

**Austin Public Schools,
ISD #492**

**Accounting & Financial
Procedures Manual**

Effective Date(s) of Accounting Procedures

The effective date of all accounting procedures described in this manual is July 1, 2016. If a procedure is added or modified subsequent to this date, the effective date of the new/revised procedure will be indicated parenthetically immediately following.

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INTRODUCTION

The following accounting manual is intended to provide an overview of the accounting procedures for Austin Public Schools, ISD #492, which shall be referred to as "Austin Public Schools, ISD #492" throughout this manual.

It shall be the responsibility of the Superintendent to implement School Board policy and to recommend additions or modifications thereto. The administration is authorized to develop guidelines and directives to effectuate the implementation of School Board policies. These guidelines and directives shall not be inconsistent with said policies. At least once every three years, these written procedures shall be presented to the School Board for review. (School Board Policy #208)

Austin Public Schools, ISD #492 is incorporated in the state of Minnesota under Minnesota Constitution Article 13 section 1, with powers and duties defined in Minnesota Statutes Chapter 123B.

MISSION STATEMENT

The mission of Austin Public Schools is to work together with family and community to empower all:

- to learn for life,
- to strive for excellence,
- to contribute in a global society.

This manual shall document the financial operations of the Austin Public Schools, ISD #492. Its primary purpose is to formalize accounting guidance and selected procedures for all staff who have a role in accounting processes and to document internal controls.

If a particular grant or award has provisions that are more restrictive than those in this manual, the more restrictive provisions will be followed only for that grant or award.

The contents of this manual were approved as official by the School Board. All Austin Public Schools, ISD #492 staff members are bound by the procedures herein, and any deviation is prohibited.

SECTION 1: GENERAL PROCEDURES

BUSINESS DEPARTMENT OVERVIEW

Austin Public Schools, ISD #492 Structure

The Business Office consists of six staff members who manage and process financial information for Austin Public Schools, ISD #492. The following positions comprise the Business Office:

- Executive Director of Finance & Operations
- Controller
- Administrative Assistant to the Executive Director of Finance & Operations
- Payroll Specialist
- Benefits Specialist/Cash Management
- Accounts Payable Clerk

Other officers and employees of Austin Public Schools, ISD #492 who have financial responsibilities are as follows:

- Superintendent
- Department Directors/Principals
- Human Resources Department
- Teaching & Learning Department
- Chair – Board level
- Treasurer – Board level
- Clerk – Board level
- Vice-Chair – Board level

Department Responsibilities

The primary responsibilities of the Business Office consist of:

- General ledger
- Budgeting
- Cash and investment management
- Asset management
- Grants and contracts administration
- Purchasing
- Accounts receivable and billing
- Cash receipts
- Accounts payable

- Cash disbursements
- Payroll
- Financial statement processing
- External reporting of financial information
- Bank reconciliation
- Reconciliation of subsidiary ledgers
- Compliance with government reporting requirements
- Annual audit
- Leases
- Insurance

Standards for Financial Management Systems

In accordance 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Austin Public Schools, ISD #492 maintains a financial management system that provides for the following. Specific procedures to carry out these standards are detailed in the appropriate sections of this manual.

1. Identification, in all its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
2. Accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements of 2 CFR Parts 200.327, Financial Reporting, and 200.328, Monitoring and Reporting Program Performance, and/or the award.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and be fully supported by source documentation.
4. Effective control over and accountability for all funds, property, and other assets. Austin Public Schools, ISD #492 must adequately safeguard all such assets and ensure they are used solely for authorized purposes.
5. Comparison of outlays with budget amounts for each award.
6. Information that relates financial data to performance accomplishments and demonstrates cost effective practices as required by funding sources. (2 CFR Part 200.301, *Performance Measurement*)
7. Written procedures to minimize the time elapsing between the transfer of funds and disbursement by Austin Public Schools, ISD #492. Advance payments must be limited to

the minimum amount needed and be timed to be in accordance with actual, immediate cash requirements. *2 CFR Part 200.305 Payment*

8. Written procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the provisions of the 2 CFR Part 200 Subpart E, Cost Principles, and the terms and conditions of the award.

BUSINESS CONDUCT

Practice of Ethical Behavior

Austin Public Schools, ISD #492 requires board members and district employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. All board members and school district employees are required to comply with all applicable laws and regulatory requirements. Unethical actions, or the appearance of unethical actions, are unacceptable under any conditions. The reputation of Austin Public Schools, ISD #492 depends to a very large extent on the following considerations.

Each employee must apply her or his own sense of personal ethics, which should extend beyond compliance with applicable laws and regulations in business situations, to govern behavior where no existing regulation provides a guideline. Each employee is responsible for applying common sense in business decisions where specific rules do not provide all the answers.

In determining compliance with this standard in specific situations, employees should ask themselves the following questions:

1. Is my action legal?
2. Is my action ethical?
3. Does my action comply with Austin Public Schools, ISD #492 policy and procedures?
4. Am I sure my action does not appear inappropriate?
5. Am I sure that I would not be embarrassed or compromised if my action became known within the Austin Public Schools, ISD #492 or publicly?
6. Am I sure that my action meets my personal code of ethics and behavior?
7. Would I feel comfortable defending my actions on the 6 o'clock news?

Each employee should be able to answer "yes" to all of these questions before taking action.

Each board member and district employee is responsible for the ethical business behavior of her or his subordinates. School Board members and district employees must carefully weigh all courses of action suggested in ethical, as well as economic, terms and base their final decisions on these guidelines, as well as their personal sense of right and wrong.

Compliance with Laws, Regulations, and Austin Public Schools, ISD #492 Policies

Austin Public Schools, ISD #492 does not tolerate:

- The willful violation or circumvention of any federal, state, local, or foreign law by an employee during the course of that person's employment.
- The disregard or circumvention of Austin Public Schools, ISD #492 guidelines or engagement in unscrupulous dealings.

Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

The performance of all levels of employees will be measured against implementation of the provisions of these standards.

Policies regarding School Board Members Code of Ethics can be found at School District Policy Section 209 "Code of Conduct".

CONFLICTS OF INTEREST

Introduction

In the course of business, situations may arise in which an Austin Public Schools, ISD #492 decision maker has a conflict of interest, or in which the process of making a decision may create an appearance of a conflict of interest.

All School Board members and district employees have an obligation to:

1. Avoid conflicts of interest, or the appearance of conflicts, between their personal interests and those of the Austin Public Schools, ISD #492 in dealing with outside entities or individuals,
2. Disclose real and apparent conflicts of interest to the School Board, and
3. Refrain from participation in any decisions on matters that involve a real conflict of interest or the appearance of a conflict.

What Constitutes a Conflict of Interest

All School Board members and district employees of Austin Public Schools, ISD #492 owe a duty of loyalty to the Austin Public Schools, ISD #492. This duty necessitates that in serving the Austin Public Schools, ISD #492 they act solely in the interests of the Austin Public Schools, ISD #492, not in their personal interests or in the interests of others.

The persons covered under this guidance shall hereinafter be referred to as "interested persons." Interested persons include all members of the School Board and all district employees, as well as persons with the following relationships to School Board members or district employees:

1. Spouses or domestic partners
2. Brothers and sisters
3. Parents, children, grandchildren, and great-grandchildren
4. Spouses of individuals listed in 2 and 3
5. Corporations, partnerships, limited liability companies (LLCs), and other forms of businesses in which an employee or director, either individually or in combination with individuals listed in 1, 2, 3, or 4, collectively possess a [35%] or more ownership or beneficial interest

Conflicts of interest arise when the interests of an interested party may be seen as competing with those of the Austin Public Schools, ISD #492. Conflicts of interest may be financial (where an interested party benefits financially directly or indirectly) or non-financial (e.g., seeking preferential treatment, using confidential information).

A conflict of interest arises when a School Board member or district employee involved in making a decision is in the position to benefit, directly or indirectly, from his or her dealings with the Austin Public Schools, ISD #492 or person conducting business with the Austin Public Schools, ISD #492. (A potential conflict of interest exists when the School Board member or district employee, or his or her immediate family (spouse, parent, child, brother, sister and spouse of parent, child, brother, or sister) owes/receives more than 1% of the benefiting business/profits.)

Examples of conflicts of interest include, but are not limited to, situations in which a school board member or district employee:

1. Negotiates or approves a contract, purchase, or lease on behalf of the Austin Public Schools, ISD #492 and has a direct or indirect interest in, or receives personal benefit from, the entity or individual providing the goods or services.
2. Negotiates or approves a contract, sale, or lease on behalf of the Austin Public Schools, ISD #492 and has a direct or indirect interest in, or receives personal benefit from, the entity or individual receiving the goods or services.
3. Employs, or approves the employment of, or supervises a person who is an immediate family member of the director or employee.
4. Sells products or services in competition with the Austin Public Schools, ISD #492.
5. Uses the Austin Public Schools, ISD #492's facilities, other assets, employees, or other resources for personal gain.
6. Receives a substantial gift from a vendor, if the director or employee is responsible for initiating or approving purchases from that vendor.
7. Is a Board member of a financial institution that does business with the school district.

Honoraria Acceptance

An Austin Public Schools, ISD #492 employee shall not accept an honorarium for an activity conducted where district-reimbursed travel, work time, or resources are used, or where the activity can be construed as having a relationship to the employee's position with Austin Public Schools, ISD #492. Such activity would be considered official duty on behalf of Austin Public

Schools, ISD #492. A relationship exists between the activity and the employee's position with Austin Public Schools, ISD #492 if the employee would not participate in the activity in the same manner or capacity if he or she did not hold his or her position with Austin Public Schools, ISD #492. The employee should make every attempt to avoid the appearance of impropriety.

An employee may receive an honorarium for activities performed during regular non-working hours or while on annual leave if the following conditions are met:

- All expenses are the total responsibility of the employee or the sponsor of the activity in which the employee is participating.
- The activity has no relationship to the employee's Austin Public Schools, ISD #492 duties.

Nothing in this document shall be interpreted as preventing the payment to Austin Public Schools, ISD #492 by an outside source for actual expenses incurred by an employee in an activity, or the payment of a fee to Austin Public Schools, ISD #492 (in lieu of an honorarium to the individual) for the services of the employee. Any such payments made to Austin Public Schools, ISD #492 should be deposited to the Austin Public Schools, ISD #492 account and an appropriate entry should be made coded to the same program or department to which the employee's corresponding time was charged.

Disclosure Requirements

A School Board member or district employee who believes that he or she may be perceived as having a conflict of interest in a discussion or decision must disclose that conflict to the group making the decision. Most concerns about conflicts of interest may be resolved and appropriately addressed through prompt and complete disclosure.

Therefore, Austin Public Schools, ISD #492 requires the following:

1. The Superintendent shall review all potential conflicts reported by employees, and the School Board shall review all potential conflicts reported by the Superintendent and determine appropriate resolution in accordance with the next section.
2. Prior to management, board, or committee action on a contract or transaction involving a conflict of interest, a district employee, or School Board member having a conflict of interest and who is in attendance at the meeting shall disclose all facts material to the conflict of interest. Such disclosure shall be reflected in the minutes of the meeting.
3. A district employee or School Board member who plans not to attend a meeting at which he or she has a reason to believe that the convening body will act on a matter in which the person has a conflict of interest shall disclose to the chair of the meeting all facts material to the conflict of interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

4. A person who has a conflict of interest shall not participate in or be permitted to hear the discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter.
5. A person who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting shall not be counted in determining a quorum for purposes of the vote. The person having a conflict of interest may not vote on the contract or transaction. Such person's ineligibility to vote and abstention from voting shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the School Board of Austin Public Schools, ISD #492 has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the School Board.
6. If required by Federal awarding agencies, Austin Public Schools, ISD #492 will notify those agencies in writing of any *potential* conflict of interest. (2 CFR Part 200.112, *Conflict of interest*)

Resolution of Conflicts of Interest

All real or apparent conflicts of interest shall be disclosed to the Superintendent of the Austin Public Schools, ISD #492. Conflicts shall be resolved as follows:

- The chair of the Board shall be responsible for making all decisions concerning resolutions of the conflict involving the Superintendent
- The Superintendent or designee shall be responsible for making all decisions concerning resolutions of conflicts involving district employees.

A district employee may appeal the decision that a conflict (or appearance of conflict) exists as follows:

- An appeal must be directed to the chair of the school board, with a courtesy copy to the Superintendent.
- Appeals must be made within 30 days of the initial determination.
- Resolution of the appeal shall be made by vote of the full School Board.
- Board members who are the subject of the appeal, or who have a conflict of interest with respect to the subject of the appeal, shall abstain from participating in, discussing, or voting on the resolution, unless their discussion is requested by the remaining members of the board.

Disciplinary Action for Violations of Conflict of Interest

Failure to comply with the standards contained in this manual will result in disciplinary action that may include termination, referral for criminal prosecution, and reimbursement to the Austin Public Schools, ISD #492 or to the government, for any loss or damage resulting from the violation. As with all matters involving disciplinary action, principles of fairness will apply. Any employee charged with a violation will be afforded an opportunity to explain her or his actions before disciplinary action is taken.

