

OE-6 FINANCIAL ADMINISTRATION
SUMMARY OF COMPLIANCE STATUS
DECEMBER 2019

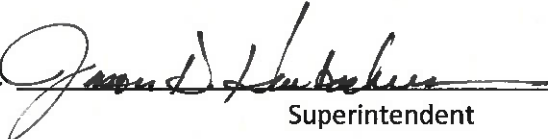
SUPERINTENDENT CERTIFICATION

With respect to OE-6 *Financial Administration* taken as a whole, the superintendent certifies that the proceeding information is accurate and complete, and the district is:

- In Compliance
 In Compliance, with Exception (as noted in the evidence)
 Not in Compliance

Summary Statement by Administration

Monitoring of operational expectations policies is part of the ongoing process of district performance evaluation and superintendent evaluation. This operational expectations policy addresses several aspects of the superintendent's responsibility regarding business and operations. The superintendent and staff have provided the interpretation and the board has reviewed the policy. We have provided the documentation and narrative supporting the superintendent's assessment of whether we are in compliance with the policy. During the board's review, the board will make a determination whether we are in compliance with the policy or not, or whether there is overall compliance but with some noted exceptions which should be addressed.

Signed:  _____
Superintendent

Date: 12/9/2019

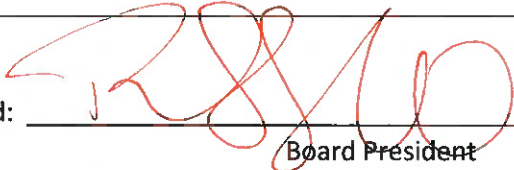
SCHOOL BOARD ACTION

With respect to OE-6 *Financial Administration*, the Board:

- Accepts the report as fully compliant
 Accepts the report as compliant with noted exceptions
 Finds the district to be noncompliant

Summary statement/motion of the Board

Motion by Mr. Lembke to accept the OE-6 *Financial Administration* Monitoring Report as In Compliance, with Exception, seconded by Mr. Sagsveen. Motion carried.

Signed:  _____
Board President

Date: 12/9/2019

OE-6 Financial Administration

The Superintendent shall not cause or allow any financial activity or condition that materially deviates from the budget adopted by the Board; cause or allow any fiscal condition that is inconsistent with achieving the Board's Results priorities or meeting any Operational Expectations goals; or places the long-term financial health of the district in jeopardy.

The Superintendent Shall:

6.1 Assure that payroll and legitimate debts of the district are promptly paid when due.	In Compliance, with Exception
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Superintendent Interpretation: The school district has a very large payroll, by any business standard. For such a large, publicly visible business, with many employees and many vendors, an important part of good stewardship of taxpayer dollars is the prompt and accurate payment of payroll, bond and interest debt, and vendor bills.

Indicator 1: All payrolls will be over 99% accurate.	In Compliance
Evidence: The school district issued 41,001 payroll payments to employees during the 2018-2019 school year. The district processes payroll every 2 weeks for support staff. Professional staff, administrators and teachers are paid monthly. There were 6 payroll payments that were voided during the year. Last year, in addition to all of the regular payrolls that were processed, there were 13 payments that were made on supplementary payrolls. These voids and supplementary payrolls represent 0.046% of the overall number of payments.	

Indicator 2: One hundred percent of payroll liabilities are accurately paid within the timeframes established by the IRS and federal and state laws.	In Compliance, with Exception
Evidence: Generally, all Submitted payroll liabilities were paid within the timeframes set by the IRS, federal and state laws. The District did not incur any financial penalty or interest for tax deposits during 2018-2019 for the liabilities that were included in our regular payrolls. However, there were issues in 2018-2019 related to the following: <ol style="list-style-type: none"> 1) Wages and contributions for Teacher’s Retirement for staff who were not regularly employed, but maintained a teaching license and coached. They should have been reported to TFFR. BPS was assessed interest of \$5,649.91 in addition to the required contributions for these employees. HR implemented procedures immediately to research if a new hire is a licensed teacher to ensure wages are reported and contributions submitted. 2) Interest was assessed by Public Employee’s Retirement related to adjustments that were reported in subsequent months. BPS was assessed interest of \$86.88 in addition to the required contributions. 	

