



JOY HOFMEISTER

STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT *of* EDUCATION

# Charter School Training September, 15 2015

Nancy Hughes, Executive Director  
Financial Accounting/OCAS & Auditing

[Nancy.Hughes@sde.ok.gov](mailto:Nancy.Hughes@sde.ok.gov)

(405) 521-2517

# CHARTER SCHOOLS

- Oklahoma Statute 70 § 3-136 Item 6

A charter school, to the extent possible, shall be subject to the same reporting requirements, financial audits, audit procedures, and audit requirements as a school district. The State Department of Education or State Auditor and Inspector may conduct financial, program, or compliance audits. A charter school shall use the Oklahoma Cost Accounting System to report financial transactions to the sponsoring school district.

# CHARTER SCHOOLS

- Oklahoma Statute 70 § 3-136 Item 18

No later than September 1 each year, the governing board of each charter school formed pursuant to the Oklahoma Charter Schools Act shall prepare a statement of actual income and expenditures for the charter school for the fiscal year that ended on the preceding June 30, in a manner compliant with Section 5-135 of this title. The statement of expenditures shall include functional categories as defined in rules adopted by the State Board of Education to implement the Oklahoma Cost Accounting System pursuant to Section 5-145 of this title. Charter schools shall not be permitted to submit estimates of expenditures or prorated amounts to fulfill the requirements of this paragraph.

# FINANCIAL OFFICERS

- Oklahoma Statute 70 § 5-116 a
  - Superintendent/CEO
  - Other Financial Officers
  - Surety Bond is required
    - \$100,000
      - Separate or Individual Bond
      - Blanket Position Bond

# CLERKS

- Oklahoma Statute 70 § 5-119
  - Clerks
    - Encumbrance Clerk
    - Minutes Clerk
    - Deputy Minutes Clerk
  - Surety Bond of not less than \$1,000 (if not a financial officer)

# TREASURER

- Oklahoma Statute 70 § 5-115
  - County Treasurer
  - Board of Education may appoint a Local Treasurer
  - Assistant Treasurer
  - Must be a resident of the State
  - May serve in more than one district
  - Must execute a surety bond

# TEMPORARY APPROPRIATIONS

- Oklahoma Statute 68 § 3020
  - Board of Education shall approve a Temporary Appropriation.
  - File the Temporary Appropriations with the County Excise Board.
  
- Oklahoma Statute 68 § 3032
  - Sets limits on what can be spent from Temporary Appropriations

# DEPOSIT OF FUNDS

- Oklahoma Statute 70 § 5-115 (G)
  - Operating Account
  - Investment Account
    - Board Written Policy
    - Treasurer Responsibility
- Uniform Guidance 200.305(b) (7)-(8)
  - Federal Advanced Payment must be in an interest-bearing account under certain circumstances.

## Oklahoma Statute 70 § 5-115 G.

G. The board of education shall, each month, set aside funds to an operating account and to an investment account. Investments by the treasurer shall be made in accordance with a written policy adopted by the board of education. The written investment policy shall address liquidity, diversification, safety of principal, yield, maturity, quality of the instrument, and capability of investment management. Acting within the investment policy, the treasurer shall place primary emphasis on safety and liquidity in the investment of funds. Taking into account the need to use sound investment judgment, school districts shall, to the extent practicable, use competitive bids when they purchase direct obligations of the United States Government or other obligations of the United States Government, its agencies or instrumentalities. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested. The board of education must review the investment performance of the treasurer on a regular basis and no less than each month. The treasurer of every school district shall invest the full amount of the investment account in:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged;
2. Obligations to the payment of which the full faith and credit of this state is pledged;
3. Certificates of deposits of banks;
4. Savings accounts or savings certificates of savings and loan associations;
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2;
6. County, municipal or school district direct debt obligations;
7. Money market mutual funds;
8. Warrants, bonds or judgments of the school district;
9. Qualified pooled investment programs;
10. Investment programs administered by the State Treasurer.

# SECURING PUBLIC DEPOSITS

- Oklahoma Statute 62 § 517.5
  - Responsibility of the Treasurer to Secure Deposits
  - Treasurer may select the following securities and instruments
    - Credit from the U S Government
    - Obligations of this state, county, school district
    - General Obligation bonds of any other state of the United States
    - A surety Bond if:
      - Subject to the terms and conditions of the bond
      - An insurance company approved by State Treasurer authorized to do business in Oklahoma.