Disciplinary action will be taken:

1. Against any employee who authorizes or participates directly in actions that are a violation of this policy;
2. Against any employee who has deliberately failed to report a violation or deliberately withheld relevant and material information concerning a violation of this policy; and/or
3. Against any school board member or district employee who attempts to retaliate, directly or indirectly, or encourages others to do so, against any employee who reports a violation of this policy.

A Board member who violates this standard may be removed from the Board.

Policies regarding School Board Members Conflict of Interest can be found at Section 210 – “Conflict of Interest – School Board Members” in the School District policies.

GENERAL LEDGER AND CHART OF ACCOUNTS

The general ledger is the collection of all asset, liability, net assets, revenue, and expense accounts. It is used to accumulate all financial transactions and is supported by subsidiary ledgers that provide details for certain accounts. The general ledger is the foundation for the accumulation of data and production of reports.

Chart of Accounts Overview

The chart of accounts is the framework for the general ledger system and the basis for the accounting system, and follows the Minnesota Department of Education's Uniform Financial Accounting and Reporting Standards (UFARS). The chart of accounts consists of account title and account numbers assigned to the titles. The Chart of Accounts also includes dimensions to facilitate several purposes:

- Providing better financial information for public review and evaluation,
- Demonstrating financial accountability for program implementation,
- Enabling compliance with state and federal financial reporting requirements, and
- Improving decision-making capabilities for state and local agencies.

Austin Public Schools, ISD #492's chart of accounts is comprised of the following dimensions:

Dimension	Digits	Purpose
Fund	2	A fiscal entity with a set of accounts that record financial resources, liabilities and equities. Each fund is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.
Austin Public Schools, ISD #492/Site	3	That portion of the total account code that makes it possible to identify expenditures and revenues as district-wide or by budgeted learning site.
Program	3	Used to separate sets of activities within a fund.
Course	3	For state reporting purposes, the Course dimension is to report revenues and expenditures for projects that overlap school district fiscal years.
Finance	3	Used to establish the revenue and expenditure relationship for financial accounting and reporting.
Object	3	Combined with the Source code in the account string, this dimension identifies the generic service or commodity obtained as the result of an expenditure.
Source	3	Combined with the Object code in the account string, this dimension identifies the origin of revenues.

Distribution of Chart of Accounts

All Austin Public Schools, ISD #492 employees involved with account coding or budgetary responsibilities will be issued a current chart of accounts, or the section of the chart of accounts applicable to their program. As the chart of accounts is revised, an updated copy of the chart of accounts shall be promptly distributed to these individuals.

Control of Chart of Accounts

The Controller monitors and controls the chart of accounts, including all account maintenance, such as additions and deletions. Any additions or deletions of accounts must be approved by the Controller, who ensures that the chart of accounts is consistent with the Austin Public Schools, ISD #492 structure of Austin Public Schools, ISD #492 and meets the needs of each division and department.

Fiscal Year of Austin Public Schools, ISD #492

Austin Public Schools, ISD #492 shall operate on a fiscal year that begins on July 1 and ends on June 30. Any changes to the fiscal year of the Austin Public Schools, ISD #492 must be ratified by majority vote of Austin Public Schools, ISD #492's School Board.

Accounting Estimates

Austin Public Schools, ISD #492 utilizes numerous estimates in the preparation of its interim and annual financial statements. Some of those estimates include:

1. Useful lives of property and equipment,
2. Fair market values of investments,
3. Fair market values of donated assets,
4. Values of contributed services, and
5. Cost allocation calculations.

The Executive Director of Finance & Operations will assess, review, and approve all estimates yearly. All conclusions, bases, and other elements associated with each accounting estimate shall be documented in writing. All material estimates, and changes in estimates from one year to the next, shall be disclosed to the external audit firm.

Journal Entries

All general ledger entries shall be supported by journal vouchers or other documentation, including an explanation of each such entry. Examples of such journal entries are:

1. Recording of noncash transactions,
2. Corrections of posting errors, and

3. Nonrecurring accruals of income and expenses.

Certain journal entries, called "recurring journal entries", occur in every accounting period. These entries may include, but are not limited to:

1. Depreciation of fixed assets,
2. Amortization of prepaid expenses,
3. Accruals of recurring expenses, and
4. Amortization of unearned revenue.

Recurring journal entries shall be supported by a schedule associated with the underlying asset or liability account or, in the case of short-term recurring journal entries or immaterial items, a journal_voucher.

All journal entries shall be authorized in writing by the Executive Director of Finance & Operations by initialing or signing the entries.

SECTION 2: REVENUES AND CASH RECEIPTS

ADMINISTRATION OF FEDERAL AWARDS

Definitions

Austin Public Schools, ISD #492 may receive financial assistance from a donor/grantor agency through the following types of agreements:

Grant: A financial assistance award given to the Austin Public Schools, ISD #492 to carry out its programmatic purpose.

Cooperative Agreement: A legal agreement where the Austin Public Schools, ISD #492 implements a program with the direct involvement of the funder.

Throughout this manual, federal assistance received in any of these forms will be referred to as a federal "award."

Preparation and Review of Proposals

Individual departments are responsible for preparing proposals for projects that the department intends to pursue. However, all proposals shall be reviewed by the Executive Director of Finance & Operations prior to submission to government agencies or other funding sources to ensure the proposed budget includes all appropriate costs. Final proposals shall be reviewed and approved in writing by the Superintendent.

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Post-Award Procedures

After an award has been made, the following steps shall be taken:

1. Verify the specifications of the grant or contract. The Business Office shall review the terms, time periods, award amounts, and expected expenditures associated with the award. A *Catalog of Federal Domestic Assistance* (CFDA) number shall be determined for each award. All reporting requirements under the contract or award shall be summarized.
2. Create new general ledger account numbers (or segments). New accounts shall be established for the receipt and expenditure categories in line with the grant or contract budget.
3. Gather documentation. See the following section, "Document Administration", for details.

Compliance with Laws, Regulations, and Provisions of Awards

Austin Public Schools, ISD #492 recognizes that as a recipient of federal funds, the Austin Public Schools, ISD #492 is responsible for compliance with all applicable laws, regulations, and provisions of contracts and grants. To ensure that the Austin Public Schools, ISD #492 meets this responsibility, the following procedures apply with respect to every grant or contract received directly or indirectly from a federal agency:

1. For each federal award, an employee within the department responsible for administering the award will be designated as Grant Manager.
2. Each Grant Manager shall attend a training on grant management prior to beginning his or her role as a Grant Manager (or as early in their functioning as a Grant Manager as practical). Thereafter, all grant managers shall attend refresher/update courses on grant management every two years.
3. The Grant Manager shall take steps to identify all applicable laws, regulations, and provisions of each grant and contract. These steps include but are not limited to the following.
 - a. Read each award and prepare a summary of key compliance requirements and references to specific laws and regulations.
 - b. Review *2 CFR Part 200 Appendix XI, Compliance Supplement* (updated annually) published by the Office of Management and Budget (OMB) for compliance requirements unique to the award and for compliance requirements common to all federal awards.
 - c. Review the section of the *Catalog of Federal Domestic Assistance* (CFDA) applicable to the award.
 - d. The Grant Manager will communicate grant requirements to those who will be responsible for carrying them out, or impacted by them.
4. The Grant Manager shall identify and communicate any special changes in procedures necessitated by federal awards as a result of the review of each award.
5. The Grant Manager shall take all reasonable steps necessary to identify applicable changes in laws, regulations, and provisions of contracts and grants. Steps taken in this regard shall include, but not be limited to, reviewing subsequent grant and contract renewals, reviewing annual revisions to *2 CFR Part 200 Appendix XI, Compliance Supplement*, and communications with federal awarding agency personnel.
6. The Executive Director of Finance & Operations, or designee, shall inform the independent auditors of applicable laws, regulations, and provisions of contracts and grants. The grant manager shall also communicate known instances of noncompliance with laws, regulations, and provisions of contracts and grants to the auditors.

Document Administration

For each grant/award received by Austin Public Schools, ISD #492 from a federal, state, or local government agency, a master file of documents applicable to the award shall be prepared by the Grant Manager assigned to administer the program.

The master file assembled for each government award shall include all of the following documents (including originals of all documents received from the awarding agency):

1. Copy of the initial application for the award and corresponding budget,
2. All correspondence to and from the awarding agency post-application, leading up to the award,
3. The final, approved budget and program plan, after making any modifications
4. The grant agreement and any other documents associated with the initial making of the award,
5. Copies of pertinent laws and regulations, including awarding agency guidelines, associated with the award,
6. Subsequent grant modifications (financial and programmatic)
7. Copies of program and financial reports,
8. Subsequent correspondence to/from the awarding agency,
9. Results of any monitoring visits conducted by the awarding agency, including resolution by Austin Public Schools, ISD #492 of any findings arising from such visits, and
10. Correspondence and other documents resulting from the closeout process of the award.

The preceding grant document file shall be organized into four sections as follows:

1. Pre-award documents,
2. Post-award documents, including reports,
3. Laws, regulations, and agency guidelines, and
4. Audit/monitoring-related documents.

On the inside front cover of the grant document file shall be a Summary of Critical Award Provisions, prepared by the Grant Manager. This summary shall include, at a minimum, the following:

1. Key compliance requirements, including citations of applicable laws and regulations,
2. Important deadlines, and
3. Correspondence contact information at the awarding agency.

The original grant document file shall remain in the office of the Grant Manager or Business Office. The Grant Manager shall maintain a separate file of frequently-requested documents that shall consist of photocopies of the documents included in the secure grant document file. The purpose of this file of copied documents is to limit the potential for loss of valuable

documents. Any other Austin Public Schools, ISD #492 employee making a valid request for access to grant documents shall be provided with the file of copied documents.

Closeout of Federal Awards

Austin Public Schools, ISD #492 shall follow the closeout procedures described in 2 CFR 200.343 – 345, Closeout, and in the grant agreements as specified by the granting agency.

Austin Public Schools, ISD #492 and all sub recipients shall liquidate all obligations incurred under the grant or contract within 90 days of the end of the grant or contract agreement.

COST SHARING AND MATCHING (IN-KIND)

Overview

Austin Public Schools, ISD #492 values contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or federal agency regulations identify specific values to be used.

Austin Public Schools, ISD #492 shall claim contributions as meeting a cost sharing or matching requirement of a federal award only if all of the following criteria are met.

1. They are verifiable from Austin Public Schools, ISD #492 records.
2. They are not included as contributions (or match) for any other federally-assisted project or program.
3. They are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. They are allowable under the federal cost principles, 2 CFR Part 200 Subpart E, Cost Principles.
5. They are not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing or matching.
6. They are provided for in the approved budget when required by the federal awarding agency.
7. They conform to all provisions of federal administrative regulations, 2 CFR Part 200 Subpart D, Post Federal Awards Requirements.
8. In the case of donated space, (or donated use of space), the space is subject to an independent appraisal performed by a certified appraiser as defined by 2 CFR Part 200.306(i)(1) to establish its value.

Valuation and Accounting Treatment

In-kind typically falls into one of the following categories:

- Cash
- Space, buildings, land, and equipment
- Staff time

- Volunteer time and services
- Supplies

The following sections discuss the valuation and accounting treatment for each category.

Cash

- Austin Public Schools, ISD #492 shall recognize cash contributions as in-kind income in the period in which they are spent on allowable program costs.
- Any discounts received on goods or services are recognized as in-kind only if such discounts are not available to the general public. Discounts taken as in-kind must be supported by a letter from the vendor stating that it is providing this discount in support of the program.

Space, Buildings, Land, and Equipment

Buildings and Land

If the purpose of the contribution is to assist the Austin Public Schools, ISD #492 in the acquisition of equipment, building, or land, the total value of the donated property may be claimed as matching with prior approval of the awarding agency.

If the purpose of the donation is to support activities that require the use of equipment, buildings, or land, depreciation may be claimed as matching, unless the awarding agency has approved using the full value as match.

Equipment, land, or buildings are valued at their fair market value as determined by an independent appraiser. Information on the date of donation and records from the appraisal will be maintained in a property file.

Space

- Donated space will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- Information on the date of donation and records from the appraisal will be maintained in a property file.
- If less than an arms-length transaction, donated space will be valued based on actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market rental value.

Staff Time

Staff time used as cost sharing or match will be valued at the rate which the employee is paid. The rate will include gross hourly wages plus fringe benefits.

Austin Public Schools, ISD #492 requires employees to document and account for the time accounted for as match in the same manner time as other time worked by the employee.

Volunteer Time and Services

Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor will be included in in-kind if the services are an integral and necessary part of the program.

Examples of contributed services received and recorded as income and expense by Austin Public Schools, ISD #492 include plumbing, electrical, contractor labor as well as general labor.

Volunteer services will be valued at rates consistent with those paid for similar work in the Austin Public Schools, ISD #492. For skills not found in the Austin Public Schools, ISD #492, rates will be consistent with those paid for similar work in our labor market. Rates should include gross hourly wages plus fringe benefits calculated based on fringe benefits received by employees in similar positions, or on agency average.

Volunteers must possess qualifications and perform work requiring those skills in order to be valued at greater than an unskilled labor rate.

