This program is carried out by: increasing the number of highly qualified teachers in classrooms; increasing the number of highly qualified principals and assistant principals in schools; and increasing the effectiveness of teachers and principals by holding LEAs and schools accountable for improvements in student academic achievement.

For additional information on Federal Grants and Program Administrators criteria go to: www.ncpublicschools.org/fbs/finance/federal/. Contact the program administrator for information on Federal Grant Eligibility.

The School Nutrition Program

To participate in the School Nutrition Program, please submit a Potential New School Food Authority (SFA) Interest Form along with a school calendar to the following address/fax number:

North Carolina Department of Public Instruction
School Nutrition Services
6324 Mail Service Center
Raleigh NC 27699-6324

Fax: 919-807-3516
Attn: Compliance Specialist

The SFA form and additional information regarding participating in the School Nutrition Program can be found at <http://childnutrition.ncpublicschools.gov/news-events/potential-sponsors/potential-sponsors-school-food-authorities>.

Q & A for Federal Grants

- 1. Several Federal funded programs have a term of 27 months. Where can a Charter School find the federal funds that will carryover as of June 30 of each year?**

The June 30 carryover balance is reflected, for those programs which have carryover, on the Budget Balance Reconciliation Report. The finance officer receives this report on a monthly basis via WSFTP Pro software.

2. How does a Charter School know when a federal project ends?

Charter School personnel should read the budget approval letters to determine the project/grant period and adhere to the monitoring letters which warn of possible reversions. The [allotment manual](#) will also give the time period of federal grants.

3. When there is a carryover of federal funds is a budget amendment required to add carryover funds or allotment revisions to Unbudgeted Grant Funds?

No, these funds are automatically posted to the Unbudgeted Grant Funds account code (8200-XXX-699). The carryover funds will be posted as soon as the final report for June 30 is completed. A new allotment revision will be posted to Unbudgeted Grant Funds at the time the funds are allotted. However, to utilize these funds, they must be budgeted to the proper account codes.

4. What is the purpose of the Indirect Cost letter, which indicates a Charter School is over its indirect cost rate?

The letter serves as a tool to assist the Charter School in monitoring the indirect cost paid and to warn a Charter School that they are exceeding their maximum indirect cost rate. If your indirect cost charges exceed the maximum rate; your independent auditor should take an exception to the overcharge, which will require a refund.

5. When equipment is to be disposed, what is the appropriate process?

Complete an Equipment Disposition Form (FPD212).

6. When equipment is purchased as a package, how should we list the equipment on the Summary Form FPF210-A?

Equipment may be listed as one unit as long as it can be integrated to form a complete unit. A good example is a computer and its components. Please list separately items costing \$5,000 or more per unit.

7. Is an Equipment Summary required when a Charter School is submitting an amendment to purchase additional equipment or changing the existing approved equipment list?

Yes, the Equipment Summary Form, FPD210-A, must be submitted.

8. Will the Federal Programs Administrator accept amendments when a Charter School has not exceeded 10% of their total budget?

The current budget amendment process was implemented to give Charter Schools more flexibility and to minimize amendments. Excess amendments are discouraged, but will be processed if necessary.

9. When a charter school does not complete the VI-B Maintenance of Effort Report, will the charter lose all funds?

If a Maintenance of Effort Report has not been received in the Department of Public Instruction by September 30, all funds will revert back to the state.

10. What does a positive or negative balance in account code 8200-XXX-699 (Unbudgeted Grant Funds) mean?

A positive figure will be reflected in account code 8200-XXX-699 (Unbudgeted Grant Funds) if the current budget is less than the current year allotment and prior year allowable carryover funds. A negative figure will appear in account code 8200-XXX-

699 (Unbudgeted Grant Funds) if the current budget is more than the allotment and prior year allowable carryover. If account code 8200-XXX-699 shows a negative amount, an amendment is required to adjust the account to zero or to a positive amount.

11. When an amendment is submitted, is it necessary to list explanations for benefits, indirect costs and unbudgeted funds in the letter?

No.

12. What is the beginning date of a federal funded program?

All projects received in substantial approvable form prior to July 1 will begin on July 1. Projects received after July 1 in substantial approvable form will begin on the date received at DPI.

