PG-5.110: ACCOUNTS PAYABLE

Sec. 1. PURPOSE OF POLICY.

Through this policy, the Board of Directors (hereafter, the "Board") of Midland Academy Charter doing business as Midland Academy (hereafter, the "School") shall address the legal requirements, as applicable, promulgated at:

(a) Texas Education Code ("Tex. Ed. Code"), notably Sections 12.107, 12.115(a)(2), 12.121 and 12.128;
(b) Texas Business Organizations Code ("Tex. Bus. Org. Code"), notably Sections 3.101, 22.201, 22.221 and 22.235;
(c) Texas Administrative Code, Title 19 ("19 TAC"), Chapter 100, notably §§ 100.1047(b) and 100.1101;
(d) Code of Federal Regulations, Title 2, Part 200 ("2 CFR 200");
(e) Financial Accountability System Resource Guide;
(f) *Standards for Internal Control in the Federal Government* promulgated by the Comptroller General of the United States;
(g) *Internal Control - Integrated Framework* issued by Committee of Sponsoring Organizations of the Treadway Commission; and
(h) *Government Auditing Standards* (2018 Revision) promulgated by the U.S. Government Accountability Office.

Additionally, through this policy, the Board shall address best practices adopted by public schools.

Sec. 2. APPLICABILITY OF POLICY.

This policy pertains to the payment of invoiced amounts or accounts payable, pertaining to the purchase of goods and services, through the use of local, state, or federal funds.

Sec. 3. AUTHORITY OVER FISCAL MATTERS.

Sec. 3.1. In accordance with state law, the Board has primary and ultimate authority over fiscal matters. If a matter or decision-making process is not addressed in this or other duly adopted policies of the Board, authority rests with the Board. In the event of a conflict between this policy and any other Board policy, such conflict shall be brought to the Board for resolution. Refer to the Board's Policy relating to its Authority Over Fiscal Matters (the "Controlling Policy") for requirements applicable to this policy.

Sec. 3.2. The Delegate, as defined in Sec. 3.2 of the Controlling Policy, shall report to the Board any business arrangement or transaction with an individual that is an officer, as defined in Sec. 5

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of the Controlling Policy, and any conflicted,[1] interested[2] or related[3] party, as defined in other Board policy or applicable law. The School and its officers may not enter into a business arrangement or conduct a transaction in such a manner so as to circumvent this requirement.

Sec. 3.3. As established in Sec. 4 of the Controlling Policy, where the Delegate is authorized to confer authority to a designee (as denoted by the phrase "or designee"), the Delegate may confer such authority to a single designee.

Sec. 4. GOOD STANDING.

To ensure that the School remains in good standing with its vendors and that its credit or financial ratings are not adversely affected, the Delegate or designee shall issue payments to vendors for invoiced amounts pursuant to this policy and to the agreed-upon terms and conditions noted on the purchase order, executed contract, or invoice.

Sec. 5. AUTHORIZED PAYMENTS FOR AMOUNTS DUE.[4]

Sec. 5.1. The Delegate or designee shall only disburse School funds to a vendor if the following conditions have been met.

(a) The invoice:

(1) Fully identifies the vendor, including the vendor's authorized representative, and said identifying information conforms to that on the purchase order issued by the School to the vendor and/or the executed contract;

(2) Includes an invoice number and date;

(3) Is addressed to the School, including the proper mailing address for accounts payable and the address to which goods and/or services were delivered;

(4) References the purchase order number issued and/or contract number; and

(5) Delineates in sufficient detail the goods and/or services provided to the School, including the quantity and the date that the goods were delivered or the services were rendered;

(b) As applicable, the vendor has filed:

(1) Form W-9,

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1 Tex. Ed. Code §12.1054; 19 TAC §§ 100.1131 through 100.1135
2 19 TAC §100.1047(f)
3 Tex. Ed. Code §12.1166
4 Tex. Ed. Code §12.115(a)(2)

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(2) Affidavit of Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying,
(3) Felony Conviction Disclosure Statement,
(4) Criminal History Record Review Certification,
(5) Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transactions,
(6) Conflict of Interest Questionnaire (Form CIQ) and any related Conflict of Interest Statements (Form CIS) from officers, directors, employees or agents of the School,
(7) Child Support Certification (Form 1903), and
(8) Other affidavits, certifications and forms as required by applicable law;

(c) School personnel have confirmed, in writing, that the goods and/or services delineated on the vendor's invoice have in fact been received and there is no cause for dispute;

(d) School personnel have confirmed, in writing, that the terms and conditions of a properly issued purchase order and/or the executed contract have been satisfied, including, but not limited to:

(1) The conformance of the goods and/or services to the agreed-upon specifications;
(2) The quantity of goods and/or services ordered; and
(3) The agreed-upon price per unit;

(e) The vendor did not levy a sales or other tax from which the School is exempt and did not charge a finance fee or other amount to which the School did not previously agree; and

(f) The vendor has satisfactorily addressed any concerns or issues identified by School personnel regarding the goods and/or services received and/or the invoiced amount(s).