Austin Public Schools, ISD #492 requires volunteers to document and account for their contributed time in a manner similar to the timekeeping system followed by employees. Each program that uses volunteers will provide the volunteers a sign-in sheet which collects the following information:

- Date service was performed
- Volunteer name and address
- Hours donated (time in and out)
- Service provided
- Signature of volunteer

The sign-in sheets will be delivered to the Business Office monthly so they can be tallied, valued, and recorded as in-kind in the accounting records.

Supplies

Donated supplies must be used in the program and shall be valued at fair market value at the time of donation. Supplies can be counted as match only if the program would have purchased such items with federal funds.

BILLING/INVOICING

Overview

The Austin Public Schools, ISD #492's primary billable sources of revenue are:

- State funding – scheduled by the state in accordance with state statutes,
- Federal funding – reimbursement based on allowed, incurred expenses, and
- Local Property taxes – scheduled by the County Board in accordance with state statutes.

Other lesser sources of income such as reimbursement and fee-for-service grants, transportation fees, meal charges, or child care fees will be collected and recorded when the services are provided.

Responsibilities for Billing and Collection

Austin Public Schools, ISD #492's Business Office is responsible for the invoicing of funding sources and the collection of outstanding receivables. (Note: Cash receipts, credit memo, and collection procedures will be discussed in subsequent sections.)

Billing and Financial Reporting

Austin Public Schools, ISD #492 strives to provide management, staff, and funding sources with timely and accurate financial reports applicable to federal awards. These reports include monthly and cumulative expenditures, a project budget, and a balance remaining column.

Austin Public Schools, ISD #492 shall prepare and submit financial reports as specified by the financial reporting clause of each grant or contract award document. Preparation of these reports shall be the responsibility of the Executive Director of Finance & Operations or designee.

Austin Public Schools, ISD #492 shall maintain separate billing records in addition to the official general ledger accounting records. Billing records shall be reconciled to the general ledger on a monthly basis.

At the time invoices (requests for reimbursement) are prepared, revenue and accounts receivable shall be recorded in the accounting records of Austin Public Schools, ISD #492 by the Executive Director of Finance & Operations.

If a federal award authorizes the payment of cash advances to Austin Public Schools, ISD #492, the Executive Director of Finance & Operations may require that a request for such an advance be made. Upon receipt of a cash advance from a federal agency, Austin Public Schools, ISD #492 shall reflect a liability equal to the advance. As part of the monthly closeout and invoicing

process, the liability shall be reduced, and revenue recognized, in an amount equal to the allowable costs incurred for that period.

Accounts Receivable Entry

Individuals independent of the cash receipts function shall post customer invoices, credit adjustments, and other adjustments to accounts receivable.

Fund Balance Reporting

A local government classifies its fund balances based on the nature of the particular net resources reported in a governmental fund in the following order:

1. Nonspendable net resources,
2. Restricted resources,
3. Committed resources,
4. Assigned resources, and
5. Unassigned resources.

This will classify a fund's net resources in the order of those that have the most constraints placed on their use to those that have the fewest constraints. The net resources with the most constraints are usually listed first.

The following are Austin Public Schools, ISD #492 Fund Balance reports according to GASB 54 standards:

1. Nonspendable – amounts that cannot be spent because they are either
 - a. Not in spendable form, or
 - b. Legally or contractually required to be maintained intact.
2. Restricted – amounts that have restraints placed on the use of the resources either
 - a. Imposed externally by creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Imposed by law through constitutional provision or enabling legislations
3. Unrestricted Committed – resources used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
4. Unrestricted assigned - - amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed
5. Unassigned – the residual classification for the General Fund, and not reported in any other classification.

CASH RECEIPTS

Overview

Cash (including checks payable to the Austin Public Schools, ISD #492) is the most liquid asset an Austin Public Schools, ISD #492 has. Therefore, it is the objective of Austin Public Schools, ISD #492 to establish and follow the strongest possible internal controls in this area.

Processing of Checks and Cash Received in the Mail

The following procedures will be followed:

- Cash receipts are received at buildings and sites through the mail by the building secretaries.
- Mail is opened and a cash count form of cash/checks received shall be prepared in an open area, in the presence of other employees.
- The cash count forms and cash/checks are directed to the AHS Cashier's office
- The Cashier double counts the cash/checks to verify the cash count form and prepares a consolidated deposit to go to the bank
- A deposit slip is prepared from the cash count forms and placed in locked bank bags along with a document indicating the number of deposits in the locked bag in which the bank teller signs off on also to indicate receipt of all deposits.
- The District courier takes the bank bags to the bank and returns bags to the cashier which contains the bank teller confirmation of number of deposits and the bank deposit slips.
- The business office receives cash/checks via mail also. These deposits are prepared by the Assistant to the Exec. Director of Finance and Operations, double counted by another business office staff person who signs the deposits and the bank teller confirmation form also.
- In the absence of the Cashier, (summers) the Assistant to the Exec. Director of Finance and Operations will create all district deposits as indicated above.
- In the absence of the District Courier, the Assistant to the Exec. Director of Finance and Operations will bring deposits to the bank.

Processing of Checks and Cash Received in Food Service Programs

The following procedures will be followed:

- Cash receipts are received by cafeteria cashiers who use registers and the food service program software for receipting cash during lunch periods. They balance out at the end of each day.
- The Head Cooks at Austin High School, Ellis and IJ Holton combine the various cashier lines into one deposit and verify the total receipts with those of the cashiers. At least one other cashier is present while this is completed.

- The deposit from the above sites are taken to the bank via courier in locked bank bags.
- The Head Cooks at the elementary sites double check the cashier counts, with the cashier present and create a cash count form.
- The cash count form and cash is then routed via the district courier in a locked bank bag to the District Cashier where the above procedures are followed for double counting and preparation of a consolidated elementary deposit to the bank.

Processing of Checks and Cash Received at Events

The following procedures will be followed:

- Heavy duty combination lock cash boxes for Events are prepared by the District Cashier.
- Cash boxes are picked up by Activities Office Personnel (Activities Director, Secretary or Site Supervisor) delivered to the Ticket Takers
- It is Recommended Ticket Takers count the initial cash in the cash box to verify beginning balance
- Ticket Takers Receive cash and checks during the event and hand out pre-numbered tickets to the attendees. Beginning Ticket numbers are recorded on the Event Cash Count Form in the Cash box for the event
- Ticket Takers Count the Cash at the end of the event and record on the Event Cash Count Form by denomination. They also record the ending ticket numbers, total cash less beginning balance which should match the calculated receipts for the event based on the number of tickets sold. Any difference the ticket taker is asked to write why they feel there was a discrepancy.
- The cash boxes are picked up by the Activity Director and placed in the vault in the Cashiers office whenever possible. Occassionally, a Site Supervisor will turn in the cash box to the Activities office or Cashier in the morning.
- The District Cashier then follows above procedures for double counting and preparation of a deposit to the bank.

Endorsement of Checks

All checks received that are payable to the Austin Public Schools, ISD #492 shall immediately be restrictively endorsed by the individual who prepares the cash count forms. The restrictive endorsement shall be a stamp that includes the following information:

1. For Deposit Only
2. Austin ISD #492
3. The bank name
4. The bank account number of Austin Public Schools, ISD #492

Timeliness of Bank Deposits

Bank deposits will be made on a daily basis, except during non-academic calendar breaks. Undeposited checks and cash shall be maintained in a locked box/or safe and kept in a secure area until deposited. Such cash will not be used as petty cash or to make change.

Credit Card Receipts

Austin Public Schools, ISD #492 accepts Visa, MasterCard and Discover Card and has negotiated contracts for outsourcing processing payment transactions. Individual Austin Public Schools, ISD #492 departments may not use or negotiate individual contracts with these or other payment card companies or processors.

When citizens wish to make payment via credit card, they will be directed to the Austin Public Schools, ISD #492's website.

Reconciliation of Deposits

On a periodic basis, the Benefits Specialist/Cash Management, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits on the monthly bank statement and/or daily transactions posted to the bank. Any discrepancies shall be immediately investigated.

Control Grid - Revenue and Cash Receipts

Austin Public Schools, ISD #492 strives to maintain adequate segregation of duties in its income and cash receipts functions. The following table illustrates how responsibilities have been assigned. In this table, personnel are identified as follows:

A. Controller/Exec. Dir. Of Finance & Operations

B. Department Directors/Secretary

C. Cashier's Office/Courier

D. Cash Management

E. Administrative Asst. to Exec. Dir. Of Finance & Operations

	A	B	C	D	E
Produces invoice to bill customer/funder	X	X			
Enters invoice into A/R system	N/A				
Initials receipt of funds (cash or checks)	X	X	X		
Restrictively endorses checks		X	X		
Initials receipt of credit card payments			X	X	
Prepares initial record of funds collected		X	X		X

Prepares deposit slip			X		X
Takes deposit slip to bank			X		X
Processes credit card payments					X
Enters payments into A/R system	N/A				
Reconciles log of collections w/ A/R posting				X	
Authorizes credits or other adjustments	X				
Posts credits/adjustments to A/R system					X
Authorizes write-off of bad debts	X				
Posts bad debt write-offs to A/R system	X				
Prepares periodic customer statements				X	
Reconciles A/R with general ledger				X	
Reconciles bank statement				X	
Reviews A/R aging	N/A				
Performs follow-up calls on old A/R	X	X	X	X	X

GRANTS RECEIVABLE MANAGEMENT

Monitoring and Recognition

Austin Public Schools, ISD #492 records grants receivable and income as it is earned and billed during the grant year. The Executive Director of Finance & Operations is responsible for monitoring budget-to-actual expenditures, and will meet with the Grant Manager to discuss grant fiscal results.

SECTION 3: EXPENDITURES AND DISBURSEMENTS

PURCHASING PROCEDURES

Overview

THE GUIDELINES AND PROCEDURES DESCRIBED IN THIS SECTION APPLY TO ALL PURCHASES MADE BY AUSTIN PUBLIC SCHOOLS, ISD #492.

Austin Public Schools, ISD #492 requires the practice of ethical, responsible, and reasonable procedures related to purchasing, agreements and contracts, and related forms of commitment. The guidelines in this section describe the principles and procedures that all staff shall adhere to in the completion of their designated responsibilities.

The goal of these procurement procedures is to ensure that materials and services are obtained in an effective manner and in compliance with the provisions of applicable federal statutes and grant requirements.

Responsibility for Purchasing

All department heads or their designees shall have the authority to initiate purchases on behalf of their department, within the guidelines described here. Department directors shall inform the Business Office of all individuals that may initiate purchases or prepare purchase orders. The Business Office shall maintain a current list of all authorized purchasers.

The Business Office shall be responsible for processing purchase orders. The Executive Director of Finance & Operations or designees have approval authority over all purchases and contractual commitments, and shall make the final determination on any proposed purchases where budgetary or other conditions may result in denial.

Code of Conduct in Purchasing (2 CFR Part 200.318 (c)(1))

Ethical conduct in managing the Austin Public Schools, ISD #492's purchasing activities is absolutely essential. Staff must always be mindful that they represent the School Board and share a professional trust with other staff and the general membership.

- Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services.
- Staff shall notify their immediate supervisor if they are offered such gifts.
- No board member, district employee, or agent shall participate in the selection or administration of a contractor if a real or apparent conflict of interest would be involved. Such a conflict would arise if a board member, district employee or agent, or any member of his or her immediate family, his or her spouse or partner, or an Austin Public

Schools, ISD #492 that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the contractor selected.

- In compliance with the MN statutes, School Board members, district employees, and agents shall neither solicit nor accept gratuities, favors, or anything of monetary value, including any food or beverages, from vendors or parties to sub-agreements. Unsolicited gifts with a value of \$5 or less may be accepted with the exception of food and beverages.

Competition (2 CFR Part 200.319)

In order to promote open and full competition, purchasers will:

- Be alert to any internal potential conflicts of interest;
- Be alert to any noncompetitive practices among contractors that may restrict, eliminate, or restrain trade;
- For federal awards, not permit contractors who develop specifications, requirements, or proposals to bid on such procurements;
- Award contracts to qualified bidders whose product or service is most advantageous in terms of price, quality, and other factors;
- Issue solicitations that clearly set forth all requirements to be evaluated;
- Reserve the right to reject any and all bids when it is in the Austin Public Schools, ISD #492's best interest;
- For federal awards, not give preference to state or local geographical areas unless such preference is mandated by Federal statute (200.319(b)); and
- "Name brand or equivalent" description may be used as a means to define the performance or requirements (200.319(c)(1)).

Nondiscrimination

All vendors or contractors who are the recipients of Austin Public Schools, ISD #492 funds or who propose to perform any work or furnish any goods under agreements with Austin Public Schools, ISD #492 shall agree to these important principles:

1. Contractors will not discriminate against any employee or applicant for employment because of race, religion, color, sexual orientation, or national origin, except where religion, sex, or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the contractors.
2. Contractors agree to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Notices, advertisements, and solicitations placed in accordance with federal law, rule, or regulation shall be deemed sufficient for meeting the intent of this section.

Procurement Procedures

The following are Austin Public Schools, ISD #492's procurement procedures.