III. Budgeting Indirect Cost

Restricted Indirect Cost Rate for Piedmont School 1.234%

EXAMPLE

Total Allocation	\$50,000.00
Less Capital Outlay	<u>(5,000.00)</u>
Amount Available for Other Expenses	45,000.00
Amount Subject to Indirect Cost	<u>44,451.00</u>
	(\$45,000 divided by 101.234%)
Budgeted Amount for Indirect Cost	<u>\$ 549.00</u>

The allowable indirect cost amount to budget for a project is computed by subtracting the capital outlay (equipment) from the total allocation. This amount is then divided by 100% plus the appropriate indirect cost rate to obtain the amount subject to indirect cost. The amount subject to indirect cost is then subtracted from the available amount for other expenses to arrive at the budgeted amount for indirect cost.

Verification of Indirect Cost	
Amount subject to Indirect Cost	\$ 44,451
Indirect Cost Rate	x <u>.01234</u>
Maximum Indirect Cost for this project as currently budgeted.	<u>\$ 549</u>

Indirect Cost Q & A

1. What is Indirect Cost?

The federal government recognized that there were costs being incurred to run programs that were not being directly paid from federal programs. An indirect cost rate was established so that sub recipients could be reimbursed for the local funds that were expended for activities directly related to a federal program. Indirect cost rates are obtained from the Monitoring & Compliance Section.

2. What are some examples of expenses covered by Indirect Cost?

Examples of expenses covered by indirect cost are bookkeeping expenses and personnel administration.

3. When preparing a budget, where do you budget Indirect Cost?

The amount budgeted for indirect cost is recorded in budget line item 3-8100-XXX-392 in BUD or on the Budget Form (FPD208).

4. How often should indirect cost be reported?

Indirect cost expenditures should be reported monthly or at least quarterly.

5. What happens if the allowable indirect cost budget is exceeded as of June 30?

A sub recipient that exceeds their indirect cost budget as of June 30 is subject to an audit exception.

6. Is a sub recipient required to charge indirect cost?

No. Indirect Cost is an allowable cost; however, sub recipients are not required to budget and report amounts if they choose to use local funds.

7. How do I record indirect cost?

Debit - Indirect Cost 3-8100-XXX-392

Credit - Cash 3-1020-000

Debit - Cash 2-1020-000

Credit -Indirect Cost Allocation 2-4880-xxx-000

IV. Fiscal Monitoring – Federal Programs

Each year a select group of Charter Schools will be monitored for federal fiscal compliance. A monitoring team which includes a Title I consultant and a Charter School Fiscal Analyst will visit the Charter School to determine compliance with federal regulations of the programs administered by the Charter School. This monitoring visit will include technical assistance.

The No Child Left Behind Act of 2001 (NCLB) requires the agency to monitor the implementation of program requirements and expenditures of federal funds.

On-site Monitoring Visit

The on-site visit may last one to two days. During the visit the team reviews documentation and interviews the charter school staff. At the conclusion of the visit an exit conference is held to discuss findings. Following the on-site monitoring visit, the DPI staff will provide a report of findings to the Charter School within thirty (30) calendar days. The report will contain evidence of compliance, findings of noncompliance, required corrective action plan and recommendations for improvements. Upon receipt of the monitoring report, the Charter School has thirty (30) calendar days to respond to the findings and provide a corrective plan. Responses must be in writing. Charter Schools that fail to correct deficiencies within timelines are subject to the Noncompliance policy of the applicable federal program.

Fiscal Requirements - The following areas will be monitored for all federal programs. More information can be found under "[Monitoring](#)".

Time and Effort

Review evidence that either Semi Annual Certifications statements or Personnel Activity Reports are on file.

Budget vs. Expenditures

Review evidence that budgets and expenditures are allocable, reasonable and necessary and meet the intent and purposes of the program; expenditures should align with the approved application on file.

Equipment

Review equipment inventory compliant with EDGAR 80.32.

Invoices for Contracted Services

Contracts are made in accordance with applicable federal, state and local regulations and audit guidelines.

Written Policies and Procedures

Purchasing/procurement and internal control policies.

