

IDEA Public Schools

AUTHORITY OVER FISCAL MATTERS POLICY



IDEA PUBLIC SCHOOLS BOARD POLICY
AUTHORITY OVER FISCAL MATTERS
KEYSTONE POLICY

Sec. 1. PURPOSE OF POLICY.

Through this policy, the Board of Directors (hereafter, the “Board”) of IDEA Public Schools (hereafter, “IDEA”) shall address applicable legal requirements, including:

- (a) Texas Business Organizations Code (“Tex. Bus. Org. Code”) Sections 3.101, 22.201, 22.221 and 22.235;
- (b) Texas Education Code (“Tex. Ed. Code”) Sections 12.115(a)(2) and 12.121; and
- (c) Texas Administrative Code, Title 19 (“19 TAC”), Sections 100.1033 and 100.1101.

Sec. 2. APPLICABILITY.

This policy shall act as a keystone fiscal policy and shall apply to all other Board policies or administrative procedures. In the event of any conflict with other Board policy or administrative procedure, **the requirements set forth in this policy shall prevail and govern.** Accordingly, Board policies should include an appropriate reference to this policy.

Sec. 3. FINAL AUTHORITY.¹

- (a) Absent a specific delegation of a power or duty (as approved by the commissioner of education, where applicable), the Board may not delegate, and thus retains, functioning as a body corporate, final authority to exercise the following powers and duties:
 - (1) Adopt and amend policy;
 - (2) Adopt and amend the budget;
 - (3) Approve amendments to IDEA’s charter with TEA;
 - (4) Approve the obligation and expenditure of funds;
 - (5) Approve the use of property;²
 - (6) Approve the purchase, lease or sale of real property.³
 - (7) Direct the disposition and safekeeping of records, including access to, control over and possession of such records;
 - (8) Approve the annual financial and compliance report;
 - (9) Set compensation for the CEO/Superintendent.

¹ Tex. Bus. Org. Code §§ 3.101 and 22.201; Tex. Ed. Code § 12.121; 19 TAC §§ 100.1033(b)(14)(C)(ii)-(iv) and 100.1101(a)/(d)

² At 19 TAC § 100.1001(6), certain things, such as cash, bank accounts, loans and other such items, are defined as personal property. At 19 TAC § 100.1063(a), personal property is public property. Consequently, the use of public property, such as cash, bank accounts, and loans, are subject to the Board’s final authority.

³ Tex. Ed. Code § 12.106(f)(4). 19 TAC 100.1101(b), (c) requires that the Board of a charter holder maintain the primary responsibility for implementing the public school program authorized by the open-enrollment charter and ensuring the performance of the students enrolled in its charter schools in accordance with the Tex. Ed. Code. The rule further provides, under (b)(1), that “An open-enrollment charter grants to the governing body of a charter holder the authority to operate a charter school” and, under (b)(2), that, “Except as provided by this section, the governing body’s powers and duties to operate the charter school shall not be delegated, transferred, assigned, encumbered, pledged, subcontracted, or in any way alienated by the governing body of the charter holder. Any attempt to do so shall be null and void and of no force or effect and shall constitute abandonment of the contract for charter.”