1. Austin Public Schools, ISD #492 shall avoid purchasing items that are not necessary or duplicative for the performance of the activities required by a federal award. *(2 CFR Part 200.318(d))*
2. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the federal government. *(2 CFR Part 200.318(d))*. This analysis should only be made when both lease and purchase alternatives are available to the program.
3. Purchasers are encouraged to enter into state and local inter-governmental or inter-entity agreements where appropriate for procurement of use of common or shared goods and services. *(2 CFR Part 200.318(e))*
4. 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. *(2 CFR Part 200.318(f))*
5. Documentation of the cost and price analysis associated with each procurement decision in excess of the MN bid law threshold (\$100,000) shall be retained in the procurement files. *(2 CFR Part 200.323)*
6. Austin Public Schools, ISD #492 will maintain records sufficient to detail the history of procurement, including: *(2 CFR Part 200.318(i))*
 - a. Rationale for the method of procurement,
 - b. Selection of contract type,
 - c. Contractor selection or rejection, and
 - d. The basis for the contract price.
7. Austin Public Schools, ISD #492 shall make all procurement files available for inspection upon request by a federal awarding agency.
8. Austin Public Schools, ISD #492 shall not utilize the cost-plus-a-percentage-of-costs method of contracting. *(2 CFR Part 200.323(d))*

All staff members with the authority to approve purchases made with federal awards will receive a copy of and be familiar with 2 CFR Part 200.400 – 475, Cost Principles.

Commented [JSJ2]: Do purchasers know who to do this?

Authorizations and Purchasing Limits

All completed purchase orders must be signed by the preparer and approved by the Department Director or Executive Director of Finance & Operations. The following table lists required approval levels and solicitation processes for purchases made with federal or non-federal funds:

Purchase Thresholds		Delegated Approval Authority	Process
Non-Federal	Federal		
≤ \$25,000	≤ \$3,000	<ul style="list-style-type: none">Executive Director of Finance & Operations for purchases within budget	Evidence of solicitation not required as long as the purchaser believes the price is reasonable, but purchases should be distributed among qualified vendors
\$25,001 ≤ \$100,000	\$3,001 ≤ \$100,000	<ul style="list-style-type: none">Executive Director of Finance & Operations:<ul style="list-style-type: none">Purchases within budgetContracts up to the bid law threshold	Sealed bids or direct negotiation with 2 quotations whenever possible
> \$100,000	> \$100,000	Board prior approval required	Sealed bids solicited by public notice and subject to the particular requirements of the governmental subdivision

The Superintendent and Executive Director of Finance & Operations are authorized to enter into any contract on behalf of Austin Public Schools, ISD #492. Contracts of [\$10,000] or less must be reviewed and approved by the Department Director and the Executive Director of Finance & Operations but do not require approval from the Superintendent. These procedures shall also apply to renewals of existing contracts.

Use of Purchase Orders

Austin Public Schools, ISD #492 utilizes a purchase order system. A requisition form is completed by the requesting party and approved by the Department Director. The building secretary properly completes an electronic purchase order (i.e., total amount of goods and services purchased, not unit cost), with the exception of travel advances, expense reimbursements, or local field orders, which require the preparation of a separate form described elsewhere in this manual. A properly completed purchase order may contain the following information:

1. Specifications or statement of services required,

2. Vendor name, address, and phone number,
3. Source of funding (if applicable),
4. Delivery or performance schedules,
5. Delivery, packing, and transportation requirements, (if applicable),
6. Special conditions (if applicable),
7. Catalog number, page number, etc. (if applicable),
8. Net price per unit, less discount, if any
9. Total amount of order,
10. Authorized signature, and
11. Date purchase order was prepared.

Purchase orders are electronically approved by the Executive Director of Finance & Operations.

All purchase orders shall be recorded in an electronic purchase order log. At the end of the fiscal year, outstanding purchase orders shall be reviewed by the Executive Director of Finance & Operations or designee, and either closed or carried forward to the next year

Required Solicitation of Quotations from Contractors

Solicitations for goods and services (requests for proposals or RFPs) should provide for all of the following:

1. A clear and accurate description of the technical requirements for the material, product, or service to be procured. Descriptions shall not contain features which unduly restrict competition. (2 *CFR Part 200.319(c)(1)*)
2. Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals. (See the next section entitled "Evaluation of Alternative Contractors" for required criteria.) (2 *CFR Part 200.319(c)(2)*)
3. Technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards. (2 *CFR Part 200.319(c)(1)*)
4. The specific features of "brand name or equal" descriptions that bidders are required to meet when appropriate. (2 *CFR Part 200.319(c)(1)*)

5. A description of the format, if any, in which proposals must be submitted, including the name of the person to whom proposals should be sent.
6. The date by which proposals are due.
7. Required delivery or performance dates/schedules.
8. Clear indications of the quantity(ies) requested and unit(s) of measure.

Extension of Due Dates and Receipt of Late Proposals

Solicitations should provide for sufficient time to permit the preparation and submission of offers before the specified due date. However, an extension may be granted if a prospective offeror so requests.

Contractor proposals are considered late if received after the due date and time specified in the solicitation. Late proposals shall be so marked on the outside of the envelope and retained or returned to the proposer. Contractors that submit late proposals shall be notified that their proposal was late and could not be considered for award.

Evaluation of Alternative Contractors

Contractors shall be evaluated on a weighted scale that considers some or all of the following criteria as appropriate for the purchase:

1. Adequacy of the proposed methodology,
2. Skill and experience of key personnel,
3. Demonstrated experience,
4. Other technical specifications designated by the department requesting proposals,
5. Compliance with administrative requirements of the request for proposal (format, due date, etc.),
6. Contractor's financial stability,
7. Contractor's demonstrated commitment to the governmental sector,
8. Results of communications with references supplied by the proposer,
9. Ability/commitment to meeting time deadlines,
10. Cost,
11. Minority- or women-owned business status of vendor, and
12. Other criteria (to be specified by the department requesting proposal).

Not all of the preceding criteria may apply in each purchasing scenario. However, the department responsible for the purchase shall establish the relative importance of the appropriate criteria prior to requesting proposals and shall evaluate each proposal on the basis of the criteria and weighting that have been determined.

After a contractor has been selected and approved by the Department Director, the final selection shall be approved by others according to Austin Public Schools, ISD #492's purchasing approval procedures.

Affirmative Consideration of Minority, Small Business, Women-Owned Businesses, and Labor Surplus Area Firms

(2 CFR Part 200.321)

Positive efforts shall be made by Austin Public Schools, ISD #492 to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms whenever possible. Therefore, the following steps shall be taken:

1. Ensure that small business, minority-owned firms, women's business enterprises, and labor surplus area firms are used to the fullest extent practicable. *(2 CFR Part 200.321)*
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small business, minority-owned firms, women's business enterprises and labor surplus area firms. *(2 CFR Part 200.321(b)(4))*
3. Consider in the contract process whether firms competing for larger contracts tend to subcontract with small businesses, minority-owned firms, and women's business enterprises. *(2 CFR Part 200.321(b)(6))*
4. Encourage contracting with consortiums of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms when a contract is too large for one of these firms to handle individually. *(2 CFR Part 200.321(b)(3))*
5. Use the services and assistance, as appropriate, of such organization as the Small Business Administration and the Department of Commerce's Minority Business Development Agency in the minority-owned firms and women's business enterprises. *(2 CFR Part 200.321(b)(5))*

Availability of Procurement Records (2 CFR Part 200.324(b))

Austin Public Schools, ISD #492 shall, on request, make available for the federal awarding agency, pre-award review and procurement documents, such as requests for proposals, when any of the following conditions apply:

- The process does not comply with the procurement standards in 2 CFR Part 200. *(2 CFR Part 200.324(b)(1))*
- The procurement is expected to exceed the Minnesota-defined simplified acquisition threshold (\$100,000) and is to be awarded without competition or only one bid is received. *(2 CFR Part 200.324(b)(2))*
- The procurement exceeds the simplified acquisition threshold and specifies a "name brand" product. *(2 CFR Part 200.324(b)(3))*

- The proposed award exceeds the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed-bid procurement. (2 CFR Part 200.324(b)(4))
- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the amount of the simplified acquisition threshold. (2 CFR Part 200.324(b)(5))

Provisions Included in All Contracts Charged to Federal Awards (2 CFR Part 200 Appendix II)

Austin Public Schools, ISD #492 includes all of the following provisions, as applicable, in all contracts charged to federal awards (including small purchases) with vendors and subgrants to grantees:

1. **Contracts** for more than the simplified acquisition threshold currently set at \$100,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
3. **Equal Employment Opportunity:** All contracts shall contain a provision requiring compliance with E.O. 11246, "Equal Employment Opportunity," as amended by E.O. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and as supplemented by regulations at 41 CFR Part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."
4. **Davis-Bacon Act, as amended (40 U.S.C. 276a to a-7):** When required by Federal program legislation, all construction contracts of more than \$2,000 awarded by Austin Public Schools, ISD #492 and its subrecipients shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) and as supplemented by Department of Labor regulations (29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction"). The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR part 3).
5. **Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333):** Where applicable all contracts awarded by Austin Public Schools, ISD #492 in excess of \$100,000 that involve the employment of mechanics or laborers shall include a provision for compliance with Sections 3702 and 3704 of the Contract Works Hours and Safety Standards Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR part 3).

6. **Rights to Inventions Made Under a Contract or Agreement:** Contracts or agreements for the performance of experimental, developmental or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Austin Public Schools, ISD #492 and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the award agency.
7. **Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended:** Contracts and subgrants of amounts in excess of \$100,000 shall contain a provision that requires the recipient to agree to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401 et seq.) and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.). Violations shall be reported to the federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
8. **Mandatory** standards and procedures relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act ([42 U.S.C. 6201](#)).
9. **Byrd Anti-Lobbying Amendment (31 U.S.C. 1352):** For all contracts or subgrants of \$100,000 or more, Austin Public Schools, ISD #492 shall obtain from the contractor or subgrantee a certification that it will not and has not used federal appropriated funds to pay any person or Austin Public Schools, ISD #492 for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. 1352.
10. **Debarment and Suspension (E.O.s 12549 and 12689):** No contract shall be made to the parties listed on the General Services List of Parties Excluded from Federal Procurement or Nonprocurement Programs in accordance with E.O.'s 12549 and 12689, "Debarment and Suspension."

Non Competitive Purchases

Emergencies:

Where equipment, materials, parts, and/or services are needed, quotations will not be necessary if the health, welfare, safety, etc., of staff and protection of Austin Public Schools, ISD #492 property is involved. The reasons for such purchases will be documented in the procurement file.

Single Distributor/Source:

Sole source purchases contracts may be made when one or more of the following conditions apply:

- The item or service is only available from one source;
- The situation is an emergency and will not permit a delay resulting from competitive solicitation;
- The awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request; or
- After solicitation, competition is deemed inadequate (insufficient bidders).

Approval from the awarding agency or pass-through entity may be required.

Right to Audit Clause

Austin Public Schools, ISD #492 requires a "Right to Audit" clause in all contracts between the Austin Public Schools, ISD #492s and vendors that either:

1. Take any form of temporary possession of assets directed for the Austin Public Schools, ISD #492, or
2. Process data that will be used in any financial function of the Austin Public Schools, ISD #492.

This Right to Audit clause shall permit access to and review of all documentation and processes relating to the contractor's operations that apply to Austin Public Schools, ISD #492, as well as all documents maintained or processed on behalf of Austin Public Schools, ISD #492, for a period of three years. The clause shall state that such audit procedures may be performed by Austin Public Schools, ISD #492 employees or any outside auditor or contractor designated by the Austin Public Schools, ISD #492.

Contractor Files and Required Documentation

The Business Office shall create a contractor folder for each new contractor from whom Austin Public Schools, ISD #492 purchases goods or services.

The Business Office shall supply a blank Form W-9 to new contractor and request that the contractor complete, sign and return the W-9 (or provide equivalent, substitute information). Completed, signed Forms W-9 or substitute documentation shall be filed. See the section on "Payroll and Related Items" for guidance on determining whether a vendor should be treated as an employee.

Prior to making the final payment to a construction contractor, the Business Office must receive a completed IC134, Minnesota Contractor Affidavit, from the contractor.

Procurement Grievance Procedures

Any bidder may file a grievance with Austin Public Schools, ISD #492 following a competitive bidding process. Once a selection is made, bidders must be notified in writing of the results. The written communication mailed to bidders must also inform them that they may have a right to appeal the decision. Information on the Austin Public Schools, ISD #492's appeal procedures must be made available to all prospective contractors or subgrantees upon request, including the name and address of a contact person, and a deadline for filing the grievance. Grievances are limited to violations of federal laws or regulations, or failure of the Austin Public Schools, ISD #492 to follow its own procurement guidelines.

Receipt and Acceptance of Goods

A Department Director or designated individual shall inspect all goods received. Upon receipt of any item from a contractor, the following actions shall immediately be taken.

1. Review bill of lading for correct delivery point.
2. Verify the quantity of boxes/containers with the bill of lading.
3. Examine boxes/containers for exterior damage and note on the bill of lading any discrepancies (missing or damaged boxes/containers, etc.).
4. Sign and date the bill of lading.
5. Remove the packing slip from each box/container.
6. Compare the description and quantity of goods per the purchase order to the packing slip.
7. Examine goods for physical damage.
8. Count or weigh items, if appropriate, and record the counts on the purchase order.