# ROLE OF TREASUER

- OAC 210:25-5-11
  - (a) Overview
  - (b) Duties and responsibilities
  - (c) Treasurer Training and Continuing Education Requirements
  - (d) Certificates of Completion
  - (e) Compliance

# LOCAL TREASUER

- Oklahoma Statute 70 § 5-115
  - When required by the board of education
    - Shall prepare and submit in writing a report of the condition of the finances of the district and shall produce at any meeting of the board.
  - Shall submit an investment report to the Board of Education monthly for approval.
  - Shall keep a separate cash ledger for each fund.
  - Must issue checks unless otherwise authorized by law.

# ROLE OF ENCUMBRANCE CLERK

- OAC 210:25-5-10
  - (a) Duties and responsibilities
  - (b) Required Forms and Documents
  - (c) Additional Duties – Dual Appointment
  - (d) Encumbrance Clerk Training & Continuing Education Requirements
  - (e) Certificates of Completion
  - (f) Compliance

# SYSTEM FOR INITIATING, RECORDING, & PAYING CONTRACTUAL OBLIGATIONS

- Oklahoma Statute 70 § 5-135
  - Encumbrance Clerk shall enter the excise board approved appropriations into the various accounts.
  - Duty of the Board of Education to prescribe and administer adequate business procedures.
    - Governing the purchase or confirmation of purchase and delivery of goods or services
    - Designation of authorized person to purchase goods or services for the district and the method of determining the school employee receiving delivery of each purchase.
  - Encumbrance Clerk must determine if there is an adequate amount of appropriations prior to the issuance of a purchase order.

# SYSTEM FOR INITIATING, RECORDING, & PAYING CONTRACTUAL OBLIGATIONS

- Encumbrances must be submitted to the board of education
- Duty of the Board of Education to prescribe and administer adequate business procedures.
- Encumbrance Clerk must determine if there is an adequate amount of appropriations prior to the issuance of a purchase order.
- No bill shall be paid unless supported by an itemized invoice.
- The approved bill may only be paid after proper accounting of the purchase has been made.
- Treasurer shall register the checks in the check register.

# ISSUE CHECKS

- Oklahoma Statute 70 § 5-186
- Three signatures must be on checks
  - Board President
  - Board Clerk
  - Treasurer
- Unlawful to issue check or payment in any form that exceeds appropriations.
- The three signatures is notification to the public.
- Facsimile Signature is Authorized if properly filed with the Secretary of State.

# Encumbrance Clerk and Treasurer Training

Oklahoma Statute 70 § 5-190  
SDE Rule 210-5-10 and 11

## Treasurer Investment Training

Oklahoma Statute 70 § 5-115 H.

# School District Transparency Act

- Oklahoma Statute 70 § 5-135.4
  - Identification of the School District
  - OCAS code designation of each expenditure
  - Name and principle location or recipient of the funds or recipient of funds.
  - Amounts of funds expended
  - Type of Transaction
  - Purpose of funding action or expenditure
  - Copies of all credit card statements, identified by department responsible for each credit card.
  - Budgeted and Audited actual expenditures

# School District Transparency Act

- Per Pupil Expenditures
- SDE shall make data available 120 of transmission of the expenditures by the school district.
- School Districts shall provide information requested by the Department to accomplish the purposes of this section
- If a school districts maintains a website, the district shall provide the information required in subsection C in the manner prescribed in subsection B of this section on the districts website.

# Oklahoma Cost Accounting System (OCAS)

# Oklahoma Cost Accounting System (OCAS)

- What is OCAS?

OCAS is an accounting system unique to Oklahoma however is also part of the larger accounting system instituted by the United States Department of Education (USDE)/National Center for Education Statistics (NCES); each state has developed its own system that adheres to national standards.

- Why use OCAS?

**IT'S THE LAW!!!!**

- Oklahoma State Statute 70 §5-135.2
- Oklahoma Administrative Code Title 210:25

# Oklahoma Cost Accounting System (OCAS)

- Each year the Financial Accounting office receives the financial transactions for the preceding fiscal year from over 550 Oklahoma school districts, charter & virtual schools, and interlocals. The data received becomes part of an information network accessed daily by any party interested in the use of public education funds.
- OCAS data is used to meet federal program compliance for Maintenance of Effort for Special Education and NCLB, Indirect Cost, and Excess Cost.
- OCAS data is used to meet state compliance for Administrative Cost.

