



Birmingham
PUBLIC SCHOOLS Achievement
Character
Community

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Business Office Procedures Manual



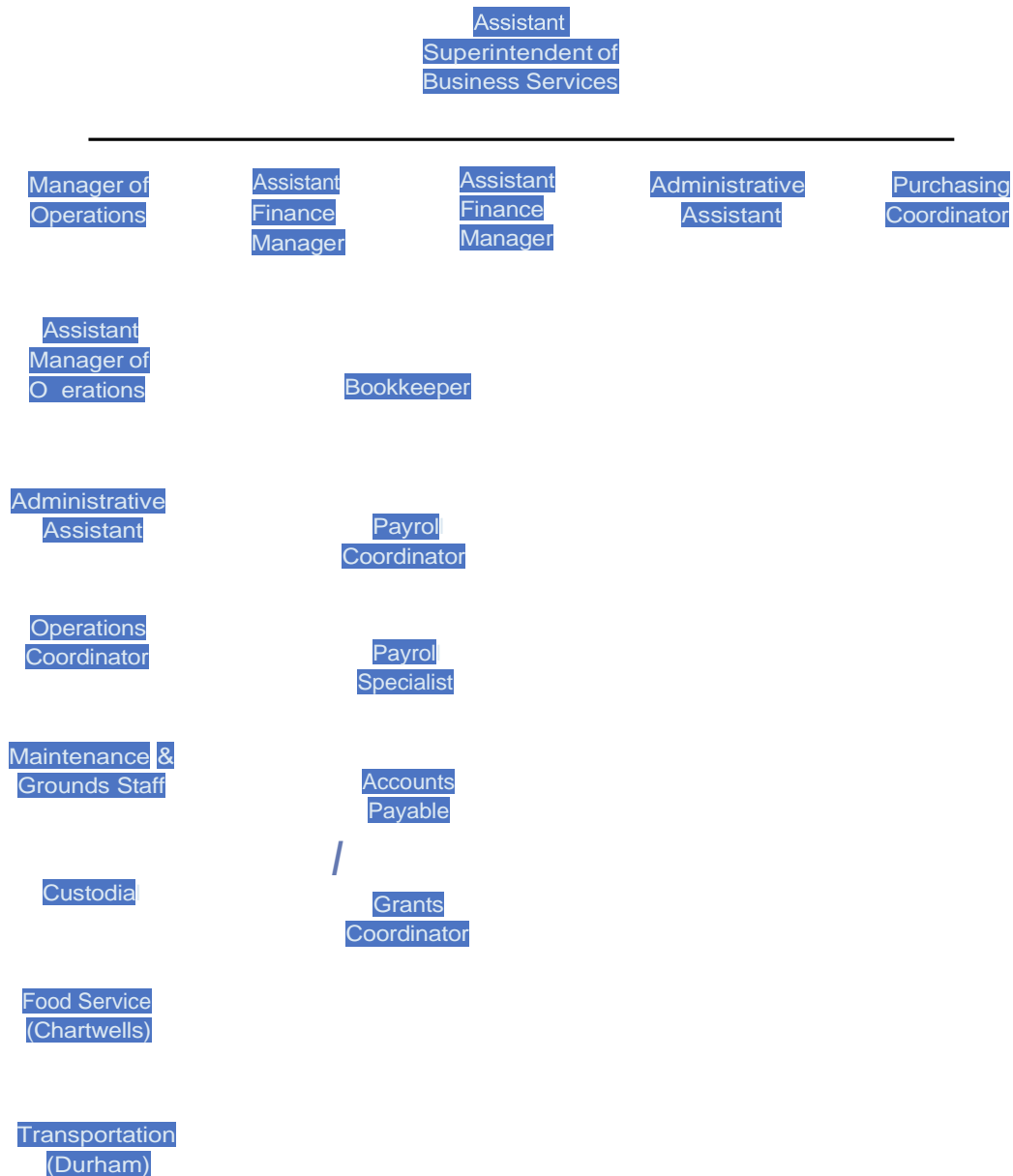
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SECTION 1 ORGANIZATIONAL STRUCTURE