This inspection must be performed in a timely manner to facilitate prompt return of goods and/or communication with contractors.

Contract Administration

Austin Public Schools, ISD #492 is required to have procedures on contract administration. (2 *CFR Part 200.318(b)*) Therefore, all contract managers will adhere to the following procedures.

1. Contract administration files shall be maintained in a separate file:
2. Contract administration files shall contain:
 - a. The required documentation specified in the authorizations and purchasing limits table for the original scope of work and for all amendments.
 - b. Where the contract work is identified in the grant award or budget, the identification and scope of the work contained in the award or budget, and all approved changes.

3. Authorization of work:
 - a. No work shall be authorized until the contract for the work has been approved and fully executed.
 - b. No change in the work shall be authorized until an amendment to the contract for the work has been approved.
 - c. No amendment of a contract for work shall be executed until it has been approved and authorized as required in the Authorizations and Purchasing Limits table and, where required by the terms of the grant award or budget, approval by the funding source.
4. Conformance of work:
 - a. For each grant award, based on the applicable laws, regulations and grant provisions, the Department Director shall establish and maintain a system to reasonably assure contractor:
 - i. Conformance with the terms, conditions, and specifications of the contract, and
 - ii. Timely follow-up of all purchases to assure such conformance and adequate documentation.
5. The Department Director will authorize payment of invoices to contracts after final approval of work products.

SUBRECIPIENTS

Making of Subawards

From time to time, Austin Public Schools, ISD #492 may find it practical to make subawards of federal funds to other organizations. All subawards in excess of the simplified acquisition threshold shall be subject to the conflict of interest procedures described in the preceding section. In addition, all subrecipients must be approved in writing by the federal awarding agency and agree to the subrecipient monitoring provisions described in the next section.

Austin Public Schools, ISD #492 is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate monitoring. Evaluations may include such factors as: *(2 CFR Part 200.331(b))*

- The subrecipient's prior experience with the same or similar subawards;
- The results of previous audits including whether or not the subrecipient receives a Single Audit, and the extent to which the same or similar subaward has been audited as a major program;
- Whether the subrecipient has new personnel or new or substantially changed systems; and
- The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Monitoring of Subrecipients

When Austin Public Schools, ISD #492 utilizes federal funds to make subawards to subrecipients, Austin Public Schools, ISD #492 is subject to a requirement to monitor each subrecipient in order to provide reasonable assurance that subrecipients are complying, in all material respects, with laws, regulations, and award provisions applicable to the program.

In fulfillment of its obligation to monitor subrecipients, the following requirements apply to all subawards of federal funds made by Austin Public Schools, ISD #492 to subrecipients:

The following required information will be provided to all subrecipients:

1. Federal Award Identification.
 - a. Subrecipient name (which must match its registered name in DUNS);
 - b. Subrecipient's DUNS number ;
 - c. Federal Award Identification Number (FAIN);
 - d. Federal Award Date;
 - e. Subaward period of performance start and end date;
 - f. Amount of Federal funds obligated by this action;

- g. Total amount of Federal funds obligated to the subrecipient;
 - h. Total amount of the Federal award;
 - i. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - j. Name of Federal awarding agency, pass-through entity, and contact information for awarding official,
 - k. Catalogue of Federal Domestic Assistance (CFDA) number and name. Sample Austin Public Schools, ISD #492 must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
 - l. Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) Costs).
2. All requirements imposed by Austin Public Schools, ISD #492 on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
 3. Any additional requirements that Austin Public Schools, ISD #492 imposes on the subrecipient in order for Austin Public Schools, ISD #492 to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
 4. An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between Austin Public Schools, ISD #492 and the subrecipient, or a de minimis indirect cost rate as defined in § 200.414 Indirect costs.
 5. A requirement that the subrecipient permit Austin Public Schools, ISD #492 and auditors to have access to the subrecipient's records and financial statements as necessary for Austin Public Schools, ISD #492 to meet the monitoring requirements of 2 CFR Part 200; and
 6. Appropriate terms and conditions concerning closeout of the subaward.
 7. Subawards shall require that subrecipient employees responsible for program compliance obtain appropriate training in current grant administrative and program compliance requirements.
 8. Subawards shall require that subrecipients submit financial and program reports to Austin Public Schools, ISD #492 on a basis no less frequently than annually.
 9. Austin Public Schools, ISD #492 will follow up with all subrecipients to determine whether all required audits have been completed. Austin Public Schools, ISD #492 will cease all funding of subrecipients failing to meet the requirement to undergo an audit in accordance with 2 CFR Part 220.501. For subrecipients that properly obtain

an audit in accordance with 2 CFR Part 200.501, Austin Public Schools, ISD #492 shall obtain and review the resulting audit reports for possible effects on Austin Public Schools, ISD #492's accounting records or audit.

10. Austin Public Schools, ISD #492 shall assign one of its employees the responsibility of monitoring each subrecipient on an ongoing basis during the period of performance by the subrecipient. This employee will establish and document, based on her or his understanding of the requirements that have been delegated to the subrecipient, a system for the ongoing monitoring of the subrecipient.
11. Ongoing monitoring of subrecipients will vary from subrecipient to subrecipient based on the nature of work assigned to each. However, ongoing monitoring activities may involve any or all of the following:
 - a. Regular contacts with subrecipients and appropriate inquiries regarding the program;
 - b. Reviewing programmatic and financial reports prepared and submitted by the subrecipient and following up on areas of concern;
 - c. Monitoring subrecipient budgets;
 - d. Performing site visits to the subrecipient to review financial and programmatic records and assess compliance with applicable laws, regulations, and provisions of the subaward;
 - e. Offering subrecipients technical assistance where needed;
 - f. Maintaining a system to track and follow up on subrecipient deficiencies in order to ensure that appropriate corrective action is taken, and
 - g. Establishing and maintaining a tracking system to ensure timely submission of all reports required of the subrecipient.
12. Documentation shall be maintained in support of all efforts associated with monitoring of subrecipients.
13. In connection with any subrecipient that has been found to be out of compliance with provisions of its subaward with Austin Public Schools, ISD #492, responsive actions by the Austin Public Schools, ISD #492 shall be determined by Executive Director of Finance & Operations. Such actions may consist of any of the following actions:
 - a. Increasing the level of supporting documentation that the subrecipient is required to submit to Austin Public Schools, ISD #492 on a monthly or periodic basis;
 - b. Requiring that subrecipient prepare a formal corrective action plan for submission to Austin Public Schools, ISD #492;
 - c. Requiring that certain employees of the subrecipient undergo training in areas identified as needing improvement;
 - d. Requiring documentation of changes made to procedures or forms used in administering the subaward;

- e. Arranging for on-site (at the subrecipient's office) oversight on a periodic basis by a member of the Austin Public Schools, ISD #492 accounting or grant administration staff;
- f. Providing copies of pertinent laws, regulations, federal agency guidelines, or other documents that may help the subrecipient;
- g. Arranging with an outside party (such as Austin Public Schools, ISD #492's own independent auditors) for periodic on-site monitoring visits;
- h. Reimbursing after-the-fact, and not provide advances;
- i. Requiring review and approval for each disbursement and all out-of-area travel; and
- j. As a last resort, terminating the subaward relationship and seeking an alternative.

CHARGING OF COSTS TO FEDERAL AWARDS

Overview

Austin Public Schools, ISD #492 charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards.

Segregating Unallowable from Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Grant Manager and Business Office personnel shall be familiar with the allowability of costs provisions 2 CFR Part 200.400 – 475, Cost Principles, particularly:
 - a. The list of specifically unallowable costs found in 200.421 – 475, Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, etc., and
 - b. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with 2 CFR Part 200.407, Prior Written Approval, such as participant support costs, equipment purchases, etc.
3. No costs shall be charged directly to any federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200.400 – 475, Cost Principles.
4. For each federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to costs that were originally charged to a federal award or to an activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

Criteria for Allowability

All costs must meet the following criteria from 2 CFR Part 200.402 – 406, Basic Considerations, in order to be treated as allowable direct or indirect costs under a federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the Austin Public Schools, ISD #492 or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, bargaining between unrelated parties, federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances; and
 - d. Consistency with established procedures of the Austin Public Schools, ISD #492, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a federal award;
 - b. The cost benefits both the federal award and other work and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the Austin Public Schools, ISD #492, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of 2 CFR Part 200 Subpart E Cost Principles, or the federal award itself.
4. Treatment of costs must be consistent with procedures that apply to both federally financed activities and other activities of the Austin Public Schools, ISD #492.
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles (GAAP).
7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.
8. The cost must be adequately documented.

Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal Award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (*2 CFR Part 200.413(a)*). Austin Public Schools, ISD #492 identifies and charges these costs exclusively to each award or program.

Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate Department Director and reviewed by the Executive Director of Finance & Operations.

Time sheets are submitted on a regular basis, reflecting employees' work and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to federal awards and nonfederal functions. See the Payroll section of this manual for detailed procedures.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated for grant purposes, but will be capitalized and depreciated at year-end for financial statement purposes).

Indirect Cost Rate

Austin Public Schools, ISD #492 maintains an annual indirect cost budget. Each year an indirect cost rate is assigned to Austin Public Schools, ISD #492 by the MN Department of Education. The approved indirect cost rate is used when determining the overhead applied to each federal award and major function.

Direct Costing Procedures

Direct and joint costs are allocated to the benefiting programs using cost pools under the following:

1. Costs will be charged to each program up to the limit allowed by the funding source.
2. As much as possible, costs will first be charged directly to benefiting programs.
3. All remaining shared costs will be allocated on the most meaningful measures. The following bases will be used:
 - a. Facilities and related costs will be allocated based on square footage occupied.
 - b. Costs of the Human Resources Department will be allocated based on number of employees.

- c. Fiscal and accounting-related costs will be allocated based on number of transactions.
- 4. Program-related costs will be allocated based on relevant activity measures, such as number of meals served, number of children or clients.

CASH DISBURSEMENTS (CHECK-WRITING)

Check Preparation

Austin Public Schools, ISD #492 prints contractor checks and expense reimbursement checks on a weekly/bi-monthly basis. Checks shall be prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

All contractor and expense reimbursement checks shall be produced in accordance with the following guidelines:

1. Expenditures must be supported in conformity with purchasing, accounts payable, and travel and business entertainment procedures described in this manual.
2. Timing of disbursements should generally be made to take advantage of all early-payment discounts.
3. Generally, all contractors shall be paid within 35 days of submitting a proper invoice upon delivery of the requested goods or services.
4. Total cash requirements associated with each check run are monitored in conjunction with available cash balance in bank prior to the release of any checks.
5. All supporting documentation is attached to the corresponding check prior to forwarding the entire package to an authorized check signer.
6. Checks shall be utilized in numerical order and unused checks are stored in a locked safe in the Business Office.
7. Checks shall never be signed prior to being prepared.
8. Upon the preparation of a check, contractor invoices and other supporting documentation shall immediately be defaced in order to prevent subsequent reuse, attached to a copy of the check and filed.

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Check Signing

All checks require three signatures except for activity account checks which require one. No check shall be signed prior to the check being completed in its entirety (no signing of blank checks).

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Checks shall be signed by an individual other than the one who approved the transaction for payment.

Images of check signatures are scanned into the Accounts Payable software and applied to the checks during the check printing process.

Activity Fund Checks are signed by hand.

The Executive Director of Finance & Operations will review all checks either before or shortly after they are mailed.

Mailing of Checks

The Accounts Payable Clerk mails checks immediately after they are approved by the Executive Director of Finance & Operations or the Board. The Board will approval all payments either before they are mailed or at the next Board meeting.

Voided Checks and Stop Payments

Checks may be voided due to processing errors by making proper notations in the check register and defacing the check by clearly marking it as "VOID." All voided checks shall be retained to aid in preparation of bank reconciliations.

Stop payment orders may be made for checks lost in the mail or other valid reasons. Stop payments are processed by telephone instruction and written/online authorization to the bank by accounting personnel with this authority. An entry is made to record the stop payment and any related bank fees.

Recordkeeping Associated with Independent Contractors

Austin Public Schools, ISD #492 shall obtain a completed Form W-9 or equivalent substitute documentation from all contractors to whom payments are made (see "Accounts Payable Management"). A record shall be maintained of all contractors to whom a Form 1099 is required to be issued at year-end. Payments to such contractors shall be accumulated over the course of a calendar year.

Control Grid – Purchasing and Disbursements

Austin Public Schools, ISD #492 strives to maintain adequate segregation of duties in its purchasing and disbursements functions. The following table illustrates how responsibilities have been assigned. In this table personnel are identified as follows:

- A. Benefits Specialist/Cash Management
- B. Department Managers/Secretaries
- C. Executive Director of Finance & Operations/Controller
- D. Accounts Payable Clerk/Assistant to the Exec. Director of Finance & Operations
- E. School Board

Duty	A	B	C	D	E
Inputs data into vendor master file				X	
Obtains Form W-9 from new contractors				X	
Initiates purchases		X			
Authorizes purchases			X		
Prepares purchase order/requisition				X	
Prepares request for proposal		X	X		
Administers collection of proposals				X	
Evaluates proposals		X	X		
Selects contractor			X		X
Receives contractor invoice				X	
Approves contractor invoice			X		
Assigns general ledger coding		X			
Inputs invoice into A/P system				X	
Selects A/P to be paid				X	
Runs A/P checks				X	
Reviews and approves checks			X		
Mails checks				X	
Maintains custody of unused checks	X				
Reconciles A/P to general ledger	X				
Performs bank reconciliation	X				
Reviews cancelled checks	X				
Reviews bank reconciliations			X		

CREDIT CARDS

Authority to Issue Credit Cards

The School Board and the Executive Director of Finance & Operations determine who is authorized to have a District-issued credit card, and who can use District credit cards that are available for occasional use. The following procedures apply to each of these situations.

Occasional Use District Credit Cards

Austin Public Schools, ISD #492 recognizes that there could be occasions when employees need to use a corporate credit card for travel or gas purchases as approved by the Board. Currently, Austin Public Schools, ISD #492 has zero (0) credit cards available to be checked out by employees upon approval by their supervisors. The cards will be retained in a locked cabinet by the Business Office which will temporarily assign them to users.

Card users will be required to sign a statement acknowledging the following:

- The card shall be used exclusively for legitimate Austin Public Schools, ISD #492-related business purposes.
- The cardholder will avoid splitting purchase or service costs over multiple transactions to circumvent the single transaction limit.
- The cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location, and understands the actions to take in case of theft or loss.
- The cardholder will follow all required procurement guidelines and procedures.
- The cardholder understands and agrees to disciplinary procedures for misuse of the card.

Sales Tax

If appropriate, card users should remind contractors at the time of purchase that according to the tax laws in Minnesota that Sample Austin Public Schools, ISD #492 is exempt from sales tax. If a cardholder is charged sales tax for a card purchase that should be tax exempt, the cardholder should contact the contractor directly to request a credit for the amount of the sales tax.

Card User Responsibilities

Card users will turn in receipts with appropriate account coding to the Department Director when they return the credit card. The Department Director will deliver the receipts to the Business Office on a weekly basis. If the Business Office is missing a receipt when the monthly statement is reconciled, the Assistant to the Exec. Director of Finance & Operations will confer

with the Department Director to determine who used the card, and follow up with that employee to get the receipt.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Executive Director of Finance & Operations for further investigation with the card provider.

Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Austin Public Schools, ISD #492's disciplinary actions discussed earlier in this manual and in the Personnel Manual.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company as well as the Executive Director of Finance & Operations.

Credit Card Assigned to Employee

The board may authorize the use of a credit card by any officer or employee otherwise authorized to make a purchase on behalf of the district. If a district officer or employee makes or directs a purchase by credit card that is not approved by the School Board, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or district policy applicable to school district purchases.

Revocation of Corporate Credit Cards

Failure to comply with any of these guidelines and procedures associated with the use of Austin Public Schools, ISD #492's corporate credit cards or purchasing cards shall be subject to possible revocation of card privileges. The Executive Director of Finance & Operations, with the approval of the Superintendent, shall determine whether credit cards or purchasing cards are to be revoked.

Employee Credit Cards

District employees and School Board officers incurring legitimate Austin Public Schools, ISD #492 business expenses are expected to utilize their personal credit cards for such expenditures. The Austin Public Schools, ISD #492 shall reimburse employees and officers for properly supported and documented business expenditures charged to personal credit cards within thirty business days of the proper completion of an expense report.

PURCHASING CARDS

Authorization of Purchasing Cards

The Executive Director of Finance and Operations authorize the use of P-cards by deparment and specific users. The Executive Director of Finance & Operations will determine spending limits for each employee authorized to use the card.

Users of Purchasing Cards will follow the same responsibilities outlined under Credit Cards above.

Monthly Purchasing Card Procedures

Monthly P-card procedures are:

- 1.....E
Each cardholder will receive an email from the card issuer that they have transactions to review. Each transaction will need an account code assigned in the system which indicates the user's review and approval of the transaction.
- 2.....T
The supervisor receives notice from the P-card issuer that her or his direct reports have approved their transactions and that the supervisor can now review and approve them. The supervisor receives a notice on the 3rd of each month that transactions are waiting for approval.
- 3.....T
The Business Office receives the paperwork and signed statements from the P-card users. The Assistant to the Exec. Director of Finance & Operations reviews amounts and coding and makes any corrections.
- 4.....T
The Assistant to the Exec. Director of Finance & Operations processes the monthly payment for the P-card issuer in the same manner as other vendor payments.
- 5.....T
The School Board or the Executive Director of Finance & Operations approves the payment either before or shortly after payment is made.

PAYROLL AND RELATED ITEMS

Payroll Administration

Austin Public Schools, ISD #492 operates on a bi-weekly payroll. A personnel file is established and maintained for all employees with current documentation, as described throughout this section and more fully described in Austin Public Schools, ISD #492's Employee Handbook.

The following forms, documents, and information shall be obtained and included in the personnel files of all new employees either physically or electronically:

1. Austin Public Schools, ISD #492 Employment Application (and resume, if applicable),
2. Applicant references (work & personal),
3. Board minutes approving the hire and position,
4. Form W-4 Employee Federal Withholding Certificate,
5. Form W-4 MN State Withholding Certificate,
6. Form I-9 Employment Eligibility Verification,
7. Acceptable Use Policy,
8. Confidentiality Statement and Code of Ethics,
9. Starting date and scheduled hours,
10. Job title and starting salary, and
11. Authorization for direct deposit of paycheck, along with a voided check or deposit slip.

Either a current, valid driver's license or one of the following documents is verified for the I-9:

1. U.S. Passport,
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561),
3. Voter's registration card,
4. U.S. Military card,
5. ID card issued by a federal, state, or local government, provided it contains a photo, or
6. School record or report card (for persons under age 18 only).

Either a Social Security card or one of the following documents is verified for the I-9:

1. U.S. Passport,
2. Certificate of U.S. Citizenship (INS Form N-560 or N-561),
3. Original or certified copy of a birth certificate issued by a state, county, or municipal authority,
4. Certificate of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350),
5. U.S. Citizen ID Card (INS Form I-197),
6. Native American tribal document, or

7. ID Card for use of Resident Citizen in the United States (INS Form I-179).

Each employee payroll file shall also indicate whether the employee is exempt or non-exempt from the provisions of the Fair Labor Standards Act.

The employee payroll file must also include a pre-employment background check.

Changes in Payroll Data

All of the following changes in payroll data are to be authorized in writing:

1. New hires,
2. Terminations,
3. Changes in salaries and pay rates,
4. Voluntary payroll deductions,
5. Changes in income tax withholding status, and
6. Court-ordered payroll deductions.

New hires, terminations, and changes in salaries or pay rates shall be authorized in writing by the appropriate Department Director, the Human Resources Director, and the Executive Director of Finance & Operations, and approved by the school board as required by Austin Public Schools, ISD #492.

Voluntary payroll deductions and changes in income tax withholding status shall be authorized in writing by the individual employee.

Documentation of all changes in payroll data shall be maintained in each employee's personnel file.

Payroll Taxes

The Business Office is responsible for ensuring all required tax forms are properly completed and submitted, and that all required taxes are withheld and paid. The Business Office may utilize the services of an outside payroll service center for the processing of payroll, as determined by the Executive Director of Finance & Operations.

Withholding of federal income taxes shall be based on the most current Form W-4 prepared by each employee.

Personnel Activity Reports

Austin Public Schools, ISD #492 follows the requirements in *2 CFR Part 200.430(i), Standards for Documentation of Personnel Expenses*, as well as requirements in specific grants.

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into the official records of the Austin Public Schools, ISD #492;
3. Reasonably reflect the total activity for which the employee is compensated;
4. Encompass both federally assisted and all other activities compensated by the Austin Public Schools, ISD #492 on an integrated basis;
5. Comply with the established accounting practices of Austin Public Schools, ISD #492; and
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect cost activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

All employees that are financed by a federal source of funds as well as other sources, will complete monthly Personnel Activity Reports. These reports will be reviewed by the Department Director and turned into the Business Office. The Department Director and Business Office will adjust salary distribution based on the Personnel Activity Reports each year.

Preparation of Timesheets

Employees required to fill out a timesheet must submit to their supervisor a signed timesheet. The supervisor reviews and approves the timesheets and delivers them to the Business Office no later than Tuesday following the close of each pay period. Timesheets shall be prepared in accordance with the following guidelines:

1. Each timesheet shall reflect all hours worked during the pay period (time actually spent on the job performing assigned duties), whether compensated or not.
2. Timesheets shall be prepared in ink or electronically.
3. Errors shall be corrected by crossing through the incorrect entry, filling in the correct entry, and placing the employee's initials next to the change (i.e., employees shall not use whiteout or correction tape).
4. Employees shall identify and record hours worked based on the nature of the work performed.

5. Compensated absences (vacation, holiday, sick leave, etc.) should be clearly identified as such.
6. Timesheets shall be signed by the employee prior to submission.

Department Directors or their designees shall approve timesheets prior to submission to the Business Office. Corrections identified by an employee's supervisor shall be authorized by the employee by initialing next to the change.

An Austin Public Schools, ISD #492 employee who is on leave, traveling, or is ill on the day that timesheets are due may telephone or email timesheet information (actual time worked and the appropriate classifications) to his or her supervisor (or designated alternate). The employee must initial a timesheet immediately upon his or her return to the office. Timesheets submitted in this manner shall bear the notation, "Time reported by telephone or email by (employee) to (supervisor or designated alternate)." The timesheet shall be signed by the supervisor or the designated alternate.

Processing of Timesheets

The Payroll Specialist will process the timesheets by checking them for mathematical accuracy (not required if timesheets are electronic), then entering all timesheets into the payroll system.

The Payroll Specialist may not change or correct timesheets. When errors are noted, a corrected and approved timesheet must be resubmitted to the Payroll Specialist who will process a new paycheck or correction.

Tampering with, altering, or falsifying time records, recording time on another employee's time record, or willfully violating any other timesheet procedure may result in disciplinary action, up to and including discharge.

Review of Payroll

The Executive Director of Finance & Operations will periodically review the payroll.

Distribution of Payroll

Payroll payments (or check stubs for electronic deposits) shall be distributed by individuals who do not approve timesheets, are not responsible for hiring and firing, and do not control the preparation of payroll.

Control Grid – Payroll and Human Resources

Austin Public Schools, ISD #492 strives to maintain adequate segregation of duties in its payroll and human resources functions. The following table illustrates how responsibilities have been assigned. In this table, personnel are identified as follows:

A. Human Resources Manager/Human Resource Specialist

B. Executive Director of Finance & Operations/Controller

C. Department Director/Supervisor

D. Payroll Specialist

E. School Board

F. Secretaries

G. Benefits Specialist/Cash Management

Duty	A	B	C	D	E	F	G
Authorizes new hires					X		
Authorizes salary adjustments					X		
Authorizes terminations					X		
Sets up new employee in P/R system	X						
Enters salary adjustments to P/R system				X			
Enters direct deposit info. in P/R system				X			
Deletes terminated employees from P/R				X			
Reviews changes to payroll master file		X					
Approves timesheets			X				
Enters timesheets				X			
Reviews input of timesheet data				X			
Reviews distribution of time		X		X			
Reviews payroll register		X					
Prints checks (or paystubs)				X			
Signs payroll checks					X		
Distributes checks (paystubs)				X		X	
Has access to unused payroll checks		X		X			
Prints annual W-2 forms				X			
Reviews annual W-2 forms		X					X
Distributes annual W-2 forms				X		X	
Prepares and distributes the annual 1095							X

SECTION 4: SPECIFIC ASSET ACCOUNTS

CASH AND CASH MANAGEMENT

Cash Accounts

General Checking Account (operating account)

Austin Public Schools, ISD #492 maintains three primary operating accounts to provide for routine cash transactions. The Finance and Payroll account is for routine business check disbursements and payroll disbursements. The Health Ins Trust account is used for health and dental plan disbursements. Both of those accounts are sweep accounts that are swept through the Main Account. All cash and credit card deposits are made to the Main account. Cash transfers are done on an as-needed basis to cover disbursements. All funds in the Main account are swept to a Repurchase account daily and collateralized as needed per the balance.

Petty Cash Account:

The petty cash account is housed in the Cashier's office and has a balance of \$3000. The account is used to make change for students making cash payments to the school for meals and activities, set up and take care of cash boxes for events and activities. The account is reconciled monthly.

Savings Account:

The Austin Public Schools, ISD #492 also maintains an interest-bearing MSDLAF account. All State and County Receipts are received directly into this account. Transfers are made from this account first if needed to cover the weekly disbursements scheduled in the primary accounts. Transfers to or from the MSDLAF account shall be initiated by the Benefits Specialist/Cash Management or Controller.

Authorized Signers

The following Austin Public Schools, ISD #492 personnel are authorized to sign checks drawn on the general operating and payroll accounts:

- School Board Chair
- School Board Treasurer
- School Board Clerk
- Executive Director of Finance & Operations

The Executive Director of Finance & Operations will promptly notify the Austin Public Schools, ISD #492's financial institutions of changes in authorized signatures upon the departure of any authorized signer. Refer to the section titled "Check Signing" for procedures.