Time and Effort Reporting

Mandated by the Office of Management and Budget's (OMB) Circular A-87 Cost Principles for State, Local and Indian Governments. Circular A-87 requires institutions to develop a mechanism to determine or confirm how individuals actually expend effort during a specified time period. Effort reports must be performed on a regular schedule and must be signed by individuals who have first-hand knowledge of work performed. The federal government requires time and effort documentation when an individual is compensated by or has agreed to contribute time to a federally sponsored program. Effort is the amount of time spent on a particular activity.

Use a Semi-Annual Certification statement where employees are expected to work on a single Federal award or cost objective.

Use the Personnel Activity Report (PAR) where employees are expected to work on multiple activities or cost objectives.

Note: Time and Effort is not required for short term activity performed by substitutes (three weeks or less) and mentor pay and stipends.

Section G - Cash Management System

The Cash Management System allows charter schools the ability to:

- Request State and Federal funds
- Review cash requests and other transactions
- Access the Cash Certification Calendar

I. Requirements:

- A. The Charter School must establish an "ACH" bank account with the State Treasurer's Office. Complete the "[ACH Bank Account AUTHORIZATION FORM](#)" and return to the address below. Locate the form at www.ncpublicschools.org/docs/fbs/finance/cash/achbankform.doc.

NC Department of Public Instruction
Cash Management Section Attn: Sarah Harris
6336 Mail Service Center
Raleigh, NC 27699-6336

Please allow two weeks for your account to be established. Once your account has been established, we will notify you and you may begin to request your available funds via the DPI Cash Management System. Use the above form when there is a change in Financial Institutions. Please allow two weeks for processing. (Remember to include an original of either a voided check or deposit slip.)

- B. Establish access to the Cash Management System (CMS) at DPI. Complete the CICS02CM form. Return the form to the above address. It takes approximately 2-3 days to set-up CMS access. Locate form at www.ncpublicschools.org/docs/fbs/finance/cash/cicsapplicationform.doc. Once your request has been processed, a Service Desk staff member will contact you.

Note: Return the above forms to the Charter School Finance Area by May 31 in order to ensure access to state and federal funds once your allotment is established.

- C. Follow the Cash Management Guidelines and Procedures for Charter Schools. Locate guidelines at www.ncpublicschools.org/fbs/finance/cash.
- D. Follow state and federal guidelines for cash management policy (G.S. 147-86.11), which basically requires that you should have no more than three (3) days cash (federal or state) on-hand at any given point in time. Do not maintain excessive cash balances.
- E. Use the DPI Cash Management System whenever possible to request your state and federal funds. However, you can notify the Charter Schools Finance Staff when you are unable to do so, sending in a fax of your request on the appropriate form, after making verbal contact with the staff.
- F. Request your funds in a timely manner and according to the cash certification calendar which is available through the cash management system.

In order to practice sound fiscal management of cash, it is necessary that you reconcile your cash balances to those at DPI and your bank account on a monthly basis. The DPI reports will be available for you to access online by the 18th of each month. Notify Charter Schools Finance Staff, in a timely manner, if there are any discrepancies.

The Charter School Finance Officer will request cash for expenditures via the Cash Management System. Per the Cash Calendar allow three (3) business days for state funds to deposit into the school's bank account and allow seven (7) business days for federal funds to deposit into the schools bank account.

Charter Schools must adhere to the Cash Management Improvement Act (CMIA). The objectives of the CMIA are to minimize the time between the transfer of funds to the entity and the payout for program purposes and ensure state and federal funds are available when requested. This act should ensure that funds are not idle in a school's bank account for three (3) days or more. (G.S. 147-86.11)

Charter Schools maintain their own banking relationship autonomously (i.e., the Charter Schools would not have to set-up an account with the State Treasurer but with their own banking institution). The availability of state and federal funds will be made directly to the school's bank account by electronic transfer program offered by the State Treasurer's Office.

A charter school must complete and submit to DPI the following forms:

- An **ACH Bank Account Authorization Form**. The [ACH Bank Account Authorization Form](#) is used to establish the charter school's bank account, account number and bank transit routing number with the State banking system.
- The **CICS Application Access Maintenance Form**. The [CICS Application Access Maintenance Form](#) is used to give appropriate personnel at the charter school proper functional privileges.
- Return all forms by May 31 to the following address:

NC Department of Public Instruction
Division of School Business
6334 Mail Service Center
Raleigh, NC 27699-6334

II. How to Access State and Federal Funds

The Cash Management System (CMS) is the system you will use to request state and federal funds. Funds requested through the Cash Management System are deposited and collected via ACH transfers using the State Controller's Common Payment System. Once a request is entered into the system, the CMS will analyze the request against funds availability, then post entries and produce the necessary reports for internal cash balancing.

