

Uniform Guidance Compliance

The main purpose of this policy is to establish guidelines for improving the Wall School District 51-5 internal controls and reduce the likelihood of funds being misused.

Fiscal Year: The fiscal year shall begin July 1st and end June 30th. (SDCL 13-26-1)

Accounting System: The Wall School District purchases an annual accounting software license from Software Unlimited (SUI), Inc. for their school accounting system. SUI school accounting system is a flexible and comprehensive financial software solution designed specifically for school districts and customized to meet the reporting requirements for the State of South Dakota.

Chart of Accounts: School districts are required to use the chart of accounts as shown in the South Dakota Department of Education School Accounting Manual. The structure includes fund, revenue, and expenditure function. Expenditure function is further defined by object. The Government Accounting Standards Board has defined the term “fund” as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all the related liabilities and residual cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The governmental fund type prescribed by Legislative Audit for the operating budget for Wall School District 51-5 is the General Fund. The General Fund is a fund provided by law to meet all the operational costs. Revenues are classified by source and type in the various funds. Revenues are defined as additions to assets which do not increase any liability, do not represent the recovery of an expenditure and to not represent the cancellation of certain liabilities or a decrease in assets. There are five types of revenue by source, 1) local, 2) intermediate, 3) state, 4) federal, and 5) other. The purpose of classifying expenditures is to provide a basis for grouping the expenditures so that a meaningful analysis can be made. Expenditures are classified by function (why purchased), and object (what purchased), operational unit (agency specific designation. Objects include salaries, purchased services, supplies, equipment, and other. The chart of accounts can be modified by the business manager to accommodate changes in the existing expenditure functions/ objects or additional expenditure function/objects or to facilitate any specific reporting requirements. Each grant is assigned to its own expenditure function.

Budget Controls & Modifications: The Business Manager and Superintendent, with input from the school principals, coordinators and directors, are involved in the budget preparation process. A preliminary budget is presented to the Board at their regular meeting in May. The budget hearing takes place during the July board meeting and the budget is adopted by the September board meeting. The budget is constructed using the current budget; historical revenue and expenditure data, proposed salaries and changes in employee benefits, state and local growth data and projections, current enrollment data and projections and specific grant allocation amounts. Budget supplements are presented to the board by the business manager when additional expenditures exceeding the approved budget are identified or before the end of the fiscal year. The School Board is provided a financial report and bill listing at their monthly meeting.

Internal Controls: Effective control and accountability must be maintained for all funds, real and personal property, and other assets. The District must adequately safeguard all such property and must assure that is used solely for authorized purposes.

“Internal controls” are tools to help the District achieve results and safeguard the integrity of the program. Internal controls should be designed to provide reasonable assurance that the following objectives are

achieved:

- A. Effectiveness and efficiency of operations;
- B. Adequate safeguarding of property;
- C. Assurance property and money is spent in accordance with grant program and to further the Selected objectives; and
- D. Compliance with applicable laws and regulations

Segregation of Duties: Every effort is made to segregate the duties of fiscal functions within Wall School District 51-5 Business office. It is the responsibility of the Administrators to identify and evaluate the exposures to loss relating to their buildings/programs and take the necessary action to mitigate those losses. It is the responsibility of the Business Manager to identify and evaluate the exposure to loss relating to the fiscal functions of the Wall School District 51-5.

Receivables: Receivables are defined as amounts owed on open account from private persons, firms, corporations, organizations, or other governmental units for goods and services furnished by the district. The different types of receivables for the district are AP, utility tax, federal and state grants, and property tax. Property tax receivables are placed on the balance sheet in January and are adjusted in June. All other receivables are recorded on the balance sheet at the end of the fiscal year. Receivables are maintained in the software accounting system. The business manager has access to SUI with designated rights to access the different modules available in the software accounting system. These rights are assigned by the business manager as needed by job description in the business office.

Accounts Payable: Accounts payable are liabilities on open accounts owed to private persons, firms, corporations, organizations, or other governmental entities for goods and services received by the district. Payables are only recorded on the balance sheet at the end of the fiscal year. Payables with an incurred date of June 30 or earlier, but not paid until the July board meeting are considered as payables and reported as a liability on the balance at year end. A payable of a material amount that may be received after the July board meeting may be considered a payable for posting to the balance sheet by a journal entry. The business manager is responsible making the journal entry and generating the payables report for year end.