# Oklahoma Cost Accounting System (OCAS)

- OCAS data is also used by:

US Department of Education

National Center for Education Statistics

US Census Bureau

Governors Office

Legislature

State Auditor and Inspector's Office

Professional Organizations

General Public

# OCAS Dimensions

## Expenditures (27)

FY	Fund	Project Reporting	Function	Object	Program	Subject	Job Class	Oper'l Unit
XX	XX	XXX	XXXX	XXX	XXX	XXXX	XXX	XXX

## Revenue (17)

FY	Fund	Project Reporting	Source of Revenue	Program	Oper'l Unit
XX	XX	XXX	XXXX	XXX	XXX

EXPENDITURES

# OCAS Definitions

- Fiscal Year – a twelve month period of time, from July 1 through June 30, to which the annual budget applies and at the end of which the district determines its financial position and the results of its operations.

FY 14

# OCAS Definitions

- **Fund** – a fiscal and accounting entity, with a self-balancing set of accounts recording resources, liabilities, residual balances or changes therein.

## 10 GENERAL FUNDS

11\* General Fund

12\* Cooperative Fund

\* Bold Codes

# OCAS Definitions

- 20 Special Revenue Funds
  - 21\* Building Fund
  - 22\* Child Nutrition Fund
  - 23\* Special Building Fund (Mid Del Only)
  - 24\* OKC Maps Trust
  - 25\* Municipal/County Tax Levy
  - 26\* Childcare & Limited Services for Children

\* Bold Codes

# OCAS Definitions

## 30 Capital Projects Funds (Bond Funds)

31\* General Purpose Bond Fund(s) of fiscal year authorized

32\* General Purpose Bond Fund(s) of fiscal year authorized

33\* General Purpose Bond Fund(s) of fiscal year authorized

34\* General Purpose Bond Fund(s) of fiscal year authorized

35\* General Purpose Bond Fund(s) of fiscal year authorized

36\* General Purpose Bond Fund(s) of fiscal year authorized

37\* General Purpose Bond Fund(s) of fiscal year authorized

38\* General Purpose Bond Fund(s) of fiscal year authorized

39\* General Purpose Bond Fund(s) of fiscal year authorized

\* Bold Codes

# OCAS Definitions

40 Debt Services Fund

41\* Sinking Fund

50\* Endowment Fund

60\* School Activity Funds

\* Bold Codes

# OCAS Definitions

## 80 Trust and Agency Funds

81\* Gift Fund

82\* Medical Insurance Fund (Self Insured)

83\* Workers' Compensation Fund (Self Insured)

84\* Tort Liability Fund (Self Insured)

85\* Cafeteria Plans Fund (Self Insured)

86\* Casualty/Flood Insurance Recovery Fund

87\* Unemployment Compensation Fund (Self Insured)

88\* Arbitrage Rebate Liability

\* Bold Codes

# OCAS Definitions

Project – a reporting dimension which permits LEAs to accumulate expenditures to meet a variety of specialized management and reporting requirements, regardless of whether they are district, state or federal. Expenditures and revenues may be accumulated under individual projects with the flexibility of accommodating additional projects that LEAs might wish to account for on a permanent or temporary basis.

000	Non-categorical Projects
001-298	Locally Assigned Projects
299	Gifts and Endowments

# OCAS Definitions

300-399 State Programs

400-499 Vocational Programs

500-799 Federal Programs

800-998 School Activity Subaccounts

# OCAS Definitions

- **Function** – the activity being performed for which a service or material object is required.

1000 – Instruction

2100 – Support Services/Students

2200 – Supports Services/Instructional Staff

2300 – Support Services/General Administration

2400 – Support Services/School Administration (Site)

2500 – Central Services

2600 – Operation and Maintenance of Plant Services

2700 – Student Transportation

3100 – Child Nutrition Program Operations

3200 – Enterprise Operations

4000 – Facilities Acquisition and Construction Service

5000 – 8000 Other Uses and Repayments

# OCAS Definitions

- Object – the service or goods obtained.

100 Personnel Services – Salaries

200 Personnel Services – Employee Benefits

300 Contracted Services

400 Purchased Property Services

500 Other Purchased Services

600 Supplies

700 Property

800 Other Objects

900 Other Uses of Funds

# OCAS Definitions (Continued)

- Program – the plan of activities and procedures designed to accomplish a predetermined objective.

000	Undistributed Expenditures
100	Regular Programs (Elementary-Secondary)
200	Special Programs
300	Vocational Programs
400	Other Instructional Programs
500	Continuing Education Programs
600	Community Services Programs
700	Child Nutrition Programs
800	Athletic Programs - Competitive
900	Cocurricular and Extracurricular Activities

# OCAS Definitions (Continued)

- **Subject** – a group of related subjects which allows accumulation of costs in particular academic or curricular subject areas.