Please see the Cash Management System procedures for detailed instructions on how to sign-on to the system and use the various screens - www.ncpublicschools.org/fbs/finance/cash/.

The Cash Management System is driven by the Funds Requirement Dates (FRD) outlined in the Cash Calendar under the 'CP' option on the CICS Main Menu. The FRD is the date that you need the funds deposited into the school's bank account to cover checks released on that day.

- State funds are requested three (3) days prior to the FRD.
- Federal funds are requested a week in advance by Tuesday for the next Tuesday's deposit and by Friday for next Friday's deposit.
- You can request cash at any time before the FRD as long as the calendar is updated with that FRD.

Reminders

- The cash calendar is available online through the cash management system.
- Before you request funds, check the Authority to Draw Balance for each Program Report Code (PRC) to ensure ample funds are available for your request.
- Only request enough funds to cover checks written. Preliminary check registers, etc., are used to calculate amount of funds to be requested. Remember that there are federal and state cash management regulations, which allow for a limited amount of federal or state cash to be on-hand at any given time. **The law requires no more than three (3) days of cash on hand at any given point in time.**
- When requesting cash ensure that the message "Successful Update" appears on the screen. When you press the F3 key to update your cash request you will see the "successful update" message. **It is a good practice to print screen this page, in case any questions arise as to when or if funds were requested for a particular FRD.** We recommend that you verify all cash requests on the appropriate inquiry screen in the Cash Management System.
- Since charter schools are using their own bank accounts (not accounts with the State Treasurer), we can only guarantee the date the funds are transferred by the State Treasurer to your bank. (This is the FRD date. **The transaction normally takes place after 2:00 p.m. on that date.**) We cannot guarantee when these funds are recorded by your bank to your account. Please take this into account when requesting funds. We also suggest you establish the timeframe for your deposit with your bank so you can request funds in time to cover checks being released. Charter Schools should not release checks until the funds requirement date. The cash certification will post to DPI's MSA General Ledger.
- The Charter School Finance Staff will 'Zero-Out' on a quarterly basis. Basically, this process consists of comparing certifications versus recorded expenditures.
- When you make a change to the requested amount, the system will replace the original request with the last amount entered.

Emergency Requests

- Late or emergency State Funds requests for payroll can be handled the same day if you notify the Charter School Finance Staff by 9:00 a.m. Funds will be deposited to the school's bank account the next business day.

- Emergency requests for Federal Funds can only be made one (1) day after the cutoff day for requesting funds for a specific Funds Requirement Date (FRD). This process takes 2-3 business days.

System Problems

- If you experience system problems, please try to access the system at a later time during the day. If the system is not operational by 2:00 p.m., you should call the Charter School Finance staff.

III. MSA General Ledger System

MSA is the general ledger accounting system used by DPI to process and record all of the unit's financial activity in funds 1, 2 and 3. MSA is the system that produces your monthly reports, which are issued to you. It is the system which records and processes your cash transactions and refunds, as well as your adjusting entries. It is the **first place** we recommend you go when you perform any reconciliation for your reports or bank statements. This is the first place Charter Schools Finance staff refers to when you call with a question about your reports, adjustments, or cash.

In order to navigate your way through MSA, and in an effort to show you what you can find in MSA that will help with your reconciliation's and possibly save you time and trouble, we will try to give you some hints, key things to look at on the screens, and a detailed guide to the MSA system which takes you through the menus and key strokes.

It is important to remember that the MSA system is separate from the Cash Management system. **In MSA, you have inquiry access only.** The users cannot change or alter the data, and the users cannot look up anything other than general ledger activity. System security is set-up separately for the cash management system. We highly recommend that all of your units' staff have access to the MSA system if they are involved in any reconciliation work or any cash management work from requesting funds to reconciling the bank statements. Of course, this is a local decision. If you do not know your unit's ID (always 9 plus your unit #) or password, please call DPI Help Desk at 919.807.4357 (HELP). If you do not have a CICS ID (i.e., RACF ID) or Password (what you type in before you type in MSAS), please call DPI Help Desk at 919.807.4357 (HELP).