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- (b) Set compensation for officers listed in Sec. 5(b) through 5(k) of this policy should the compensation offer be above midpoint of the approved range for an initial offer, or involve a % increase higher than the average merit increase for the organization for returning officers listed in Sec. 5(b) through 5(k) of this policy;
 - (1) To amend its governing documents (certificate of formation, bylaws and any other document or record establishing the protocols and practices of the Board and IDEA) subject to approval of a charter amendment by the commissioner of education;
 - (2) To authorize and approve the organization, governance structure, and management of any subsidiary, disregarded entity, or any other entity where IDEA is a corporate member or has a controlling interest;
 - (3) To establish and staff committees to support the Board with its fiscal oversight of IDEA’s business affairs and operations; and
- (c) To approve any expansions of the IDEA network within IDEA Texas or with partnerships in Texas
- (d) This final authority notwithstanding, the Board hereby authorizes the Superintendent and CEO and Chief Financial Officer (the “Delegates”) to initially exercise the authority set forth in subsection (a)(1), (2), (4), (5), (6) & (8) and to the CEO and Superintendent for those matters set forth in (a)(3) & (7) in a manner consistent with this and other Board policy. Notwithstanding the above initial delegation, the Delegates, CEO and Superintendent shall bring recommendations through the Board’s committee process and to the Board for final review and consideration of approval.
- (e) In accordance with applicable Board policy, the Delegates shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5 of this policy, and any conflicted,⁴ interested,⁵ or related⁶ party, as defined in other Board policy or applicable law expressly including family members by blood or marriage to the third-degree. IDEA may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.
- (f) At the Board’s discretion, the Board may, at any time, review any business arrangement or transaction subject to this policy and approve or disapprove the Delegates’ initial action on the Board’s behalf.
- (g) Any delegation of authority notwithstanding, the Board remains responsible for any business arrangement or transaction undertaken by the Delegates.⁷

⁴ Tex. Ed. Code § 12.1054; 19 TAC §§ 100.1131 through 100.1135

⁵ 19 TAC § 100.1047(f)

⁶ Tex. Ed. Code § 12.1166

⁷ Tex. Ed. Code §12.121; 19 TAC §100.1101(d)

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Sec. 4. DESIGNEE.

- (a) In Board policy, where the Delegates are authorized to confer authority to a designee (as denoted by the phrase “or designee”), the Delegates may confer such authority to a single designee. If the Delegates confer authority to a designee, the Delegates shall do so in writing through an administrative procedure, job description, or internal memorandum. The Delegates’ conferred authority to a designee must be specific and must cite the policy section from which it is derived. Any delegation of authority to a designee not documented as set forth in this section shall be null and void.
- (b) Any delegation of authority notwithstanding, the Delegates remain responsible for the business arrangement or transaction undertaken or that should have been undertaken pursuant to this policy, including the reporting and accounting of business expenses by IDEA officers and employees.

Sec. 5. OFFICER.

For the purposes set forth in this and other Board policy, *Officer* means a person charged with the duties of, or acting as, a chief executive officer, a central administration officer, a campus administration officer, or a business manager⁸ including individuals employed in the following senior, regional, and campus leadership positions:

- (a) Chief Executive Officer / Superintendent,
- (b) President,
- (c) Deputy Superintendent,
- (d) Chief Schools Officer,
- (e) Chief Governance Officer,
- (f) Chief College Officer,
- (g) Chief Financial Officer,
- (h) Chief Human Assets Officer,
- (i) Chief Operating Officer,
- (j) Chief Academic Officer,
- (k) Chief Information Officer,
- (l) Area Superintendent,
- (m) Chief of Staff to the CEO / Superintendent,
- (n) In-House General Counsel
- (o) Executive Director,
- (p) Vice-President,
- (q) Chief of Staff,
- (r) Managing Director,
- (s) Director,
- (t) Campus Principal,
- (u) Campus Assistant Principal, and

⁸ 19 TAC § 100.1001(16)

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- (v) Any other person that may be characterized as an officer under applicable law.

Sec. 6. BOARD AUTHORIZATION REQUIRED.

Consistent with Sec. 3 of this policy and the Board's fiduciary duties and standard of care established under applicable law, the Delegates shall present to the Board for approval any business arrangement or transaction with a cost or value of \$250,000 or that relates to an officer or conflicted, interested, or related party, as defined in other Board policy or applicable law. Notwithstanding, purchases of goods or services that are within the Board's approved budget (or a board approved amendment) that are made through a local government or interlocal cooperatives under § 6.2.1(b) of the Board Purchasing Policy, do not require Board approval but are subject to approval by the Delegates. Additionally, Sec. 3(a)(9) notwithstanding, compensation for the officers listed in Sec. 5(k) through 5(s) of this policy, do not require Board approval but must be approved by the CEO/Superintendent. These exceptions notwithstanding, the Board may, at its discretion, review and exercise its final authority to approve or disapprove any purchase through a local government or interlocal cooperative.