0000\* Non Subject

1010\* Pre-kindergarten

1020\* Kindergarten

1030\* Transitional/Development, First Grade

1050\* Elementary Education (Self Contained Grade Codes)

1060\* High School Special Education (Self Contained)

# OCAS Definitions (Continued)

1100-2300	Elementary Education Departmentalized
2400-2500	Business and Computer Education
2600's	Agriculture
2700's	Additional Subjects
2800-2900	Arts and Humanities
3000's	Music
3100's	Foreign Language
3300's	Health and Physical Education
3400's	Family and Consumer Sciences

# OCAS Definitions (Continued)

3500's	Industrial Arts/Technology Education
4000-4200	Language Arts
4400-4800	Mathematics
5000-5300	Science
5400-5700	Social Studies
8000's	All Career Tech Courses

# OCAS Definitions

- Job Class – a classification used to identify expenditures for salaries and benefits by the employee's job.

000*	Non Salary
100	Official - Administrative
200	Professional - Educational
300	Professional - Other
400	Paraprofessional
500	Technical
600	Office/Clerical Support
700	Crafts and Trades
800	Operative
900	Laborer

# OCAS Definitions

- Operational Unit – Site Code – Assigned by Accreditation Section of the SDE

001-099	District Assigned
050	District Wide
100-499	Elementary School Sites (PK-8 any combination)
500-599	Middle School Sites (05-08 any combination)
600-699	Junior High Sites (07-09 any combination)
700-799	Senior High Sites (9-12 any combination)
970-989	Charter Schools
998	Cooperative Sites

## Example of an Expenditure

You are paying a teacher out of Special Education Flow Through Funds to teach a self-contained Special Education High School Class. This teacher is the teacher of record.

FY	Fund	Project Reporting	Function	Object	Program	Subject	Job Class	Oper'l Unit
16	11	621	1000	110	239	1060	210	977

You are purchasing textbooks from State Textbook Funds.

FY	Fund	Project Reporting	Function	Object	Program	Subject	Job Class	Oper'l Unit
16	11	333	1000	641	100	1050	000	971
16	11	333	1000	643	100	1050	000	971

REVENUE

# OCAS Revenue Definitions

- **Fiscal Year** – a twelve month period of time, from July 1 through June 30, to which the annual budget applies and at the end of which the district determines its financial position and the results of its operations.
- **Fund** – a fiscal and accounting entity, with a self-balancing set of accounts recording resources, liabilities, residual balances or changes therein.
- **Project** – a reporting dimension which permits LEAs to accumulate expenditures to meet a variety of specialized management and reporting requirements, regardless of whether they are district, state or federal. Expenditures and revenues may be accumulated under individual projects with the flexibility of accommodating additional projects that LEAs might wish to account for on a permanent or temporary basis.

# OCAS Definitions (Continued)

- **Source of Revenue** – a classification that differentiates district, intermediate, state and federal revenue. Revenues from restricted sources, such as state and federal revenues, would be further classified using the Project dimension.
- **Program** – the plan of activities and procedures designed to accomplish a predetermined objective.
- **Operational Unit** (Site Code) – a classification used to identify the accredited instructional site according to grade span or the non-accredited /non-instructional site at which personnel serve the district.

# OCAS Definitions

## Source of Revenue

- 1000 District Sources
- 2000 Intermediate Sources (County)
- 3000 State Sources
- 4000 Federal Sources
- 5000 Non Revenue Receipts
- 6000 Balance Sheet Accounts

# Examples of Revenue

You receive funds in December from your sponsor from the SDE State Textbook Fund for the General Fund.

FY	Fund	Project Reporting	Source of Revenue	Program	Oper'l Unit
16	11	333	3420	000	971

You claimed the number of meals of students who ate breakfast and lunch for the month of August and you just received your payment by direct deposit from SDE.

FY	Fund	Project Reporting	Source of Revenue	Program	Oper'l Unit
16	22	763	4710	700	971
16	22	764	4720	700	971
			Or		
16	11	763	4710	700	971
16	11	764	4720	700	971

# State and Federal Compliance

# Administrative Costs Definition

*70 O.S. § 18-124*

D. For purposes of this section, “administrative services” means costs associated with:

1. Staff for the board of education;
2. The secretary/clerk for the board of education;
3. Staff relations;
4. Negotiations staff;
5. Immediate staff of the superintendent, elementary superintendent or any assistant superintendent;
6. Any superintendent, elementary superintendent, or assistant superintendent;

# Administrative Costs Definition (Continued)

7. Any employee of a school district employed as a director, coordinator, supervisor, or who has responsibility for administrative functions of a school district; and
8. Any consultant hired by the school district.