Business Services Organizational Chart



SECTION 2 BUDGET PREPARATION

- A. An operating budget will be prepared for the general fund, each special revenue fund, each debt fund, and each capital projects fund consistent with GAAP and the uniform chart of accounts by the Finance Manager.
- B. A public hearing on the budget will be advertised and held prior to formal adoption by the Board of Education.
- C. The budget will be formally adopted by the Board of Education prior to the commencement of the fiscal year.
- D. The adopted budget will include:
 - 1. Revenue and expenditure data for the most recently completed fiscal year and estimated revenue and expenditures for the ensuing fiscal year.
 - 2. The amount of surplus or deficit that has accumulated from the prior fiscal year, along with an estimate of the amount of surplus or deficit expected in the current fiscal year.
 - 3. An estimate of the amounts needed for deficiency, contingent, or emergency purposes.
 - 4. Other data relating to fiscal conditions that the Assistant Superintendent for Business Services deems to be useful.
- E. The budget will be amended by the Finance Manager and approved by the Board of Education, as necessary, throughout the fiscal year.
- F. The budgets will be posted on the district's website within 30 days of adoption.
- G. The original budget, final amended budget, actual expenditures, and excess of expenditures over budget will be included for the general fund and each major special revenue fund in the annual audit.
- H. Each federal grant will have an award budget, which will be incorporated into the district-wide operating budget.
- I. Management will review budget vs. actual reports financial statements with the Board of Education to monitor fiscal performance. These financial statements will be prepared in the same manner as the adopted budget and include both revenues and expenditures.

SECTION 3 CASH MANAGEMENT

A. CASH MANAGEMENT

1. At its annual January Board Meeting, Birmingham Public Schools Board of Education authorizes all bank accounts and persons permitted to be designated check signers. Any changes to these personnel during the year require a separate resolution and Board approval to amend the designated check signer or bank account list.
2. The Board of Education formally adopted a deposit/investment policy, Policy "6144-Investments" that limits the school district's allowable deposits and addresses the specific types of risks to which the school district's cash assets are exposed.
3. Bank reconciliations are performed by the 10th of each month. In addition, the bank reconciliation is reviewed by the Finance Manager or Assistant Finance Manager. A list of all outstanding checks are given to Accounts Payable for follow-up.

B. CASH RECEIPTS

1. For check deposits - Incoming mail and hand delivered checks are opened by the Administrative Assistant or Accounts Payable and stored in the vault. Weekly, the Bookkeeper prepares a check deposit by scanning the checks through a digital check scanner. The digital check scanner creates an electronic image of the check and a comprehensive list of the checks, the issuer, check number, check amount and date transmitted. This information is then transmitted directly to the bank electronically. The two bank reports, check list detail and actual check images, are saved to the **S-Drive>Finance>Remote Deposits** for fiscal year + 7 years. The actual checks, check stubs and all reports are attached to the cash receipts in the file room.
2. For cash deposits - Any cash received in the Finance Department is recorded with a receipt from the receipt book and then the cash is placed in the safe in the vault. Bookkeeper prepares the deposit and puts it into a numbered tamper-proof bag. The courier signs for receipt of the bag on the log report and delivers the deposit to the bank night drop. The deposit slips include two copies; one copy is retained in the Finance Department with explanation and account number written on it. The original goes to the bank with the cash. Sending cash through interoffice mail is not allowed. Cash collected that must be sent to the Finance Department must be delivered in person.
3. Receipts are logged into the accounting software by the Bookkeeper. The receipts are filed by computer-generated receipt number.