Indicator 3: One hundred percent of invoices are reviewed by 2 separate individuals for completeness and appropriateness before a vendor is paid.	In Compliance
Evidence: One hundred percent of invoices paid included proof of receipt of materials or service. All invoices are reviewed by 2 separate staff.	

Indicator 4: No vendor action is taken against the district for late payments.	In Compliance
Evidence: No vendor action has been taken against the district for late payments.	

The Superintendent Shall:

6.2 Assure that all purchases are based upon comparative prices of items of similar value, including consideration of both cost and long-term quality.	In Compliance
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Superintendent Interpretation: The board expects that the district will “get the best bang for the buck.”

Indicator 1: All purchases shall follow administrative policy related to purchasing.	In Compliance
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Evidence: A sampling of random purchases was audited for compliance. This first year we audited only the largest of purchases but will continue to audit all purchases. Using Federal audit guidelines we audited 25 purchases.

The Superintendent Shall:

<p>6.3 Use a competitive bidding procedure for the purchase of supplies, materials and equipment, and any contracted services except professional services, for all transactions in excess of \$25,000, except as otherwise provided by law.</p>	<p>In Compliance</p>
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Superintendent Interpretation: State statute requires that purchases or projects costing more than \$25,000 must be bid. Professional services may be excluded from the bid requirement based on direction from the board. However, 6.2 and 6.3 create an expectation that even for professional services, competitive shipping through requests for proposals and including cost as one element should be considered.

<p>Indicator 1: The board approves 100% of purchase over \$25,000 that are subject to bid under NDCC 15.1-09-34.</p>	<p>In Compliance</p>
<p>Evidence: In 2017-2018, there were 22 items that exceeded \$25,000 that were not exempt purchasing items under NDCC 15.1-09-34. All of these items were advertised and approved by the board.</p>	

The Superintendent Shall:

<p>6.4 Coordinate and cooperate with the Board’s appointed financial auditor for an annual audit of all district funds and accounts.</p>	<p>In Compliance</p>
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Superintendent Interpretation: The statutorily required audit is an opportunity to be transparent, and to allow for examination of public resources can be affirmed continuously.

<p>Indicator 1: The annual audit will be presented and reviewed at a public Board meeting.</p>	<p>In Compliance</p>
<p>Evidence: The annual audit report for the period ending June 30, 2019 was presented to the board on November 25, 2019.</p>	

The Superintendent Shall:

<p>6.5 Make all reasonable efforts to collect any funds due the district from any source.</p>	<p>Baseline</p>
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Superintendent Interpretation: The board expects that the administration will be diligent in the collection of funds due the district by all sources of revenue.

<p>Indicator 1: All state aid, local property taxes, and federal aid due to the district is collected.</p>	<p>In Compliance</p>
<p>Evidence: For the fiscal year 18-19, all state and federal aid were collected. 97.5% of local property taxes was collected. This current year the budgeting process was changed to better reflect recent collection percentage.</p>	

<p>Indicator 2: The write-off for nonpayment of student fines and fees and other receivables is less than 5% per year.</p>	<p>Baseline</p>
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Evidence: Administration believes that the district is below 5%; administration would like to consider a different indicator. In fact student fines and fees are monitored by the buildings and considered de Minimis for our district.

The Superintendent Shall:

6.6 Keep complete and accurate financial records by funds and accounts in accordance with Generally Accepted Accounting Principles.	In Compliance
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Superintendent Interpretation: The School District shall account for all revenues and expenditures per the North Dakota School District Financial Accounting and Reporting Manual and use Generally Accepted Accounting Principles.

