

Title 28

EDUCATION

Part CXXXIX. Bulletin 126—Charter Schools

Chapter 25. Charter School Fiscal Responsibilities

§2511. Cash Management and Investment

A. Each charter school board shall create and adopt a policy and implement procedures regarding cash management and investments of public funds. The policy shall protect public funds by minimizing the amount of unsecured funds to the extent practical.

B. Best practices identified for political subdivisions in R.S. 33:2955, Investment by Local Political Subdivisions and R.S. 39:1211, Banking Law for Political Subdivisions may be used as a guide for developing a cash management and investment policy for charter school boards. The use of any of the best practices shall not be interpreted to define charter schools as political subdivisions.

C. The cash management and investment policy shall contain procedures for determining the bank or other such entity in which public funds in an amount equal to the amount ensured by the FDIC shall be deposited. The bank or other such entity shall be a stock-owned federally insured depository institution organized under the laws of this state or of any other state of the United States, or under the laws of the United States.

D. Each charter school board shall include in the policy a process for examination of the soundness of any banking institution considered as the fiscal agent or local depository prior to deposit of funds. Charter operators shall utilize the quarterly Federal Financial Institutions Examination Council's (FFIEC) Uniform Bank Performance Review (UBPR) to select an institution in which to deposit funds. Two metrics included in this report indicate the stability of a bank specifically, High Capital Ratio and Non-Current Loans Equity Capital, and shall be reviewed prior to conducting business with this institution. Documentation shall be maintained to support the completion of this verification and made available for review if requested.

E. The policy shall contain procedures for identifying one or more methods for managing unsecured funds in order to minimize the risk of loss. In order to minimize unsecured cash, the following methods for cash management and investments may be considered:

1. Collateralization of funds offered to public entities, if available;
2. Certificate of deposit laddering;
3. Deposits in the Louisiana Asset Management Pool (LAMP);
4. Deposits in the Certificate of Deposit Account Registry Service (CDARS);
5. Deposits in an Insured Cash Sweep service; and
6. Deposits in multiple banking institutions.

NOTE: Documentation shall be maintained to support the selection of one or more methods for managing unsecured funds and made available for review if requested.

F. Adherence to the adopted policy shall be measured as part of the annual independent audit of the financial statements of each charter school. The audit shall note if the charter operator holds any unsecured cash as of the end of the fiscal year, as well as the amount.

G. Each charter school board shall create and adopt a policy in compliance with the aforementioned requirements no later than December 31, 2021.

AUTHORITY NOTE: Promulgated in accordance with R.S. 17:6(A)(10), R.S. 17:3981, R.S. 17:3991, and R.S. 17:3995.

HISTORICAL NOTE: Promulgated by the Board of Elementary and Secondary Education in LR 47: