



OE 6: Financial Administration Summary of Compliance Status

Date: December 10, 2018

Superintendent Certification

With respect to the results of Operational Expectation 6 ([OE 6](#)): Financial Administration, the superintendent certifies that the following information is accurate and complete, and the School District is:

- ☒ In compliance.
☐ In compliance with exceptions noted.
☐ Not in compliance.

Executive Summary:

The following Operational Expectation covers the Financial Administration of the District.

Topics include:

- Payroll and debts: Ensuring that they are paid on time.
- Purchased items: Ensuring items are purchased following the Board approved purchasing policy.
- Audit: Ensuring the audit is completed, published, and presented to the Board.
- Collection of funds: Ensuring that money due to the District is paid.
- Accurate financial records: Ensuring financial records are kept per State statute.
- Budgeting practice: Ensuring that money is spent following the Board approved budget plan.
- Debt practice: Ensuring that the Board approves all debt.
- Financial reports: Ensuring all Federal, State, and local reports are filed on time and accurately.

Summary of Compliance Status:

- Of the 26 measures, all 26 (100%) are in compliance.

The data conveys the District's financial administration is performing at a high level. This is evident by being compliant in all 26 measures.

We have improved financial administration outcomes by employing the following strategies:

The success of attaining all measures is attributed to appropriate financial training and cross training for District staff. In addition, an emphasis on internal controls before transactions are processed helps maintain audit compliance. District policies and procedures for financial transactions are respected and adhered to. In addition, the Business Office continues to increase efficiency. The Business Department has begun to implement an online expense reimbursement process. This improved process will:

- Provide faster payment to staff for reimbursements.

- Eliminate paper.
- Uses our existing financial software (Skyward) for the entire process.
- Calculate mileage automatically between school, which was previously done manually.
- Automatically calculate the total amount, which was previously done manually.
- Allow supervisors to approve 24/7.
- Allow employees to track their request through the entire process.

In accordance with OE 6.11, \$2,000,000 was added to Fund 46.

Areas of focus for continuous improvement:

The District will continue to focus on maintaining high performing financial administration. We will work to improve financial administrative practices by analyzing expenditures to assure alignment with our operational and educational priorities. We will continue and expand our use of financial analytics and use of two budget forecast models. This provides a more thorough analysis of budget variables to project future budgets.



Signed: _____ **Date:** December 10, 2018
Brad Saron, Superintendent

School Board Action

With respect to the results of Operational Expectation 6 ([OE 6](#)): Financial Administration, the School Board finds that the organization and the superintendent are:

☒ In compliance.
☐ In compliance with exceptions noted.
☐ Not in compliance.

Motion #1 by Caren Diedrich, second by Dave Hoekstra to accept the report as presented. Motion carried.

Motion #2 by Dave Hoekstra, second by Caren Diedrich to accept the report as in compliance. Motion carried.

Summary Statement of the School Board:

Excellent report!
Continue to focus on continuous improvement.


Steve Schroeder, Board President

Dated: 2-27-19



Sun Prairie Area School District

Futures depend on us...every child, every day.

OE 6: Financial Administration

OE 6: 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 priorities; or places the long-term financial health of the District in jeopardy.

Interpretation: The School Board expects the Superintendent to manage the District finances in the best long-term interest of the District.

Definition of terms:

- **Materially deviate from the budget adopted:** Have expenses that were not budgeted for and would cause the auditors to write a finding.
- **Long-term financial health of the district in jeopardy:** To put the District at risk for financial crisis.

OE 6.1

OE 6.1: The Superintendent will ensure that payroll and legitimate debts of the District are promptly paid on-time.

Interpretation:

The Board expects the Superintendent to make sure District payroll and legitimate debts are paid on time.

Definition of terms:

- **Payroll** shall mean monies owed to employees as a result of contracts with the District or services rendered.
- **Legitimate debts** shall mean legal obligations due for goods or services performed in compliance with terms and conditions outlined in District policy, contracts or agreements.
- **Promptly paid** shall mean covering District financial obligations within the time period noted in contracts, District policy and financing arrangements, and within a time period that maintains or improves the District's credit rating.