Sec. 5.2. If the requirements in Sec. 5.1 of this policy are met, the Delegate or designee may issue payment to the vendor pursuant to the terms set forth in the invoice or as previously agreed-upon in the purchase order or executed contract.

Sec. 6. <u>DEFECTIVE INVOICE.</u>

The Delegate or designee shall return any invoice that fails to conform to the requirements of Sec. 5.1 of this policy. In doing so, the Delegate or designee shall issue written notice to the vendor along with the defective invoice describing the defect(s) and requesting the issuance of a new invoice and requiring that a revised due date for the invoiced amount(s) be provided.

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Sec. 7. INVOICE REVIEW AND APPROVAL.[5]

Sec. 7.1. The Delegate or designee may only issue payment to a vendor for an invoice meeting the requirements of Sec. 5.1 of this policy after it has been reviewed and approved by the Delegate or designee. If the requirements of Sec. 5.1 have been satisfactorily addressed, the Delegate or designee may issue payment to the vendor in the most administratively expeditious manner if the invoice amount is less than $1,000.

Sec. 7.2. The Delegate or designee shall have any invoices for construction services relating to a public works contract reviewed by the School's third-party architect, engineer, construction management consultant or other qualified advisor. The advisor shall provide a recommendation to the Delegate.

Sec. 8. PREPAID ITEMS.[6]

The Delegate or designee may prepay an amount to a vendor but must account for such prepaid items in accordance with generally accepted accounting principles, state and federal fiscal requirements, and Board policy. Generally, the Delegate or designee may only prepay an amount from funds appropriated by the Board for the current fiscal year.

Sec. 9. COMMUNICATION WITH VENDORS.

School personnel shall document all communications with vendors regarding their invoice(s) for any goods and/or services, including concerns relating to price, quality, quantity, type, and other agreed-upon terms or conditions.

Sec. 10. DISBURSEMENT FROM PROPER FUND SOURCE.[7]

The Delegate or designee shall disburse funds from a fund source to the vendor for an invoiced amount(s) if the goods and/or services received were:

(a) For an activity authorized by applicable law and rule;
(b) For an allowable use of funds, as established under applicable law and rule; and
(c) In compliance with other applicable law, rule and policy.

Sec. 11. DISBURSEMENT TO VENDORS.

The Delegate or designee shall only issue payment to a vendor's mailing address or directly into the vendor's bank account.

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[5] Tex. Ed. Code §12.115(a)(2)
[6] Tex. Ed. Code §§ 12.107(a) and 12.115(a)(2); 19 TAC §§ 100.1043(a) and 100.1047(b)
[7] *Ibid.*

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Sec. 12. RECORDS.[8]

The Delegate or designee shall create, obtain, and maintain adequate and sufficient records to support the disbursement of School funds to a vendor for invoice amounts, as required by applicable law, rule and policy.

Sec. 13. TRAINING AND UPDATES.[9]

The Delegate or designee shall properly train School officers and employees on the requirements of this policy and any administrative procedure(s) adopted to implement this policy. Additionally, the Delegate or designee shall keep School officers and employees informed of any changes to this policy and related requirements.

Sec. 14. ADMINISTRATIVE PROCEDURES.[10]

The Delegate shall formally adopt administrative procedures as reasonably necessary to properly administer this policy and to adhere to applicable law and rule. In doing so, the Delegate shall not adopt, and is prohibited from adopting, an administrative procedure that conflicts with applicable law or this policy. Accordingly, the Delegate 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 Delegate 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. 15. DATE ADOPTED AND EFFECTIVE.

As set forth in the pertinent minutes to the meeting of the Board, the Board adopted this policy on 09/20/2022, and it became effective on 09/20/2022.

Sec. 16. RETENTION.[11]

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

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[8] Tex. Ed. Code §§ 12.1052 and 12.115(a)(2); 19 TAC §§ 100.1022(c)(1)(vi), 100.1032(2)(P) and 100.1203(a)(2)

[9] 2 CFR § 200.303(a), U.S. Government Accountability Office *Standards for Internal Control in the Federal Government*, 4.02 and 4.05.

[10] 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 Delegate or designee to adopt an administrative procedure to implement this policy. Moreover, sin accordance with Tex. Bus. Org. Code §§ 3.101 and 22.201, the Board is the governing authority and, as such, manages and directs the School's business and affairs through Board actions, resolutions and policy.

[11] 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)

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Sec. 17. CERTIFICATION.

The Undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the Board Policy relating to Accounts Payable, as originally adopted by the Board on 09/20/2022, which Policy is in full force and effect and has not been revoked or amended.

_____

Print Name:_____
Secretary

_____

Date Certified

adopted by the Texas State Library and Archives Commission at Texas Administrative Code, Title 13, §7.125(a)(1).

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