



"To Build Knowledge and Skills for Success Today and Tomorrow"

File: DIA

Uniform Guidance Compliance

The main purpose of this policy is to establish guidelines for improving the Meade School District 46-1 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 Meade School District purchases an annual accounting software license from Software Unlimited, 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 Meade School District 46-1 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 do 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), object (what purchased), operational unit (agency specific designation), and facility (purchased for what building). 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, with input from the superintendent and building principals, is involved in the budget preparation. A preliminary budget is presented to the Board at their regular meeting in May. The budget hearing takes place during the June board meeting and the budget is adopted at the July 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. Building administrators are provided access to accounting report groups applicable to their building which compare actual to budgeted revenues and expenditures. The School Board is provided a financial report and bill listing at their monthly meeting.

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, accounts payable, HR and payroll have 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 the accounts payable accountant is responsible for generating the payables report for year end.

Audits and Resolution: Meade School District 46-1 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 Meade School District 46-1. 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.

Cash Management-Federal Programs: The Superintendent and the Business Manager 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 and Business Manager 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 accounts payable accountant and 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 Title I Coordinator will ensure the cost item purchased with federal funds is being used for its intended purpose. The Business Manager and the Payroll/Benefits bookkeeper are

responsible for tracking the financial expenditures and reimbursements for all programs that operate on a 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 or the payroll/benefits bookkeeper. 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 large checking account, AP checking, is completed by the accounts payable personnel. This is completed after the cash receipts have been entered and verified by the Business Manager using SUI cash receipts detail and Excel cash receipts log. 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 Payroll personal or Accounts Payable personal, depending on who is overseeing the account. Bank reconciliations for imprest accounts are completed by the payroll personal. Once all cash accounts have been reconciled, and documentation given to the Business Manager, 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.

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, and a journal entry is completed to record the revenue.

Payroll: Meade School District 46-1 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 employees are paid on or about the 21st of each month, according to negotiated agreements. Hourly staff are paid bi-weekly on the following

Friday.

A Board-approved hiring schedule determines all initial pay rates. Yearly raises, if pertinent, are approved by the Board. The District utilizes a computerized time clock system. Hourly employee will clock in and out on a daily basis. Principals and directors have access to each employee's activity and review it prior to each payroll being paid. After the principals and directors have approved such activity, they print Timecard Reports and sign off on them. The payroll bookkeeper compiles all the information to generate the payroll. All employees are encouraged to be paid through direct deposit and receive an email 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. Personnel files are maintained by the Payroll Bookkeeper and the Secretary to the Superintendent and are kept in a locked, fireproof cabinet.

Procurement: The Meade School District 46-1 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 Meade School District 46-1.

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 \$50K or more, or a contract for the purchase of supplies or services, other than professional services, that involves an expenditure of \$25K 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.

Internal Controls, Segregation of Duties: Every effort is made to segregate the duties of all fiscal functions within Meade School District 46-1 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 Meade School District 46-1.

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.

Adopted 9/14/2020