Indicator 1: The annual audit indicates compliance with accounting principles.	In Compliance
Evidence: The annual audit indicates compliance with accounting principles generally accepted in the United States of America. (Presented to the Board on November 25, 2019)	

The Superintendent Shall:

6.7 Publish a financial condition statement annually.	In Compliance
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Superintendent Interpretation: The School District shall publish a report which contains fiscal information detail the financial condition of the district.

Indicator 1: The Annual Financial Report is presented to the board for acceptance and submitted to the North Dakota Department of Public Instruction (DPI) each year on or before the due date.	In Compliance
Evidence: The Annual Financial Report was presented and approved by the board on September 9, 2019. The report was submitted to DPI on September 9, 2019 (due September 16)	

Indicator 2: The Annual Audit Report is published on the district’s website immediately after acceptance of the board.	In Compliance
Evidence: The annual audit report was available on the website on November 26, 2019.	

Indicator 3: The district shall publish an annual report with financial summary information included.	In Compliance
Evidence: The district published the annual financial summary in the Bismarck Tribune in September. The district also published the annual report (includes a financial summary) in the Bismarck Tribune in September.	

The Superintendent Shall Not:

6.8 Expend more funds than have been received in the fiscal year unless revenues are made available through other legal means, including the use of fund balances, the authorized transfer of funds from reserve funds or from tax anticipation notes.	In Compliance
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Superintendent Interpretation: The board expects that the district will not deficit spend. Any deviation from this may be done with board approval.

Indicator 1: Any deficit budgets (expenditures greater than revenues) are submitted to approval by the board.	In Compliance
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Evidence: The board approved the 17-18 budget with \$5,151,167 of expenses over revenues. The district ended with an actual of \$388,986 of revenues over expenses.

The Superintendent Shall Not:

6.9 Indebt the organization.	In Compliance
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Superintendent Interpretation: Only the board may authorize debt excepting for voter approved bonds.

Indicator 1: One hundred percent of new debt issues are board approved except for voter approved bonds.	In Compliance
Evidence: All new debt was approved by both the school board and the voters of the district.	

The Superintendent Shall Not:

6.10 Expend monies from reserve fund balances as defined in OE-5.	In Compliance
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Superintendent Interpretation: The superintendent must bring a recommendation to the board, which must approve the use of funds from reserve funds.

Indicator 1: Any reductions to the fund balance (reserve funds) must be included in the annual budget and subject to approval by the board.	In Compliance
Evidence: The 19-20 budget that was approved by the board reflects a reduction in the ending fund balance of \$4,725,453.	

The Superintendent Shall Not:

6.11 Permanently transfer money from one fund to another without services rendered.	In Compliance
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Superintendent Interpretation: Only the board may approve transfers between Funds.

Indicator 1: Any Fund transfers shall be approved by the board.	In Compliance
Evidence: No funds were transferred between funds in fiscal year 18-19.	

The Superintendent Shall Not:

6.12 Allow any required reports to be overdue or inaccurately filed.	In Compliance
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Superintendent Interpretation: The board expects that the staff will work diligently to file required fiscal reports on time.

Indicator 1: One hundred percent of DPI status and due date reports show compliance and accuracy.	In Compliance
Evidence: For fiscal year 18-19, all required DPI reports are complete and submitted.	

The Superintendent Shall Not:

6.13 Receive, process or disburse funds under controls that are sufficient under generally accepted accounting procedures.	Not in Compliance
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Superintendent Interpretation: The board expects that there are sufficient internal controls and procedures, so that an audit will not reveal any material violations in the handling of funds.

<p>Indicator 1: Annual Audit Report will not identify any material weaknesses or deficiencies related to internal control other than the financial statements being completed by the districts' auditor.</p>	<p>Not in Compliance</p>
<p>Evidence: The Annual Audit Report did identify a material weaknesses related to Title I graduation rates. (Presented to the Board on November 25, 2019) The district has a corrective action plan to address this finding.</p>	