Bank Reconciliations

The Benefits Specialist/Cash Management prepares a reconciliation between the bank balance and general ledger balance. The bank reconciliation process will be completed by the 15th of the month following receipt of each bank statement.

The reconciliation process shall involve an inspection of the fronts and backs of cancelled checks returned with the bank statement. The purpose of this inspection is to identify signs of forgery, altered or substitute checks, unusual endorsements, or other signs of fraudulent activity. If the Austin Public Schools, ISD #492's financial institution does not return original cancelled checks or paper copies thereof, the person preparing the monthly bank reconciliation shall view electronic copies of cancelled checks provided by the financial institution via CD-ROM or Internet access to the Institution's website.

All bank reconciliations, including any adjusting journal entries resulting from preparing bank reconciliations, are reviewed and approved by the Executive Director of Finance & Operations on a monthly basis.

Bank reconciliations and copies of resulting journal entries are filed in the Business Office by the Benefits Specialist/Cash Management.

Cash Flow Management

The Executive Director of Finance & Operations monitors cash flow needs on a monthly basis to eliminate idle funds and to ensure that payment obligations can be met. Cash transfers between accounts are performed on an as-needed basis.

Austin Public Schools, ISD #492 adheres to the requirements of its grants which prohibit loaning funds between programs. Therefore, cash management and reporting is performed at the program level as well as for the Austin Public Schools, ISD #492 as a whole.

Stale Checks

Austin Public Schools, ISD #492 will send out letters quarterly to all payees with checks outstanding for 3 months or more. The letter will state the amount of the check and what the payment is for and ask for verification the check will be cashed, or if the payee requests a re-issue of the check or permission to void the check in its entirety.

All stale checks that are written off within the same fiscal year as they were written shall be credited to the same expense or asset account that was debited when the check was written or the expenditure incurred. For stale checks written off in fiscal years subsequent to the year in which the check was written, the credit shall be to miscellaneous income.

Austin Public Schools, ISD #492 will also comply with the Minnesota laws regarding unclaimed property. Accordingly, if uncashed checks are subject to a state reporting and transfer requirement, the Austin Public Schools, ISD #492 shall file all appropriate forms and remit unclaimed property to the appropriate jurisdiction.

Wire Transfers

The Superintendent, Executive Director of Finance & Operations, Controller, Benefits Specialist/Cash Management and the Payroll Specialist shall be the only employees authorized to transact wire transfers from Austin Public Schools, ISD #492 bank accounts. To prevent anyone other than these parties from transacting wire transfers, a system shall be employed that requires the use of pass codes. Each person's pass code is changed according to bank requirements.

Confirmations of all wire transfers are delivered to the Executive Director of Finance & Operations.

PREPAID EXPENSES

Accounting Treatment

Pre-paid expenses are recorded at the end of each fiscal year for financial reporting purposes.

Prepaid expenses with future benefits that expire within one year from the date of the financial statements shall be classified as current assets. Prepaid expenses that benefit future periods beyond one year from the financial statement date shall be classified as noncurrent assets.

Procedures

As part of the account coding process performed during the processing of accounts payable, all incoming vendor invoices shall be reviewed for the existence of time-sensitive future benefits. If future benefits are identified, the payment shall be coded to a prepaid expense account code.

The Business Office shall maintain a schedule of all prepaid expenses. The schedule shall indicate the amount and date paid, the period covered by the prepayment, the purpose of the prepayment, and the monthly amortization. This schedule shall be reconciled to the general ledger balance as part of the annual closeout process.

Commented [JSJ5]: Do you record prepaids monthly or only at yr-end?

Commented [HA6]: Only at Year End

PROPERTY AND EQUIPMENT

Capitalization

Physical assets acquired with unit costs in excess of \$2500 are capitalized as property and equipment on the Austin Public Schools, ISD #492's financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, Austin Public Schools, ISD #492 will adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for the Austin Public Schools, ISD #492's financial statements, these assets will be capitalized and depreciated according to these guidelines.

Equipment and Furniture Purchased with Federal Funds (2 CFR Part 200.313)

Austin Public Schools, ISD #492 may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a federal agency. In addition to those procedures on Asset Management described earlier, equipment and furniture charged to federal awards will be subject to certain additional procedures as described below.

For purposes of federal award accounting and administration, *equipment* shall include all assets with a unit cost equal \$2500.

All purchases of *equipment* with federal funds shall be approved, in advance and in writing, by the federal awarding agency. In addition, the following guidelines shall apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal awards.
2. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, Austin Public Schools, ISD #492 shall retain the equipment without any requirement for notifying the federal agency.
3. If the remaining per unit fair market value is \$5,000 or more, Austin Public Schools, ISD #492 shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal

agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs not to exceed \$500, to the federal agency. (2 CFR Part 200.313(e))

4. 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.
5. A physical inventory of all equipment purchased with federal funds shall be performed at least once every 2 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 records of and federal reports filed by Austin Public Schools, ISD #492.

Establishment and Maintenance of a Fixed Asset Listing

All capitalized property and equipment shall be recorded in a property log. This log shall include the following information with respect to each asset: (2 CFR part 200.313(d)(1))

1. Date of acquisition,
2. Cost,
3. Description (including color, model, and serial number or other identification number),
4. Source of the funds used to purchase the equipment, including the federal award number, if applicable,
5. Whether the title vests in the Austin Public Schools, ISD #492 or the federal government,
6. Information to calculate the federal share of the cost of the equipment, if applicable,
7. Location, use and condition,
8. Depreciation method,
9. Estimated useful life, and
10. Ultimate disposition data including the date of disposal and sale price.

The physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the Executive Director of Finance & Operations.

Receipt of Newly Purchased Equipment and Furniture

At the time of arrival, all newly purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the contractor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the contractor immediately.

Depreciation and Useful Lives

All capitalized assets are maintained in the special property and equipment account group. Property and equipment are depreciated over their estimated useful lives using the straight-line annual method.

In the year of acquisition, all new assets are depreciated for a full year, no matter the purchase date.

Estimated useful lives of capitalized assets shall be determined by the Business Office with the category of choice. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Asset Class Code	Description	Asset Life Years
02	LAND/SITE IMPROVEMENTS	20
03	BUILDINGS	20
05	KSMQ	10
10	DESK - ADMIN	15
14	CABINETS - ADMIN	15
16	ADMIN - COMPUTER EQUIP	5
18	ADMIN-OFFICE MACHINES	5
19	ADMIN-MISC. EQUIPMENT	10
52	TABLES & STANDS	15
53	OPEN SHELVING	20
54	CABINETS, GENERAL (LOCKERS)	20
56	A-V EQUIPMENT OR SOFTWARE	10
57	FOOD SERVICE EQUIPMENT	15
58	ATHLETIC EQUIP/UNIFORMS	20
61	OFFICE MACH & DEVICES-PRINTER	5
62	VO-TECH TRAIN EQUIP	15
63	SCIENCE-LABORATORY EQUIP	10
64	MUSIC INSTRUMENTS - NOT PIANOS	10
67	NON-ADMIN COMPUTER EQUIP	5
68	FINE ARTS	10
70	BAND UNIFORMS	10
71	VEHICLES - AVG. RETAIL	8
96	GENERAL BLDG & GROUNDS EQUIP.	15
98	EDU. & JANITORIAL SUPPLIES	15
99	MISC. MOVABLE EQUIP - HVAC	20

For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

Changes in Estimated Useful Lives

If it becomes apparent that the useful life of a particular capitalized asset will be less than the life originally established, an adjustment to the estimated useful life shall be made. All such changes in estimated useful lives of capitalized assets must be approved by the Executive Director of Finance & Operations.

When a change in estimated useful life is made, the new life is used for purposes of calculating annual depreciation expense. In the year in which the change in estimate is made, the cumulative effect of the change shall be reflected as depreciation expense in the Austin Public Schools, ISD #492's statement of activities.

For example, if in the fourth year of an asset's life, it is determined that the asset will last five years instead of the original estimate of seven years, depreciation expense for that year shall be equal to the difference between 4/5 of the asset's basis (accumulated depreciation at the end of year four) and 3/7 of the asset's basis (accumulated depreciation at the beginning of the year).

Repairs of Property and Equipment

Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.

Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property shall also be depreciated over its new, extended useful life.

Dispositions of Property and Equipment

If equipment is sold, scrapped, donated, or stolen, adjustments need to be made to the fixed asset listing and property log. If money is received for the asset, then the difference between the amount received and the "book value" (purchase price less depreciation) of the asset will be recorded as a loss (if the money received is less than the book value) or a gain (if the money received is more than the book value).

Write-Offs of Property and Equipment

The Executive Director of Finance & Operations approves the disposal of all capitalized fixed assets that may be worn-out or obsolete. Property that is discovered to be missing or stolen will be reported immediately to the Executive Director of Finance & Operations. If not located, this property will be written off the books with the proper notation specifying the reason.

SECTION 5: LIABILITY AND NET ASSET ACCOUNTS

ACCRUED LIABILITIES

Identification of Liabilities

The Business Office shall establish a list of commonly incurred expenses that may have to be accrued at the end of the fiscal year. Some of the expenses that shall be accrued by Austin Public Schools, ISD #492 at the end of an accounting period are:

- Salaries and wages
- Payroll taxes
- Paid leave (see below)
- Taxes

In addition, Austin Public Schools, ISD #492 shall record a liability for unearned revenue (revenue received but not yet earned) in accordance with the revenue recognition procedures described elsewhere in this manual. Adjustments to unearned revenue accounts shall be made monthly.

Accrued Leave

In accordance with District policy and the collective bargaining agreements, employees can carry forward unused leave from year to year. Such unused leave may be payable to an employee upon termination of employment.

Accordingly, Austin Public Schools, ISD #492 records a liability for accrued leave to which employees are entitled. The total liability at the end of the fiscal year shall equal the total earned but unused hours of leave, up to the bargaining unit maximum, multiplied by each employee's current hourly pay rate or bargained pay out of accrued leave.

If leave policies allow sick leave to be converted to retirement benefits, Austin Public Schools, ISD #492 will record a liability based on an actuarial calculation.

Leave that does not "vest" with employees (i.e., leave that is not paid to employees if unused at the time of termination of employment) shall not be accrued as a liability.

SECTION 6: FINANCIAL AND TAX REPORTING

FINANCIAL STATEMENTS

Standard Financial Statements of the Austin Public Schools, ISD #492

Preparing financial statements and communicating key financial information is a necessary and critical accounting function. Financial statements are management tools used in making decisions, in monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the Austin Public Schools, ISD #492. Financial statements may reflect year-to-year historical comparisons or current year budget-to-actual comparisons.

Government-wide Statements

The two government-wide statements report the District's net position and how it has changed.

Statement of net position – Presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

Statement of activities – Presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Fund Financial Statements

Governmental funds – Most of the District's basic services are included in governmental funds. Governmental fund financial statements present near-term inflows of cash and other financial assets that can readily be converted to cash, as well as the balances at year-end that are available for spending.

Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activity funds and employee flex benefit plan. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

Frequency of Preparation

On a monthly basis members of the School board will receive a Treasurer's report consisting of a detailed listing of cash disbursements made through accounts payable and payroll. Department Directors may review their own programs budget to actual line items either online or

through a printout prepared from the finance software. Department Directors can view these budget items at any time.

Annual Financial Statements

On an annual basis, the Austin Public Schools, ISD #492 shall prepare, under the direction of the Executive Director of Finance & Operations, a complete set of GASB financial statements, including footnotes addressing all disclosures required by GAAP.

Presentation of the Austin Public Schools, ISD #492's annual audited financial statements shall be provided by the independent auditor to the School Board. See separate guidance regarding the annual audit under "Financial Management."

SECTION 7: FINANCIAL MANAGEMENT

BUDGETING

Overview

Budgeting is an integral part of managing Austin Public Schools, ISD #492 in that it is concerned with the translation of Austin Public Schools, ISD #492al goals and objectives into financial terms. A budget should be designed and prepared to direct the most efficient and prudent use of the Austin Public Schools, ISD #492's financial and human resources. A budget is a management commitment of a plan for present and future Austin Public Schools, ISD #492 activities that will ensure survival. It provides an opportunity to examine the composition and viability of the Austin Public Schools, ISD #492's programs and activities simultaneously in light of the available resources.

Budgets are also prepared for funding sources, and each grant manager must be aware of budget modification requirements. Awarding agencies may or may not require approval for changes in line items. Austin Public Schools, ISD #492 will document and follow all such requirements.

Preparation and Adoption

Austin Public Schools, ISD #492 will prepare an annual budget on the accrual basis of accounting. The Controller gathers proposed Austin Public Schools, ISD #492-wide budget information from all Department Directors and others with budgetary responsibilities and prepares the first draft of the budget. Budgets proposed and submitted by each department should be accompanied by a narrative explanation of the sources and uses of funds and should explain all material fluctuations in budgeted amounts from prior years.

After appropriate revisions and a compilation of all department budgets by the Controller, a draft of the Austin Public Schools, ISD #492-wide budget is presented to the Executive Director of Finance & Operations and then the Superintendent for discussion, revision, and initial approval.