What am I supposed to use?

There are two screens, which you have access to and will use:

Posted Entry Query Screen Next Function: 220

And

Period Ending Balance Screen Next Function: 016

The "Next function" reference refers to the number you enter in the next function field in MSA. These numbers will take you directly to those screens without having to go through the menus.

You will primarily use the Posted Entry Query Screen. This is the screen which lists the transactions that have posted to the system. Your entries are posted at a summary level, meaning they contain the account numbers, dollar amount, and effective date.

They do not contain the name of the vendor, check numbers, social security number, etc. However, you can tell a lot from this summary level information.

What can this MSA information tell me?

- State and federal cash certifications, including the monthly zero –out figures.
- Monthly data file expenditures (60-byte file) identified with "DF" as the source code.
- FPD 202A adjustments, when they were keyed, and for what processing period.
- Entries and account balances for expenditure accounts.
- Allotments, allotment adjustments, and for what processing period they posted.
- Amount of State and Federal funds available to request.
- Charter School State and Federal Transaction Information is under Company 6000. Transactions from local funds are under Company 2000.

IV. UERS (Uniform Education Reporting System)

Overview

The fundamental objective of the Uniform Education Reporting System (UERS) is to provide a uniform, simplified, straightforward process for:

- preparing and paying of payrolls,
- preparing and paying of accounts payable expenditures, and
- reporting of the expenditures in a public education environment.

Expenditures will be based on the Uniform Chart of Accounts for Charter Schools. UERS operates on a **cash basis** requiring that all expenditures are updated simultaneously with the check writing (system generated or manually entered) and/or voiding process.

The payroll interface must generate the appropriate employer matching benefits, and all payroll payables paid through the accounts payable system **MUST reflect the payroll salary expenditure budget code** rather than the accounts payable liability budget code. The expenditure detail and summary information is transferred electronically to NCDPI on a set monthly schedule. Detailed instructions for transmitting the UERS data electronically will be sent out by July.

Charter Schools have the option to report their monthly expenditures from their own computer system using UERS approved financial software or through their county's local education agency (LEA).

Each Charter School will be assigned a unique unit number identifier that must be included on each expenditure and summary record transmitted to the state.

Explanation - Monthly Automated Reporting for Cash Expenditures:

Automated detail payroll records, detail general expense records, and summary expenditure records must reflect only current month activity. These records must be generated through UERS approved financial software to the actual payee. This includes:

- All current month vouchers issued by actual voucher number

- All vouchers which are voided in the current month by actual voucher number
- All stop payments, which are processed in the current month by actual voucher number

Thus, the transmission of financial data to the NCDPI will contain only true CASH expenditures. For example, a personal service voucher with an issue date of July 1 will be reported for July and automatically transmitted to the NCDPI after the month of July is closed. If that same personal service voucher is voided July 10, it will also be reported and transmitted for July to the NCDPI through data file transfer. Both the original voucher detail record and the voided voucher detail record will be transmitted to the NCDPI. Therefore, the summary expenditure record will have a net effect of zero. However, if the void of the July 1 voucher is posted to the unit's system August 9, only the original voucher detail record dated July 1, and its corresponding summary expenditure record, will be transmitted to the NCDPI through data file transfer for July. The August 9 voided voucher detail record, and its corresponding summary expenditure record, will be transmitted to the NCDPI through data file transfer for August.

Section H - Data Collection (Financial and Student Information)

I. Monthly Reports - Financial Expenditure Data

Charter Schools report monthly expenditures to DPI through UERS data file records. These records are processed through DPI's general ledger system and then reported back to the Charter School on a monthly basis via reports for your own reconciliations. The figures are then passed through the various systems here at DPI for further analysis, such as salary databases and our internal general ledger, which will report your expenditures to the Budget Office. Your figures will also be analyzed as necessary per request from the Legislature, State Board of Education, etc. Since your data is being passed through so many hands, you will want to make sure that what is reported is as accurate as possible. In order to do this, it will be necessary to monthly reconcile your data with DPI's data and to make any necessary adjustments.

To help you with these objectives, you will receive monthly reports via the Internet. Also, you will be given access to our general ledger system's inquiry option (MSA), which will help you see what has processed, the cash that has processed, and your account balances on a daily basis.