Documentation: Payables are processed from a source document (invoice, receipts, voucher for payment, or executed contract). All payables are summarized on a voucher. The voucher includes the date of the payment, the check number, chart of account number, description, and amount. Once payment is approved by the Board, the voucher is signed by the School Board Chairman and Business Manager.

All new hires, raises and changes in wages, resignation, termination, and retirements are approved by the board. All new hires are required to complete a payroll enrollment packet and a criminal background check. Continued employment is contingent upon the results of the background check.

Deposits are documented by a receipt. The receipt includes the name of the payee, the amount to be deposited, the date of the deposit, and the form of payment (ACH, money order, cash, or check). Receipts are recorded in the accounting system. Documentation is kept at the Business Office until such time as it can be destroyed per the Record Retention policy.

Audits and Resolution: Wall School District contracts for an annual financial and compliance audit. The audit is performed in accordance with generally accepted government auditing standards. The audit may be done by the Department of Legislative Audit (DLA) or by a private auditing firm authorized by the DLA to conduct the audit. The audit is to be completed no more than nine months after the end of the fiscal year,

unless an extension is granted by the US Department of Education. Not less than ten days after the date of filing the audit reports, the DLA or the private auditing firm, whichever performed the audit, should request publication for two issues in the official newspaper of Wall School District. The publication should contain a brief statement of the fact that the audit was made, where the audit may be found on file for public inspection, and a brief recital of the substantial items of error, irregularity, or loss which were discovered, but with enough detail so that the public is informed of the important findings in the audit. After evaluating the audit recommendations, the Business Manager, is responsible for preparing and seeing to the implementation of any corrective action plan.

Small Purchase Process: Purchase Orders should be used for all small purchases. Small purchases are defined as purchases that are not considered fixed assets and under a \$5,000 value. The purchase order should be properly completed prior to the purchase. The authorized purchase order and corresponding original invoice or receipt must be submitted to the business office to ensure timely payment. With supervisor approval, employees may make small purchases on behalf of Wall School District. The employee can request reimbursement for these purchases by submitting a Reimbursement/Travel Form to the Business Office. The Reimbursement/Travel Form is processed like other Payables. Employees are not exempt from sales tax so reimbursements should only be used when no other means of purchase are available.

Cash Management-Federal Programs: The Superintendent, Business Manager, and Federal Programs Director determine the activities and items to budget with the grant funds and determine allowability. Costs will be reviewed to determine allowability of federal grant funds based on the following guidelines. All costs must be

- 1) Reasonable: consistent with prudent business practices and comparable current market value.
- 2) Necessary: Required to carry out the intent and purpose of the federal programs; and
- 3) Allocable: Chargeable or assignable in accordance with relative benefits received. In addition, costs must be applied uniformly, consistently treated, aligned with generally accepted accounting principles GAAP, and adequately documented. The federal uniform grant guidance in 2 CFR Part 200 Subpart E-Cost principles provided in depth information of the allowability of costs. If the Superintendent, Business Manager, and Federal Programs Director determine a cost is unallowable, he/she requests clarification or revisions prior to seeking approval. If the cost is not allowed, the cost will be recoded to the appropriate non-federal code.

The Business Manager determines if the obligations or expenditures are not incurred prior to or after the effective dates of the grant period. Throughout the grant period, the adopted budget is used as a control measure. The budget is monitored by the Business Manager to ensure compliance with the approved grant application and to ensure the costs are allowable before the obligation or expenditure of grant funds. Any changes or deviations from the SD DOE approved budget and GMS application need the prior approval from SDDOE. The Business Manager, Superintendent, and Federal Programs Director will ensure the cost item purchased with federal funds is being used for its intended purpose.

The Business Manager is responsible for tracking the financial expenditures and reimbursements for all programs that operate on a federal reimbursement basis (reimbursements are the granting agency for costs previously incurred). Each program has its own identification code within the accounting system's general ledger for tracking purposes. Reports are generated through the school district's accounting system using coding specific to the desired grant by the Business Manager. The Business Manager ensures the costs are reasonable, necessary, and allowable under federal guidelines. The Business Manager utilizes the state Department of Education (DOE) grant management system site to enter the expenditures and request reimbursement. The state DOE bureau of finance and management sends the reimbursement request via Automated Clearing House (ACH) to the District designated bank account. The Business Manager reconciles the ACH amount and receipted amount in the school's account software to be

reconciled with the bank statement. Files specific to the individual grants are maintained with the expenditure information, grant reimbursement request, and the state DOE payment information.

