



Inver Grove Heights Schools

ISD 199

Accounting & Financial Procedures Manual

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Introduction

The following Accounting & Finance Procedure Manual is intended to provide an overview of the accounting procedures at Inver Grove Heights Schools, which will be referred to as “the District” or “the School District” throughout this manual.

The primary purpose for this manual is to formalize accounting guidance, document internal controls and procedures for staff, and comply with federal requirements.

The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements [34 CFR Part 80, 2 CFR Part 213 and Part 6 of the Office of Management and Budget (OMB) UGG - Uniform Grant Guidance Compliance Supplement] require all sub-recipients of federal funds to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. These written procedures are required as a precondition to receiving federal funds and are not intended to supersede or limit federal or state laws or regulations, or the provisions of individual grant agreements.

In the event that conflicting guidance occurs, the Federal guidance is the more authoritative, followed by guidance from the Minnesota Department of Education, followed by other state and local agencies.

General Procedures

Business Office Responsibilities

The primary responsibilities of the Business Office are:

- Budgeting
- Cash and Investment Management
- Purchasing
- Accounts Receivable and Cash Receipts
- Accounts Payable and Cash Disbursements
- Payroll Administration
- Financial Reporting
- Annual Audit
- Bank Reconciliation
- Insurance
- Leases and Contract Management

Board Policies

All Board Policies are reviewed and approved by the School Board separately from this manual but may be referenced within this manual and may be found on the District's website.

General Accounting and Financial Management

- It is the policy of the District to adopt the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota School Districts provided by the Minnesota Department of Education. See Board Policy 702 – Accounting.
- The District will comply with the Generally Accepted Accounting Principles (GAAP) applicable to local units of government.
- The District will comply with applicable circulars issued by the Office of Management and Budget (OMB) including, but not limited to:
 - OMB Circular A-87 Cost Principles for States, Local, and Indian Tribal Governments.
 - OMB UGG Uniform Grant Guidance – Audits of States, Local Governments, and Non-Profit Organizations (the Single Audit Act).
- The District will comply with grant agreements with awarding agencies.

Business Conduct

Code of Ethics

- It is the School District Administrators' intent to comply with Board Policy and State Law by adhering to the standards of ethics and professional conduct. See Board Policy 306 – Administrator Code of Ethics.

Conflict of Interest

- It is the School Board's intent to comply with state statutes regarding conflicts of interest and to engage in school district business activities in a fashion designed to avoid any conflict of interest or the appearance of impropriety. See Board Policy 210 - Conflict of Interest – School Board Members.
- Any related party transactions will be disclosed as part of the School District's annual audit.

Gifts to Employees

- Board members and district employees will not solicit, accept, or receive either by direct or indirect means, a gift from a student, parent, or other individual or

organization or greater than nominal value. See Board Policy 421 - Gifts to Employees .

- Any credits or benefits received in relation to District expenses (either reimbursed or paid directly by the District) must accrue to the benefit of the School District rather than the District employee. See Board Policy 412 - Expense Reimbursement.
- District employees are prohibited from using District equipment, materials, and supplies for personal benefit.

General Ledger and Chart of Accounts

Chart of Accounts

- The District shall maintain its books and records and do its accounting in compliance with the Uniform Accounting and Reporting Standards for Minnesota School Districts (UFARS). See Board Policy 702 – Accounting.

Reporting

- The School District shall comply with all laws relating to the annual audit of the books and records of the school district. See Board Policy 703 – Annual Audit.
- Each year, the school district shall provide the publication of the financial information specified in Minn. Stat. 123B.10. See Board Policy 702 – Accounting.
- ISD 199 shall operate on a fiscal year that begins on July 1 and ends of June 30.

Journal Entries

- Journal Entries are an allowable transaction type for recording corrections, adjustments, accruals, reversing entries, chargebacks, banking activity, electronic payments and transfers, etc.
- Journal Entries will have adequate supporting documentation attached unless it is a reversing of previous journal entry.
- Each journal entry will be approved by the Director of Business Services.
- Access to post a journal entry will be limited to specific business services employees.

Year End Closing and Reporting

- Accruals will be recorded at fiscal year-end to ensure that revenues and expenditures are recorded in the appropriate accounting period.
 - Accounts Payable transactions will be recorded as prepaid and payable when appropriate as determined by the Director of Business Services.

- Payroll payables will be recorded by the Payroll Specialist. This includes all payroll and related benefits, liabilities, and taxes that occur after June 30th but are part of the previous year's expenses.
- Cash receipt transactions will be recorded in the appropriate fiscal year through receivables entries. This includes State and Federal aid, grants, and general receipts.
- The year-end financial reports will be completed by the external auditors, based on the District's trial balance. See Board Policy 703 – Annual Audit

Revenues and Cash Receipts

Cash Receipts

- Cash Receipts are recorded at least once per week, depending on the amount of collections.
- The head Administrative Assistant at each of the schools collects and sends funds to the bank.
- Community Education and Activities Administrative Assistants enter the batch in the accounting software but do not have access to update it. Deposit receipts are attached electronically to the entry. The update is done by the Business Office Accounts Specialist.
- Elementary & Secondary Administrative Assistants send the deposit receipts to the business office. The batch is entered and approved in the business office, and the deposit receipts get attached electronically to the batch.
- Wire transfers and ACH payments received are recorded by the Business Office Accounts Specialist staff and reviewed by the Director of Business Services during the bank reconciliation process.