OE 6.1

Measure	Superintendent	Board
Measure 1: Payroll are processed on time and sent to bank in time to meet pay dates. Evidence of Compliance: <ul style="list-style-type: none"> • 24 of 24 pay periods (April 25, 2018 payroll processed late in the day due to Bank of Sun Prairie error) 	Compliant	
Measure 2: 100% of payroll related liabilities are accurately and timely paid in accordance with timeframes established by the IRS, WRS, and Wisconsin Department of Revenue. Evidence of Compliance: <ul style="list-style-type: none"> • 12 of 12 (Each month of the year) 	Compliant	
Measure 3: 100% of invoices are reviewed for: <ol style="list-style-type: none"> 1. Completeness and appropriateness before a vendor is paid. 2. Proof of receipt of materials or service is evident on the invoice. 3. 100% of invoices are matched with the Purchase Order or Check Request to ensure authorization of the purchase. Evidence of Compliance: <ul style="list-style-type: none"> • No exceptions identified in Audit. 	Compliant	
Measure 4: 100% of the District long-term debt General Obligation bonds are paid in accordance with the bond debt service schedules. Evidence of Compliance: <ul style="list-style-type: none"> • 26 of 26 (debt payment schedule) 	Compliant	

OE 6.2

OE 6.2: The Superintendent will ensure that all purchases are based upon comparative prices of items of similar value, including consideration of both cost and long-term quality.

Interpretation:

The Board expects the Superintendent to ensure purchases above \$5,000 have quotes and/or bids as required by Policy DJ and Procedure DJ-R.

Definition of terms:

- **Purchases** shall mean acquisition of goods or services. [Policy DJ](#) and [Procedure DJ-R](#) govern purchasing for the District and define what purchases need and do not need quotes/bids.
 - Purchases between \$1.00 - \$4,999 are left to the discretion of the staff member in the best interest of the District per Policy DJ.
 - Purchases between \$5,000 and \$50,000; three quotes are required (when possible) per Policy DJ.
 - Purchases between \$50,000 and \$250,000; three competitive bids are required per Policy DJ.
 - Purchases over \$250,000 require board approval per Policy DJ.
- **Cost** shall mean the direct dollar cost of the purchase and also in-direct cost associated with the purchase.
- **Long-term quality** shall mean effectiveness in meeting the purpose for which an item was purchased.

OE 6.2

Measure	Superintendent	Board
Measure 1: 95% of purchases above \$5,000 that do not have to be competitively bid are price-shopped and value-compared as measured by an annual survey of randomly-selected high-dollar purchases conducted by the Business & Finance Department. Evidence of Compliance: <ul style="list-style-type: none">• No exceptions identified within internal auditing processes.	Compliant	

OE 6.3

OE 6.3: The Superintendent will 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 \$50,000.

Interpretation:

The Board expects the Superintendent to ensure all purchases above \$50,000, except professional services be competitively bid.

Definition of terms:

- **Competitive bidding** shall mean a confidential process that compares like specifications for goods or services by various vendors for the most reasonable and responsible price.
- **Professional services** shall mean work provided by an individual or group of consultants that is not principally tied to the purchases of materials, supplies, or equipment.

OE 6.3

Measure	Superintendent	Board
<p>Measure 1: 95% of competitively bid purchases of supplies, materials, or equipment in the amount of \$50,000 or more are awarded to the most reasonable and responsible bid submitted by a qualified supplier, taking into consideration the needs of the District, the quality of materials (services) desired, and the contribution to program.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified within internal auditing processes.	Compliant	

OE 6.4

OE 6.4: The Superintendent will coordinate and cooperate with the Board's appointed financial auditor for an annual audit of all District funds and accounts.

Interpretation:

The Board expects the Superintendent to work with and ensure the District's auditor has all information needed for the audit.

Definition of terms:

- **Coordinate and cooperate with** shall mean to provide all information to the auditors as requested to enable the auditors to present to the School Board an annual Comprehensive Annual Financial Report following the end of each fiscal year.
- **All District funds and accounts** shall mean all financial information and records contained in the accounting financial software.