Bank Reconciliations: Bank reconciliations for all cash accounts are completed monthly. The reconciliation of SUI to the bank statement for the district's checking and savings accounts are completed by the Business Manager. This is completed after the cash receipts have been entered using SUI cash receipts detail. Listing of uncleared checks, bank reconciliation from SUI are compared to the bank statement and cash amount is verified by the Business Manager. Custodial accounts are reconciled by the Business Manager. Bank reconciliations for imprest accounts are completed by the Business Manager. Once all cash accounts have been reconciled, the Business Manager uses Revenue Summary Report, Expenditure Report Fund and cash recap to cross-check balances then create Exhibit A monthly for the Board. All bank statements and credit card statements are kept in the Business Office.

Program Income: All program income, match, and in-kind contributions are in recorded in the accounting system.

Interest Income: Interest income is appropriated to all account accruing interest as a proportion. Interest is added to each account when the statement is received.

Payroll: Wall School District has two classifications of employees: contract employees and hourly employees. Contract employees are teachers and administrators. These contracts are signed on an annual basis prior to the school year, unless contracts are still being negotiated. Contract and hourly employees are paid on or about the 20th of each month, according to negotiated agreements. A Board-approved hiring schedule determines all initial pay rates. Yearly raises, if pertinent, are approved by the Board. The District utilizes a time clock system. Hourly employee will clock in and out on a daily basis. Administration have access to each employee's activity and review it prior to each payroll being paid. After administration have approved such activity, the Administrative Assistant inputs the time into SUI. The Business Manager compiles all the information to generate the payroll. All employees are encouraged to be paid through direct deposit and receive a printed copy of their paystub. For all payroll dates, a payroll report is run prior to the direct deposit being initiated. The business manager reviews and approves those employees paid through a grant prior to submitting the reimbursement request through the State's grant management system. The Business Manager also reviews the payroll for those employees assigned to federal grants. If an individual is working on multiple cost objections they will need to fill out a monthly personal activity report to define their daily activities.

Salary expenditures for employees working solely on a single Federal program or cost objective must be supported by periodic certifications that the employee worked only on the program for the period covered by the certification. The certification must be prepared at least semiannually and signed by the supervisory official with firsthand knowledge of the work performed by the employee.

Personnel files are maintained by the Business Manager and the Superintendent and are kept in a locked, fireproof cabinet.

Procurement: The Wall School District shall purchase, establish contracts, and generally carry on its procurement functions in a manner that will ensure the fair and equitable treatment of all persons who deal with the procurement system of the School District and will properly account for the expenditures of the District funds. These procedures are applicable to all funds administered by the Wall School District 51-5.

The business manager is responsible to carry out the procurement functions of the School District and to ensure such functions are in accordance with established policies and written procedures. The business

manager may delegate purchasing authority to other District employees as necessary to fulfill the purpose and philosophy of this policy. Principals and directors are responsible for observing budget allocations in their respective schools or departments.

A list of invoices/vouchers and monthly payroll amounts will be presented to the Board for their consideration by the Business Manager. Only items that have been properly ordered, invoiced, and vouchered will be considered by the Board for payment.

In compliance with State procurement regulations, the school requests and receives bids for all purchases exceeding State thresholds. There are currently two bid limits to consider. If the School District intends to enter into a contract for any public improvement that involves the expenditure of \$100K or more, or a contract for the purchase of supplies or services, other than professional services, that involves an expenditure of \$50K or more, the School District shall advertise for bids or proposals. Any purchase of equipment involving the expenditure of less than \$50K is exempt from bidding.

Capital expenditures are defined as major equipment items with a base cost of \$5,000 or more and useful life expectancy of one or more years. Grant funds are not used for capital expenditures unless the grant agreement allows capital expenditures and the budget includes a line item for capital expenditures. As a local unit of government, Wall School District is required to follow the public agency procurement laws of the State of South Dakota. The guide is located on the Department of Legislative Audit's website. http://legislativeaudit.sd.gov/General%20resources/general_resources_all.htm. Any expenditure of grant funds in excess of \$3,000 for the purchase of a single item should have quotes or pricing from three (3) suppliers if possible. Reasonable diligence should be exercised to comparatively shop for available sources.