Cash Management

- Federal Funds and grants are awarded on a reimbursement basis. Funds are requested after funds are spent.
- Funds not received during the fiscal year in which the expenses are incurred will be recorded as a receivable.
- Expenditure reporting submissions are done by the Director of Business Services. The draw is requested by the Accounts Payable Specialist, and the entry into the accounting software is done by the Business Office Accounts Specialist.

Cash Flow

- PMA (the District's main bank) designates a representative who tracks the District's cash flow from expenditures and revenues. The representative alerts the Director of Business Services when funds are available for investment.
- The Director of Business Services will direct the PMA representative to invest funds when appropriate.
- The Accounts Payable Specialist moves cash between bank accounts to ensure funds are available for accounts payable expenses, as well as payroll expenses.

Expenditures and Disbursements

Methods of Procurement

- Purchase Orders
- Expense Reimbursement
- Direct Payments
- P-card

Purchases of Goods or Services

- Purchases must be authorized by the Budget Manager (person responsible for the budget) through pre-approval and then approved by the Director of Business Services before payment is made.
- Sales tax will not be paid on purchases that qualify for tax exempt through the District's tax exempt status.
- Itemized receipts, invoices, or registrations are required for all payments.
- Dollar amount of receipt, invoice, or registration must match requested payment amount. There are a few exceptions to this including: down payments, registrations with amount of participant changes, or taxes charged that will not be paid due to the tax exemption status.
- Refunds require documentation of original payment or account balances to be refunded.
- The Director of Business Services may adjust budget codes to comply with UFARS.

P-card Purchases

- Cardholders are responsible for protection and custody of the card.
- If the card is lost, stolen, or fraud is suspected, the P-card holder must notify the P-card bank, Bank of America, immediately, and then the Director of Business Services.

- P-cards may never be used to circumvent the approval process. Pre-approval is required when the P-card holder is not the budget manager.
- See Board Policy 715 – Credit Card Usage.

Purchase Orders

- Purchase orders are requested electronically through the accounting software and require the Budget Manager's approval and the Director of Business Services' approval.
- Purchase orders encumber funds so that they are accounted for on budget reports.

Direct Payments

- Check requests are required for direct payments to vendors. This can be done by staff either electronically through the accounting software or through a check request form.
- As soon as an invoice is received, check requests must be filled out with the invoice or registration attached and turned into the Business Office to allow for timely payment.

Reimbursements

- The District prefers to make payments directly to vendors for items or services but understands when it is not practical and will reimburse directly to employees who pay for items or services themselves.
- Itemized receipts are required except in the case of mileage reimbursement. The mileage reimbursement rate is set by the IRS each calendar year. A list of travel dates and destinations are required for reimbursement. See the Travel Reimbursement Process on the district website.

Procurement Standards (§ 200.318)

- The District will avoid purchasing items that are not necessary or are a duplication. (§ 200.318 (d))
- When appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the government. This analysis should only be made when both lease and purchase alternatives are available to the program. (§ 200.318 (d))

- Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of the use of common or shared goods and services. (§ 200.318 (e))
- Purchasers are encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. (§ 200.318 (f))
- Documentation of the cost and price analysis associated with each procurement decision in excess of the Minnesota bid law threshold shall be retained in the procurement files. (§ 200.323)
- The District will maintain records sufficient to detail the history of procurement, including: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. (§ 200.318 (i))
- Contracts are awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions. Consideration will be given to integrity, compliance with public policy, record of past performance, and financial and technical resources. (§ 200.323 (h))
- All transactions will be conducted in a manner providing full and open competition consistent with (§ 200.319).
- All solicitations will incorporate a clear and accurate description of the technical requirements. These descriptions will comply with (§200.319 (c(1))).
- Necessary affirmative steps to assure minority businesses and labor surplus area firms will be used when possible. These steps include putting minority and women's businesses on solicitation lists, assuring they are solicited when they are possible sources, dividing total requirements to permit maximum participation by these businesses, establishing delivery schedules which encourage participation, using services of such organizations as Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and requiring a prime contractor to take these same affirmative steps with subcontractors. (§ 200.321)
- The District shall make all procurement files available for inspection upon request by a federal awarding agency.
- The District shall not utilize the cost-plus-a-percentage-of-costs method of contracting. (§ 200.323 (d))