In order to help you gauge your work timeline, we thought it would be helpful for you to know some key dates for DPI's processing each month:

- **Approximately the third (3rd) or fourth (4th) day** of the month, the 275 byte and 60 byte data from the prior month is required to be file transferred to the state from the schools. We call this "data file." (Ex., February 4 we will receive January expenditure data.) DPI will provide a schedule of each month's dates before the next fiscal year begins. The Data Transfer Schedule is also online: www.ncpublicschools.org/fbs/finance/reporting/.
- Journal entries (corrections, re-coding, etc.) must be made before you transfer your data files to DPI.
- Between the **16th and 18th** of the month, DPI will issue the monthly reports which are the Budget Balance report (JHA705) and the Cash Balance report (JHA714) Local Expenditures by Account Code (JHA305LO).

Monthly Report Descriptions:

Charter Schools Cash Balance Report (JHA714): This is the primary report used to reconcile cash certifications, which have posted for the state and federal funds. It is one of the monthly reports issued to you between the 16th and 18th of every month and it is in two (2) parts: year-to-date figures (R01), and monthly figures (R03). This report shows your beginning of the year cash balance, the certifications recorded, the cash expenditures recorded, and the ending calculated cash balance. It also shows the amount of dollars still available (Authority to Draw) to be requested for the PRC. The report is grouped by primary funding area (State, Voc Ed, Title I, etc.), then PRC within that area. The miscellaneous grants are listed in PRC order as the last group.

Note #1: The Remaining Cash Available to Request should agree to the Budget Balance amount on the JHA 705 Report.

Note #2: If the 'Unit Ending Cash Balance' is positive, it indicates more funds were certified or requested than reported expenditures. A zero out will take place to balance certifications to recorded expenditures. If the Unit Ending Cash Balance is negative, it indicates additional funds are needed to cover reported expenditures. A certification or request for additional funds should occur.

Charter School Budget Balance Reconciliation Report (JHA705): This is the primary report used to reconcile expenditures, which have posted for your state and federal funds. It is one of the monthly reports issued to you between the 16th and 18th of every month. This report is grouped by Program Report Code (PRC). Each PRC has its own section with different state or federal funding source. The report shows your budget for the year, your current month expenditures, your year-to-date expenditures, and your remaining budget balance. A positive budget balance is what you have remaining to spend for the year. A negative budget balance would indicate an overspent budget. Since many of the federal allotments or budgets carryover into the following year, it is normal to have a budget balance at year end for some of the Federal grants. This balance is what "rolls over" to the next year. **Your State funds (PRC 036) and the federal vocational education funds DO NOT carry over to the next year.**

This report also shows the **source code** of the transaction:

*if the **source code** begins with DF, it is a data file and not an adjustment keyed by DPI.

*if the **source code** begins with SA, it is a State Adjustment, possibly during the zero out process.

*if the **source code** begins with BA, it is the Budget Allotment keyed by DPI.

Please note the budget will be grouped in line item **58200-699** (the last line). Your state funds are not required to have a corresponding budget.

Charter School Local Expenditures by Account Code Report (JHA305LO): This report shows local expenditures, which have posted for local funds. The report is sorted by the Program Report Code (PRC) created by the Charter School. The report includes the account code, transaction amount, and source code and year-to-date expenditures.

Note: If recorded expenditures in Fund 1 (State -PRC 036) exceed state budget or certification and the budget balance is zero, DPI will reclassify expenditures from Fund 1 (state) to Fund 2 (local) expenditures.

Monthly Monitoring Letter:

You will also receive a "monitoring letter" each month after we process the data file. This letter is to inform you of invalid codes that were used in error when we received your data file. **You should correct your accounts as soon as possible.**

Note: This letter does not generate a UERS financial warning letter. It is to assist you in getting NC DPI accurate data.

II. Per Pupil Expenditure Data

DPI is responsible for the presentation of total LEA and Charter School expenditure and financial information to the General Assembly, Federal Government, and other interested parties.

North Carolina uses the final Average Daily Membership (ADM) figures as our base for calculating per-pupil information. The basic premise for per-pupil data is that those funds that can be directly attributed to the ADM (or K-12 population) are included. All other revenue and expenditure data is excluded. Per-pupil expenditure data is recorded in the Statistical Profile as produced by the Department of Public Instruction.

III. Student Data Collection

Requirements for Student Accounting for Charter Schools

- A. Charter Schools will be required to comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System (UERS).
- B. Student membership and student attendance shall be maintained in PowerSchool. Membership and attendance requirements are outlined in the **School Attendance and Student Accounting Manual**. Go to: www.ncpublicschools.org/docs/fbs/accounting/manuals/sasa.pdf.
- C. Charter Schools must meet the requirements of the North Carolina compulsory attendance law. The compulsory attendance law sets forth the requirement for children between the ages of seven and 16 to attend school and outlines the responsibilities of school personnel for enforcement of the law. For more information see the School Attendance and Student Accounting Manual or North Carolina General Statute 115C-378.

Charter Schools are required to provide the following data to be in compliance with UERS. Policies and procedures related to student accounting can be found in the [Student Accounting Manual](#)

Principal's Monthly Report (PMR)

- Content: Student accounting data on Enrollments, Withdrawals, and Attendance data.
- Due Date: At the end of each school month.
- Purpose: To generate an accurate count of the students in the school systems. Enrollments, Average Daily Membership (ADM), and average daily attendance (ADA) are based on the data contained in this report. Preliminary non-promotions are obtained from the ninth month report.
- Data Use: The main use of this data is for planning and budgeting. The financial resources provided from federal and state resources are based on one form or another of the student counts. The data is also essential to evaluation, measurement of compliance with the federal programs, testing, school construction, planning, etc.
- Collection Method: The data is submitted electronically using PowerSchool.

Pupils in Membership By Grade, Race, and Sex (GRS) Report

- Content: The race and sex composition of the students in first month membership
- Due Date: With PMR
- Frequency: Annually
- Purpose: To provide race and sex data to the state, federal, and local agencies and organizations.
- Collection Method: The data is submitted electronically using PowerSchool.

Graduate Data Verification Report (GDVR) – schools with 12th grade

- Content: The number of graduates, their demographics, and their intentions for post high school education and work.
- Due Date: last Thursday before 6/30
- Frequency: Annually
- Purpose: To collect the number of high school graduates, certificate recipients, and their names for the State Archives. The universities and other organizations use this data for capacity planning recruiting. The information also forms a part of the accountability profile of each school.
- Collection Method: The data is submitted electronically using PowerSchool.

Retention, Promotion and Graduation Report (RPG)

- Content: Attendance to the Summer School Programs and the resulting changes in the non-promotions.
- Due Date: End of September.
- Frequency: Annually.
- Purpose: To revise the year-end non-promotion statistics to reflect the result of summer school attendance.
- Collection Method: The data is submitted electronically using PowerSchool.

IV. Staff Data Collection

School Activity Report (SAR)

- Content: The classroom activities the students participate in and the instructional personnel involved in the activities, by class and by school.
- Due Date: End of second school month
- Frequency: Annually
- Purpose: To collect data on the class sizes, required by law, to document who teaches what, what subjects each school offers, and at what academic level, to establish how many students, by race and gender, are enrolled in each subject.

- **Data Use:** Used to monitor class size as prescribed by law. The information is widely used by the researchers and the State agency personnel in identifying their target personnel in the schools to provide them with the necessary services and materials. School systems that plan to introduce a new subject use the data to identify schools in other systems that are already teaching the subject.
- **Collection Method:** PowerSchool software system has the capability to generate all the data required for schools with standard schedules.

Public School Full Time Personnel Report (SS-200)

- **Content:** Race, gender, ethnicity and fund source of full-time personnel employed as of October 1 at the charter school.
- **Due Date:** End of October
- **Frequency:** Annually
- **Purpose:** To provide information to various public and private organizations. The data is at the LEA level. The assignment classifications match the federal surveys such as those of the Equal Employment Opportunity Office of the US Department of Education. This is the only source of information on the professional and non-professional staff employed at the Charter School.
- **Collection Method:** The data are collected via the SS-200 online Oracle APEX application.

V. Financial Data Publication

Financial and Business Services, School Business Section produces a [Statistical Profile](#) document. This publication is designed to provide information about the financing of public education. It contains selected data on the revenues and expenditures of the North Carolina public schools.