Sec. 7. PRUDENT PERSON RULE.

In their use of the funds, property and other organizational resources, such as established lines of credit and the talents of and time worked by employees and contractors, officers and employees shall limit their use of funds and property to purposes pertaining to IDEA's mission and to those activities, functions, programs, and services that are ordinary and necessary for the conduct of IDEA's mission. Importantly, in their use of funds, officers and employees shall only incur costs that, by their nature and amount, do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time that the decision was made to incur the cost.

Sec. 8. ABUSE AND WASTE PROHIBITED.

- (a) Officers and employees shall not abuse or waste funds, property and other organizational resources, such as established lines of credit and the talents of and time worked by employees and contractors.
- (b) For purposes of this policy, abuse is defined as behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate.⁹
- (c) For purposes of this policy, waste is defined as the act of using or expending resources carelessly, extravagantly, or to no purpose. In this context, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight.¹⁰

⁹ *Government Auditing Standards*, Sec. 6.23, 7.25 and 8.122

¹⁰ *Government Auditing Standards*, Sec. 6.21, 7.23 and 8.120

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Sec. 9. TRAINING AND UPDATES.¹¹

The Delegates or designee shall properly train or ensure training is provided to IDEA officers and employees on the requirements of this policy and any administrative procedures adopted to implement this policy. Additionally, the Delegates or designee shall keep IDEA officers and employees informed of any changes to this policy and related requirements.

Sec. 10. ADMINISTRATIVE PROCEDURES.¹²

The Delegates shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable legal requirements. In doing so, the Delegates shall not adopt, and are prohibited from adopting, an administrative procedure that is not authorized by and that conflicts with applicable law or this policy. Accordingly, the Delegates shall confer with the Board or legal counsel before deviating from the requirements set forth in this policy. In the event that a deviation from this policy becomes necessary, the Delegates shall either recommend an amendment to this policy or the Board's approval of a specific deviation, including the purpose, scope and duration of the requested deviation.

Sec. 11. DATE ADOPTED AND EFFECTIVE.

As set forth in the pertinent minutes to the meeting of the Board, the Board amended this policy on July 28, 2024, and it became effective on July 28, 2024.

Sec. 12. RETENTION.¹³

This policy shall be retained until superseded, expired, or discontinued and for five (5) years thereafter in accordance with state law.

Sec. 13. CERTIFICATION.

The Undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the Board Policy relating to the Authority Over Fiscal Matters, as originally adopted by the Board on May 1, 2020, and as subsequently amended by the Board on June 12, 2020, July 17, 2020, August 13, 2020, June 17, 2022, January 20, 2023, July 28, 2023, August 25, 2023, and July 28, 2024 which Policy, as amended, is in full force and effect and has not been revoked or amended.

¹¹ 2 CFR § 200.303(a), U.S. Government Accountability Office *Standards for Internal Control in the Federal Government*, 4.02 and 4.05.

¹² Consistent with 19 TAC § 100.1033(b)(14)(C)(iv), the Board has the final authority to adopt policies governing charter school operations, including authorizing the Delegates or designee to adopt an administrative procedure to implement this policy. Moreover, as set forth in IDEA's Articles of Incorporation and Bylaws and in accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is IDEA's governing authority and, as such, manages and directs IDEA's business and affairs through Board actions, resolutions and policy.

¹³ Tex. Ed. Code §12.1052; 19 TAC §100.1203; See Record Number GR1000-38 and GR1025-25 in Local Schedule GR: Records Common to All Local Governments, Revised 5th Edition (Effective April 17, 2016) adopted by the Texas State Library and Archives Commission at Texas Administrative Code, Title 13, §7.125(a)(1).

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DocuSigned by:

Ed Rivera

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Ed Rivera, Board Secretary

7/26/2024

Date Certified