The final draft is then submitted to the School Board for adoption.

Austin Public Schools, ISD #492 will adopt a final budget before the beginning of the Austin Public Schools, ISD #492's fiscal year. The purpose of adopting a final budget at this time is to allow adequate time for the Business Office to input the budget into the accounting system and establish appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper classification of activities and comparison of budget versus actual once the year begins.

Budgets for programs that are not on the Austin Public Schools, ISD #492's fiscal year will be prepared in accordance with awarding agency requirements.

Monitoring Performance

Austin Public Schools, ISD #492 monitors its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the financial reporting process described earlier.

Financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the Business Office and distributed to or retrieved on-line by each employee with budgetary responsibilities on an as-needed basis.

Budget and Program Revisions

Austin Public Schools, ISD #492 will request prior approval from federal awarding agencies for any of the following program or budget revisions. (2 CFR Part 200.308)

1. Change in the scope or objective of the project or program, even if there is no associated budget revision requiring prior written approval.
2. Change in a key person (Project Director, etc.) specified in the application or award document.
3. Disengagement for more than three months (other than breaks in the academic year), or a 25% reduction in time devoted to the project, by the approved Project Director or principal investigator.
4. The need for additional federal funding.
5. The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with 2 CFR Part 200.407, Prior written approval.
6. The transfer of funds allotted for participant support costs to other categories of expense.
7. Unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. (However, this provision does not apply to purchases of supplies, materials, equipment, or general support services.)
8. Changes in the amount of the approved cost-sharing or matching provided by the Austin Public Schools, ISD #492.

Budget Modifications

At least once per year, the Executive Director of Finance & Operations will present a list of budget modifications to the School Board for approval.

ANNUAL AUDIT

Role of the Independent Auditor

Austin Public Schools, ISD #492 will arrange for an annual audit of the Austin Public Schools, ISD #492's financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by the School Board will be required to communicate directly with the Austin Public Schools, ISD #492's Executive Director of Finance & Operations upon the completion of their audit.

Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the School Board by the independent accounting firm at a Board meeting.

Auditor Independence

Austin Public Schools, ISD #492 may from time to time request the independent auditor to provide services outside the scope of the annual audit. In connection with these non-audit services, it is imperative that the independent auditor remain independent in fact and in appearance in order to continue serving the Austin Public Schools, ISD #492 as its auditor.

Generally, in order to remain independent with respect to the audit, the Austin Public Schools, ISD #492's auditors should not provide non-audit services that involve performing management functions or making management decisions nor should they provide non-audit services in situations where the non-audit services are significant/material to the subject matter of the audits (or where they would be auditing their own work in connection with the annual audit).

Therefore, the Austin Public Schools, ISD #492 will evaluate any non-audit service requested from the independent auditor for possible impairments to the firm's independence, and to not permit the performance of any services that would impair independence. This evaluation shall be performed by the Executive Director of Finance & Operations, who may consult the independent auditor or other external sources in making this determination.

In addition, for each non-audit service that is to be provided by the Austin Public Schools, ISD #492's independent auditor, the Austin Public Schools, ISD #492 shall:

1. Designate a management level individual to be responsible and accountable for overseeing the non-audit service (to be determined by the Executive Director of Finance

& Operations.

2. Establish and monitor performance of the non-audit service to ensure that it meets management's objectives (to be performed by the person designated in step 1).
3. Make any decisions that involve management functions related to the non-audit service and accept full responsibility for such decisions.
4. Evaluate the adequacy of the services performed and findings that result.

How Often to Review the Selection of the Auditor

Austin Public Schools, ISD #492 shall review the selection of its independent auditor in the following circumstances:

1. Any time there is dissatisfaction with the service of the current firm;
2. When a fresh perspective and new ideas are desired; or
3. Every 5 years to ensure competitive pricing and a high quality of service (this is not a requirement to change auditors every five years, but simply to reevaluate the selection).

Selecting an Auditor

The selection of an accounting firm to conduct the annual audit is a task that should be taken very seriously. The following factors shall be considered by Austin Public Schools, ISD #492 in selecting an accounting firm:

1. The firm's reputation in the school district community;
2. The depth of the firm's understanding of and experience with school districts and federal reporting requirements under 2 CFR Part 200;
3. The firm's demonstrated ability to provide the services requested in a timely manner; and
4. The ability of firm personnel to communicate with Austin Public Schools, ISD #492 personnel in a professional and congenial manner.

If Austin Public Schools, ISD #492 decides to prepare and issue a written Request for Proposal (RFP) to be sent to prospective audit firms, the following information shall be included:

1. Period of services required,
2. Type of contract to be awarded (fixed fee, cost basis, etc.),
3. Complete description of the services requested (audit, management letter, tax returns, etc.),
4. Identification of meetings requiring their attendance, such as staff or Board meetings,
5. Austin Public Schools, ISD #492 chart of Austin Public Schools, ISD #492,

6. Chart of account information,
7. Financial information about the Austin Public Schools, ISD #492,
8. Copy of prior year reports (financial statements, management letters, etc.),
9. Identification of need to perform audit in accordance with 2 CFR Part 200.500 – 521 and the appropriate Compliance Supplements,
10. Other information considered appropriate,
11. Description of proposal and format requirements,
12. Due date of proposals,
13. Overview of selection process (i.e., whether finalists will be interviewed, when a decision shall be made, etc.), and
14. Identification of criteria for selection.

Minimum Proposal Requirements from prospective CPA firms shall be:

1. Firm background,
2. Biographical information (resumes) of key firm member who will serve Austin Public Schools, ISD #492,
3. Client references,
4. Information about the firm's capabilities,
5. Firm's approach to performing an audit,
6. Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings,
7. Other resources available with the firm,
8. Expected timing and completion of the audit,
9. Expected delivery of reports,
10. Cost estimate including estimated number of hours per staff member,
11. Rate per hour for each auditor, and
12. Other information as appropriate.

In order to narrow down the proposals to the top selections, the Executive Director of Finance & Operations shall meet with the prospective engagement teams from each proposing firm to discuss their proposal. Copies of all proposals shall be forwarded to the Executive Director of Finance & Operations. Final interviews of each firm are conducted by the Executive Director of Finance & Operations, who will make the final recommendation to the School Board for approval.

Preparation for the Annual Audit

Austin Public Schools, ISD #492 shall be actively involved in planning for and assisting with the Austin Public Schools, ISD #492's independent accounting firm in order to ensure a smooth and timely audit of its financial statements. In that regard, the Business Office shall provide assistance to the independent auditors in the following areas:

Planning – The Executive Director of Finance & Operations is responsible for delegating the assignments and responsibilities to accounting staff in preparation for the audit. The Executive Director of Finance & Operations shall review the list of information requested by the auditors and assign responsibility for each item to the appropriate staff of Austin Public Schools, ISD #492. The Executive Director of Finance & Operations shall then schedule and direct status meetings in the weeks leading up to the audit in order to review the progress of staff in preparing for the audit.

The Executive Director of Finance & Operations shall arrange and coordinate any and all meetings, interviews, telephone discussions, and conference calls requested by the auditor with Austin Public Schools, ISD #492 board members, audit or finance committee members, or employees of Austin Public Schools, ISD #492 to facilitate the auditor's work. Prior to any such meetings or discussions, the Executive Director of Finance & Operations shall inform each Austin Public Schools, ISD #492 participant of the nature of the discussion or meeting and what, if any, preparations they should do prior to the meeting. The Executive Director of Finance & Operations shall communicate to each Austin Public Schools, ISD #492 participant in such meetings or discussions the importance of being open, honest, and frank with the auditors with respect to any and all questions posed by the auditors.

Involvement – Austin Public Schools, ISD #492 staff will do as much work as possible in order to assist the auditors and, therefore, reduce the cost of the audit.

Interim Procedures – To facilitate the timely completion of the annual audit, the independent auditors may perform selected audit procedures prior to the Austin Public Schools, ISD #492's year-end. By performing significant portions of audit work as of an interim date, the work required subsequent to year-end is reduced. Austin Public Schools, ISD #492 staff will provide requested schedules and documents to assist the auditors during any interim audit fieldwork.

Throughout the audit process, Austin Public Schools, ISD #492 will make every effort to provide schedules, documents, and information requested by the auditors in a timely manner.

Concluding the Audit

Upon receipt of a draft of the audited financial statements of Austin Public Schools, ISD #492 from its independent auditor, the Executive Director of Finance & Operations shall perform a detailed review of the draft, consisting of the following procedures.

1. Carefully read the entire report for typographical errors.
2. Trace and agree each number in the financial statements and accompanying footnotes to the accounting records and/or internal financial statements of Austin Public Schools, ISD #492.
3. Review each footnote for accuracy and completeness.

Any questions or errors noted as part of this review shall be communicated to the independent auditor in a timely manner and resolved to the satisfaction of the Executive Director of Finance & Operations.

It shall also be the responsibility of the Executive Director of Finance & Operations to review and respond in writing to all management letter or other internal control and compliance report findings and recommendations made by the independent auditor.

In addition, the Single Audit Clearinghouse form shall be completed and a copy submitted to the Executive Director of Finance & Operations.

Audit Adjustments

The Austin Public Schools, ISD #492 will review all adjustments prepared by the independent auditor in connection with the annual audit, and, if in concurrence, record them in the general ledger.

The Austin Public Schools, ISD #492 may also receive a list of unadjusted differences (or passed audit adjustments) from the independent auditor in connection with the audit. If the Austin Public Schools, ISD #492 receives such a list, it shall be the responsibility of the Executive Director of Finance & Operations to review them and determine whether or not to record them in the current year.

Internal Control Deficiencies Noted During the Audit

In accordance with generally accepted auditing standards, at the conclusion of the audit the Austin Public Schools, ISD #492's independent auditors may provide a written communication of internal control deficiencies noted in connection with their audit. Not all deficiencies in internal control are required to be reported by the auditor. Only the following two types of deficiencies are required to be communicated:

1. **Material weakness** – A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.
2. **Significant deficiency** – A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Austin Public Schools, ISD #492's independent auditors are required to provide written communication to the Executive Director of Finance & Operations of all significant deficiencies and material weaknesses (i.e., only those control deficiencies that rise to the level of materiality at which they qualify under the definitions provided above, in the opinion of the auditor).

It is the Austin Public Schools, ISD #492's procedure that all internal control deficiencies that are communicated by the auditor in writing will be formally addressed by the Superintendent, and/or the Executive Director of Finance & Operations.

Board Communications with the Auditors

In accordance with generally accepted auditing standards, in connection with and at the conclusion of each annual audit, the auditors are required to make certain communications directly to the Board. The Executive Director of Finance & Operations shall facilitate all of these communications, arranging for face-to-face meetings, telephone or conference calls, or delivery of electronic or paper documents between auditor and Board members.

Some of the communications that Austin Public Schools, ISD #492's auditors may have with the Austin Public Schools, ISD #492's Board include:

1. Planning discussions prior to commencing the audit, such as by inquiring of Board members their perception of where the risk of material misstatements in the Austin Public Schools, ISD #492's financial statements may be greatest, the various risks of fraud, and other inquiries.
2. Internal control deficiencies noted during the audit, communicated in writing at the conclusion of the audit.
3. Any material fraud detected by the auditor, or any fraud, regardless of materiality, involving senior management, noted at any time during the audit.
4. Significant problems or other issues that arose during the audit (e.g., disagreements with management and certain other items that the auditors may be required to report to the School Board).
5. Audit adjustments made by the auditors as a result of their audit.
6. Certain audit differences noted by the auditors that they deemed not material enough to warrant making an adjustment for.

Board members should be aware of these communications and engage in active discussions with the auditors whenever it is considered appropriate in the fulfillment of these or their other duties.

INSURANCE

Overview

It is fiscally prudent to have an active risk management program that includes a comprehensive insurance package. This will ensure the viability and continued operations of Austin Public Schools, ISD #492.

Austin Public Schools, ISD #492 maintains proper property, liability including fidelity bonding, auto and workers' compensation coverage.

RECORD RETENTION

Record Retention Procedures

Austin Public Schools, ISD #492 retains records as required by law and destroys them when appropriate. All files, both hard copy and electronic shall be labeled with topic and year. Electronic copies shall be saved in appropriate folders on the network storage device. Hard copies should be stored in file cabinets or archived in the storage area.

Austin Public Schools, ISD #492 will follow the records retention time periods listed in the MN School District General Records Retention Schedule.

The destruction of records must be recorded. Review and purging of files may take place on an ongoing basis, but must occur at least once per year, and must follow the minimum retention requirements outlined below.

The destruction of any documents containing social security numbers or any other "consumer data" as defined under federal laws and regulations shall be done via shredding.

Exception for Investigations

In connection with any ongoing or anticipated investigation into allegations of violations of federal laws or regulations, provisions of government awards, or violations of the Austin Public Schools, ISD #492's Code of Conduct, the following exceptions are made to the preceding scheduled retention and/or destruction of records:

1. All records related to the subject of the investigation or allegation shall be exempt from any scheduled record destruction.
2. The term "records" shall also apply to any electronically stored record (e.g., documents stored on computers, email messages, etc.), which shall also be protected from destruction.

Policy Adopted: 02/13/17