Conflict of Interest: No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Any individual or entity with a financial interest or tangible personal benefit from the contract would be considered to have a conflict of interest. An organizational conflict of interest exists if it puts a recipient organization in a position where it's unable (or appears unable) to be impartial.

Approvals: The Board President, Superintendent, or designee (Business Manager or Federal Program Director) are responsible for executing contract and grant agreements. The Business Manager is responsible for presenting a list of contracts and grants to the Board for their approval.

Food Nutritional Program: The District utilizes the National School Lunch Program which provides cash reimbursement and commodity foods for meals served in non-profit food services in elementary and secondary schools. As a pricing program, the District is required to make the application for free and reduced price meals available to all households. If a household qualifies for free meals, the District will provide meals and snacks to those children at no cost to them. If a household qualifies for reduced price meals, the maximum reduced prices, by law, are 40 cents for lunch or supper, 30 cents for breakfast, and 15 cents for snack. Free and reduced price meal application approvals for the National School Lunch and School Breakfast Programs are to be used for 30 operating days in the next school year or until direct certification or a new application is in and approved, whichever comes first. An income scale obtained through the State CANS office is utilized by the District to determine free or reduced lunch status when reviewing the meal status applications. The District's business manager, is responsible for determining free or reduced lunch status. The different status of students in the food service program, free, reduced or paid, are compiled by the business manager and enters the status to the corresponding student.

On a monthly basis, the business manager generates a report from the point of sale terminal and submits the information to the state Child and Adult Nutritional Services through their web based application called iCAN. The state in turn approves the information posts the reimbursement amounts on the DOE grant website and sends payment via ACH to the district's designated bank. The District receipts the payment off of the DOE grant site and reconciles the amounts to the bank statement.

Inventory:

The school district shall annually cause an inventory of personal property to be made and placed on file with the business manager by July 10. All personal property of the school district shall be included in the inventory.

General fixed assets are that part of the inventory in excess of \$5,000.00 value and will be capitalized. General fixed assets are divided into five main classes: land, buildings, improvement other than buildings, equipment, and construction work in progress. Fixed assets may be marked by a permanent method of identification. Personnel designated by the superintendent should take periodic inventories.

In the acquisition of or additions to real property, plant, or equipment, any expenditure of one thousand dollars or more shall be paid from the capital outlay fund. The one thousand dollar limitation shall apply to the total of each asset type on an invoice. Equipment purchases per invoice of less than \$1,000 may be acquired from either the general or capital outlay fund.

Disposal:

The Board may sell property of the school district that it considers no longer necessary, useful or suitable for school purposes. All property sold must be appraised by three freeholders of the school district.

Property appraised for less than \$500 may be sold without advertising for bids. Property appraised for more than \$500 will be advertised for sale in the official newspaper for two consecutive weeks, at least (ten) 10 days before the sale. The notice of sale will describe the property to be sold and the time when the Board or its representative will open bids. Sealed bids will be filed with the business manager and opened at the Board meeting as specified in the notice.

The Board will sell the property to the highest bidder. However, the Board may reject any or all bids.

In lieu of the acceptance of bids, school property may be sold at public auction. The auction will be advertised by posting notices and newspaper advertising as described above.

The school library may discard over-duplicated, outdated, inappropriate, or worn library materials. The discarded materials may be given to other libraries or to nonprofit agencies, destroyed, offered for public sale or traded to a vendor for future library material purchasing credits.

If the school property to be sold was a site taken from a farm or tract of land, the owner of the farm may purchase the site at the appraised value or at the highest bid if the bid exceeds the appraisement. If the site includes a school building of brick, concrete block or other masonry construction appraised at over \$1000, the property and building may be sold together. In such a case, the owner of the farm will be required to purchase the building in order to purchase the real estate.

The school district may exchange or transfer property to the city, town or county within or partly within its boundaries. The Board and the governing board of the respective jurisdiction will determine the terms and conditions of the exchange or transfer.

Adopted 6-2-2021