OE 6.4

Measure	Superintendent	Board
<p>Measure 1: The audit firm performs the annual audit and presents an "Unqualified Opinion" report to the Board within 30 days of when submitted to the State.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• 2017-18 Audit was presented to the School Board on December 10, 2018. The audit was submitted to the State by December 1.	Compliant	

OE 6.5

Interpretation:

Definition of terms:

Measure	Superintendent	Board
<p>Measure 1: All funds due from the State and Federal Government are collected throughout the year.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none"> 12 of 12 on time. 	Compliant	
<p>Measure 2: Uncollected funds have been processed through collection efforts (Procedure KG-R and Policy DIF) including reminder letters, penalties for late payments, collection agencies, liens and attorney involvement. The cost (either monetarily and/or time resources) of collection efforts has been weighed against the amount to be collected and a purposeful decision has been made about whether or not to write off a receivable.</p> <ul style="list-style-type: none"> <i>Fund 10 Collected Funds</i> <i>Fund 27 Collected Funds</i> <i>Fund 50 Collected Funds</i> <i>Fund 80 Collected Funds</i> 	<p>Compliant</p> <p><i>Compliant</i></p> <p><i>Compliant</i></p> <p><i>Compliant</i></p>	

OE 6.6

OE 6.6: The Superintendent will keep complete and accurate financial records by funds and accounts in accordance with Generally Accepted Accounting Principles.

Interpretation:

The Board expects the Superintendent to ensure all records are accurate as required by Generally Accepted Accounting Principles.

Definition of terms:

- **Keep complete and accurate financial records** shall mean the District will account for all financial resources and expenditures per the Financial Policies and Procedures account structure and report to the public using Generally Accepted Accounting Principles.
- **Generally Accepted Accounting Principles** shall mean guidelines and standards for financial reporting promulgated by the Federal Accounting Standards Board.

OE 6.6

Measure	Superintendent	Board
<p>Measure 1: The audit report contains a fiscal year report of receipts and expenditures of each fund with designated program reports in accordance with the Financial Policies and Procedure Handbook. The supplemental Schedule of Receipts and Expenditures for each fund will be in the format prescribed by the State Board of Education and shall be in agreement with the audited financial statements of the school district.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• The Audit was presented to the Board on December 10, 2018.	Compliant	
<p>Measure 2: The District conforms with the Financial Accreditation audit process required by the Department of Education to ensure compliance with budgetary, accounting, and reporting requirements.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• The Audit was presented to the Board on December 10, 2018.	Compliant	

OE 6.7

OE 6.7: The Superintendent will publish a financial condition statement annually.

Interpretation:

The Board expects the Superintendent to publish the financial audit report statement annually.

Definition of terms:

- **Publish a financial condition statement annually** shall mean publishing a complete audit report statement of net assets, statement of activities, balance sheet, and reconciliation of the governmental funds consistent with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.
- **Publish** shall mean producing a printed hard copy for the Board and for review by the public, and made available on the District website.

OE 6.7

Measure	Superintendent	Board
<p>Measure 1: The District publishes within six months of the close of each fiscal year a complete set of financial statements and a report consistent with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none"> ● The Audit was presented to the Board on December 10, 2018. 	Compliant	
<p>Measure 2: The statements and report are published in print for the Board. Copies are made available to the public and are available for download on the District's website.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none"> ● The Audit was presented to the Board on December 10, 2018. 	Compliant	
<p>Measure 3: The Annual Meeting Booklet is published 10 days prior to the Annual Meeting and posted to the District's website.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none"> ● The Annual Meeting booklet was published September 20, 2018. 	Compliant	

OE 6.8

OE 6.8: The Superintendent will not expend more funds than have been received in the fiscal year unless revenues are made available through other legal means, including the authorized use of fund balances, the authorized transfer of funds from reserve funds or from tax anticipation notes.

Interpretation:

The Board expects the Superintendent not to expend more money than received or will be received by legal means.

Definition of terms:

- **Expend more funds than have been received** shall mean spend more money at the fund level than was budgeted and originally adopted by the Board or as amended by the Board through supplemental appropriations.
- **Legal means** shall mean the use of appropriation resolution authorizing expenditures, use of fund balance, transfers of interfund borrowing and short-term borrowing.

OE 6.8

Measure	Superintendent	Board
Measure 1: Expenditures at the fund level do not exceed appropriation amounts originally adopted, or as amended by the Board through supplemental appropriations. Evidence of Compliance: <ul style="list-style-type: none"> • No exceptions identified in Audit. 	Compliant	
Measure 2: There is no violation of state law or notification of a violation in connection with expenditures exceeding appropriations as determined by external auditors. Evidence of Compliance: <ul style="list-style-type: none"> • No exceptions identified in Audit. 	Compliant	

OE 6.9

OE 6.9: The Superintendent will not indebt the District.