Federal Funds Bids, Quotes, and Contracts

- Federal purchases have additional guidance and must comply with board policy 721 – Uniform Grant Guidance.
- Micro-purchases (\$25,000 or less) may be purchased without competitive quotations if the District considers the price reasonable. (§ 200.320)
- Small purchases (\$25,000-\$175,000) require price quotations to be obtained from an adequate number of qualified sources. (§ 200.320)
 - When sealed bids are not used, these requirements apply:
 - Requests for proposals must be publicized and identify all evaluation factors and their relative importance.
 - Proposals must be solicited from an adequate number of qualified sources.
 - Evaluation of proposals will be conducted using the Business Office procedures.
 - Contracts will be awarded to the proposal that is most advantageous to the program, with price and other factors considered.
- If the estimated price is over \$175,000 then sealed bids shall be solicited by public notice in the manner and subject to the laws governing contracts. At least three (3) bids are needed. (§ 200.320)
 - Sealed bids must comply with the following regulations:
 - Complete, adequate, and realistic specifications or purchase description is available.
 - Two or more responsible bidders are willing and able to compete effectively for the business.
 - The procurement lends itself to a firm fixed price contract, and the selection of the successful bidder can be made principally on the basis of price.
 - Invitation of bids will be publicly advertised, and bids must be solicited from an adequate number of known suppliers, providing them with sufficient response time prior to the date set for opening the bids.
 - The invitation for bids must define the items or services in order for the bidder to properly respond.
 - All bids will be publicly opened at the time and place prescribed in the invitation.
 - A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder.

- Any or all bids may be rejected if there is a sound, documented reason.
- Procurement through a proposal from only one source may be used if: the items are only available from one source, an emergency does not permit a delay, MDE authorizes noncompetitive proposals, or after solicitation from sources, competition is inadequate. (§ 200.320)

Budgets and Budgetary Compliance

- The District uses budgets and budgetary accounting in order to fulfill requirements from MDE and as an internal management tool for monitoring expenditures and identifying abnormalities. Please see Board Policies 701 – Establishment and Adoption or School District Budget and policy 701.1 – Modification of School District Adopted Budget.
- An operating budget is prepared for the general fund and each special revenue fund consistent with GAAP and UFARS.
- The budget will be formally adopted by the School Board prior to the commencement of the fiscal year.
- The budget will be amended by the School Board as needed during the fiscal year.
- Budget Managers are responsible for monitoring their budgets throughout the fiscal year and notifying the Director of Business Services if any abnormalities or errors are observed.
- Each Federal grant will have an award budget with specific UFARS identifiers to track these expenses and revenues separately but are incorporated into the operating budget.

Payroll and Timekeeping

Payroll Administration

- The Payroll Specialist processes payroll payments on a mid and end of the month cycle.
- Tracking and reporting of benefits and taxes is done by the Payroll Specialist and Human Resource Office.
- Employees may view their payroll detail through their Skyward access.
- End of the year employee tax forms are available online through Skyward or printed and mailed to the employees' home address.

Timekeeping

- Hourly employees' time is tracked on a timesheet or within True Time. Both require the employee approval and the supervisor approval.

Fixed Assets

Capital Assets

- Fixed assets with a cost per item of \$10,000 or greater are recorded within Skyward during the month following the final payment for most items.
- Construction fixed assets that consist of on-going projects are recorded at year end.
- Depreciation is run during the audit each year after auditor review.
- The following shall be recorded for each fixed asset item:
 - Date of acquisition
 - Cost
 - Description
 - Source of funds
 - Whether the District or Federal government hold the title
 - Calculation of federal share of item
 - Location
 - Use and condition of property
 - Depreciation method
 - Estimated useful life
 - Ultimate disposition data including date of disposal and sale price

Depreciation and Useful Life

A chart with categories and examples is below.

Category	Years
Software	3
Leased Vehicles	4
Computer, Server	5
Vehicles, Bus, Truck, Van, Trailer	8
Telephones, Video Camera, Wrestling Mat, Lockers	10
Scrubber, Kitchen Equipment, Steamer, Forklift, Snowplow, Tractor, Washer and Dryer	15
Furniture, Fan Coil Unit, Fencing, Bleachers, Air Compressor, Skid, Paving, Playground Equipment, Risers, Retaining Wall	20
Building improvements, Chiller, Boiler, Roof, HVAC, Guardrails, RTU	25
Building acquisitions	50

Federal Capital Purchases

- Assets purchased with federal funds are subject to additional requirements. (§ 200.310-316)
 - o All purchases of equipment with federal funds shall be approved, in advance and in writing, by the awarding agency.
 - o Adequate insurance coverage will be maintained with respect to equipment and furniture.
 - o For items with a fair market value of \$10,000 or less at the conclusion of the award period, the District shall retain the equipment.
 - o For items with a fair market value of greater than \$10,000 at the conclusion of the award period, the District shall gain written understanding with the federal agency regarding disposition of the equipment.
 - o The Grant Manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
 - o A physical inventory of all equipment purchased with federal funds shall be performed at least once every two years by an employee who is not responsible for ordering or approving the purchase of these assets. The results of the physical inventory shall be reconciled to the accounting and fixed asset records of the district.

Record Retention

- The District follows the Minnesota Historical Society's record retention schedule for school districts.
- District Policy for record retention is to follow the MN Statute 15.17, 138.17, 138.63.
- Records are kept in either electronic or hard copy form until they may be disposed of.
- Records with confidential information are shredded.