**CODES USED FOR ADMINISTRATIVE COST  
CALCULATION ARE IN THE BACK OF THE OCAS  
MANUAL IN THE POLICIES AND PROCEDURES  
TAB PAGES 31 AND 32**

# Penalty For Exceeding Administrative Cost (Continued)

*70 O.S. § 18-124*

A. Any school district with an average daily attendance (ADA) of **more than one thousand five hundred (1,500) students** for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than **five percent (5%)** of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the **five percent (5%)** withheld the following year from the Foundation and Salary Incentive Aid for the school district.

# Penalty For Exceeding Administrative Cost (Continued)

B. Any school district with an average daily attendance (ADA) of **more than five hundred (500) students but not more than one thousand five hundred (1,500) students** for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more than **seven percent (7%)** of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the **seven percent (7%)** withheld the following year from the Foundation and Salary Incentive Aid for the school district.

# Penalty For Exceeding Administrative Cost (Continued)

C. Any school district with an average daily attendance (ADA) of **five hundred (500) or fewer students** for the preceding year which expends for administrative services in the 2005-06 school year or any school year thereafter, less expenditures for legal services, more **than eight percent (8%)** of the amount it expends for total expenditures, less expenditures for legal services, shall have the amount which exceeds the **eight percent (8%)** withheld the following year from the Foundation and Salary Incentive Aid for the school district.

# Penalty For Exceeding Administrative Cost (Continued)

F. Each school site within a school district shall take steps to ensure that the administrative costs for the school comply with the expenditure limits established for school districts in this section.

G. Funds withheld pursuant to the provisions of this section shall be distributed through the State Aid formula to the districts not so penalized.

# Superintendent's Salary

**Federal Funds  
cannot be used to pay  
the salary or benefits  
of the Superintendent/CEO**

OMB Uniform Grants Guidance  
2 CFR Part 200.444 (Federal Law)

# FEDERAL COMPLIANCE

## **NCLB Maintenance of Effort**

An LEA receiving funds under a covered program may receive its full allocation of funds only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of State and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding fiscal year.

# FEDERAL COMPLIANCE

## Special Education Maintenance of Effort

“Funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.” 34 CFR 300.203(b) OSDE to ensure that the LEA spent (for that purpose) at least the same total or per capita amount of local funds only or the combination of state and local funds.

# FEDERAL COMPLIANCE

## Excess Cost

Title 34 CFR 300.184

Equitable expenditures for  
regular and special education.

# FEDERAL COMPLIANCE

## Indirect Cost

Uniform Guidance 2 CFR Part 200.57

Revenue received for  
program management.

# AUDIT

## Federal Law

Uniform Grants Guidance 200.500-520

## Oklahoma State Statute

Title 70 §22.101-112

## Oklahoma State Department of Education Regulation

OAC 210:25-5-5

# FINANCIAL REPORTING TIMELINES

- **August 1** – All claims for reimbursement against any federal program section for preceding fiscal year must be received. Unclaimed funds will become carryover in the new fiscal year.
- **September 1** – District's final Revenue and Expenditures for preceding fiscal year must be submitted to Financial Accounting via the web-based Oklahoma Cost Accounting System (OCAS) reporting system.
- **October 1** – District must submit one copy of either the Estimate of Needs or the Budget (for those districts on the School District Budget Act) to Financial Accounting and the County Excise Board.

# FINANCIAL REPORTING TIMELINES

- **March 31** – Districts who are identified as having expended \$750,000 or more in federal awards must have their audit submitted to Financial Accounting.
- **April 30** – Districts who are identified as having expended less than \$750,000 in federal awards must have their audit submitted to Financial Accounting.
- **June 30** – Audit contract between the district and the independent auditor must be submitted to Financial Accounting.

# Publications Available

Accountability at a Glance – Single Sign-On Site

Coding Obstacles Districts Encounter Daily  
(CODED) – Financial Accounting

OCAS Manual – Financial Accounting

School Laws of Oklahoma

SDE Permanent Rules (Chapter 25 Finance)

Technical Assistance Document – State Aid Website

# Financial Accounting / OCAS/Auditing Contact Information

Nancy Hughes, Executive Director

Nancy.Hughes@sde.ok.gov

Kathy Black, Auditing Financial Specialist

Kathy.Black@sde.ok.gov

Kelly Freeman, Financial Specialist

Kelly.Freeman@sde.ok.gov

Pam Honeysuckle, Financial Specialist

Pam.Honeysuckle@sde.ok.gov

Iona Martin, Financial Specialist

Iona.Martin@sde.ok.gov

Phone number: (405) 521-2517

Fax number : (405) 522-3271