Interpretation:

The Board expects the Superintendent to not indebt the District.

Definition of terms:

- **Indebt the District** shall mean incurring short- (within the current fiscal year) or long-term (beyond the current year) financial obligations that are not planned for and approved by the Board or, in the case of a bond election or tax levy override, by the community.

OE 6.9

Measure	Superintendent	Board
<p>Measure 1: There are no short- or long-term financial obligations or debts except those that have been approved by the Board.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	
<p>Measure 2: The external auditors make no reference to unapproved material obligations remaining unpaid 60 days after the close of the fiscal year.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	

OE 6.10

OE 6.10: The Superintendent will not expend monies from reserve funds.

Interpretation:

The Board expects the Superintendent will not expend monies from the reserve fund.

Definition of terms:

- **Reserve funds** shall mean fund balances that are restricted or committed and not included in the appropriation resolutions.

OE 6.10

Measure	Superintendent	Board
<p>Measure 1: Expenditures at the fund level do not exceed appropriation amounts originally adopted, or as amended by the Board through supplemental appropriations.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	
<p>Measure 2: There is no violation of state law or notification of a violation in connection with expenditures exceeding appropriations as determined by external auditors.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	

OE 6.11

OE 6.11: The Superintendent shall not permanently transfer money from one fund to another.

Interpretation:

The Board expects the Superintendent to not permanently transfer money from one fund to another unless the Board has approved it.

Definition of terms:

- **Permanently transfer** shall mean to move monies other than cash flow between funds that are not paid back before the end of the current fiscal year.

OE 6.11

Measure	Superintendent	Board
<p>Measure 1: The District only transfers between funds with Board authorization as approved by the adopted or revised annual budgets or subsequent resolutions.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	
<p>Measure 2: There are no violations of state law in connection with unauthorized transfers between funds as determined by external auditors.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	

OE 6.12

OE 6.12: The Superintendent shall not allow any required reports to be overdue or inaccurately filed.

Interpretation:

The Board expects the Superintendent to not allow any required financial reports to be overdue or inaccurate.

Definition of terms:

- **Overdue or inaccurately filed** shall mean all deadlines will be met or extension requested and reports will be filed as accurately as possible with the most current information and knowledge available.

OE 6.12

Measure	Superintendent	Board
<p>Measure 1: The District has presented financial information on a monthly basis to the Board.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• 12 of 12: Example Checks & Deposits from July 23, 2018 School Board Meeting.	Compliant	
<p>Measure 2: The District has presented the audited financial statements to the Board and to other users of the information within the statutory timelines.</p> <p>Evidence of Compliance:</p> <ul style="list-style-type: none">• The Audit was presented to the Board on December 10, 2018.• The Municipal Securities Rulemaking Board (MSRB) has Electronic Municipal Market Access (EMMA) reporting for municipal security information.	Compliant	

OE 6.13

OE 6.13: The Superintendent shall not receive, process or disburse funds under controls that are insufficient under generally accepted accounting procedures.

Interpretation:

The Board expects the Superintendent to not receive, process or spend funds under controls not agreeable with generally accepted accounting procedures.

Definition of terms:

- **Controls that are insufficient** shall mean the absence of providing reasonable assurance that establish and maintain processes and procedures to safeguard resources against loss due to waste, abuse, mismanagement, errors and fraud to the best of its ability with the personnel assigned.

OE 6.13

Measure	Superintendent	Board
Measure 1: The external auditors find there to be no material internal control weakness inherent in the District's financial system. Evidence of Compliance: <ul style="list-style-type: none">• No exceptions identified in Audit.	Compliant	

OE 6.14

OE 6.14: The Superintendent shall not commit to any single purchase greater than \$250,000 without the Board's approval.

Interpretation:

The Board expects the Superintendent to bring all purchases greater than \$250,000 to the Board for approval.

OE 6.14

Measure	Superintendent	Board
Measure 1: All bids greater than \$250,000 were approved by the Board prior to being awarded. Evidence of Compliance: <ul style="list-style-type: none">No exceptions identified in Audit.	Compliant	