C. RECONCILIATIONS

1. Bank accounts are reconciled as of the end of each month by the Bookkeeper, who is independent of the Accounts Payable and Payroll functions. Reconciliations should be completed by the 10th of each month. Bank statements are received online for all accounts.
2. Bookkeeper compares dates and amounts of daily deposits on bank statements to the cash receipts as well as bank transfers and any items rejected by the bank due to non-sufficient funds, etc.
3. Reconciliation procedures include the following:
 - a. Comparison of bank statements with the disbursements for number, date, payee, and amount.
 - b. Review of sequence of check numbers
4. Checks outstanding for six months are investigated by Accounts Payable. Outstanding checks will be escheated to the State in accordance with State guidelines.
5. Upon completion of the reconciliation process, the Finance Manager or Assistant Finance Manager reviews the worksheets and approves the reconciliation.

SECTION 4 EXPENDITURES - PURCHASING/PROCUREMENT

A. PURCHASING PROCEDURES

Purchases under \$100

If Principal/Supervisor approves, purchases can be made without submitting a purchase order. When invoice is received, a check request will need to be submitted with the invoice attached for payment. If the vendor accepts a purchase orders, a purchase order can be submitted to place order. Purchases are made in accordance with applicable legal requirements. Building administrators may purchase items totaling \$100 or less. Purchase orders are required for all purchases over \$100 not made by district credit card. The Superintendent, Assistant Superintendent of Business Services or Facilities Manager are authorized to make emergency purchases without prior approval if these goods and/or services are needed to keep the school in operation. Such emergency purchases shall be brought to the school board's attention at the next school board meeting.

Purchases \$100-\$5,000

Purchase orders or check requests are required to make a purchase of a single item between \$100-\$5,000. If utilizing the purchase order system, a purchase order should be submitted to the vendor after it has gone through workflow in the computerized software program (i.e. not a "confirmed" purchase order). If utilizing a check request, proper approvals from the person in charge of that respect budget is required. All intangible purchases (such as services) can be submitted with a purchase order marked "confirmed".

Purchases \$5,001-\$26,045

In accordance with Board Policy 6320 - single items, orders of numerous identical items, and work orders whose estimated cost is greater than \$5,000 require at least three (3) quotes to be obtained and analyzed prior to purchasing unless the items are exempt purchases as defined as Board approved textbooks, utilities, legal/audit services, or cooperative purchasing program. The District has memberships with many Cooperative Purchasing Programs with pre-arranged, negotiated contracts in order to reduce costs.

Purchases \$26,046+ (State Competitive Bid Threshold for FY 2022)

Competitive bids are required for all purchases costing over the current State of Michigan mandated amount. However, competitive bids are not required for items purchased through the cooperative bulk purchasing program operated by the Michigan Department of Management and Budget pursuant to M.C.L.A. 18.12363. Refer to Policy 6320 for details on bidding procedures. Bids that are sealed must remain sealed until opened by the Purchasing Coordinator or another employee designated by him/her in the presence of at least one (1) witness. Awards should go to the lowest bidder, however, exceptions can be made after consideration of the quality of item(s) supplied, delivery terms, past performance of the vendor, conformity with specifications, etc.

B. PURCHASING PROCESS

1. Copies of purchase orders are distributed to the vendor and acquiring department.
2. The accounting software package assigns purchase order numbers sequentially.
3. Purchases being made using Federal grant monies require special approval by the Grants Coordinator. These purchases can only be made if specifically approved in the grant application.
4. District funds may NOT be used to purchase:
 - Alcoholic beverages
 - Jewelry
 - Gifts/Gift cards
 - Fees for golf
 - Make cash donations to a community and/or non-profit organization
 - Scholarships

C. METHODS OF PURCHASING

All purchases including student activities must adhere to the Birmingham Public Schools Policies.

1. Purchase Orders

Purchase Orders are the preferred method to purchase goods and services. If the vendor is not set up in accounting software, the requisitioner will need to submit a Vendor Request Form with W-9 attached in the accounting software system. Purchasing coordinator receives the form and completes setting up the vendor.

2. Amazon

All Amazon orders are entered through the Punchout System in BusinessPlus. Building secretaries/bookkeepers are set up with an Amazon Business account. After creating their shopping cart, the user submits the order to check out. Order is then submitted back to BusinessPlus to continue the same process as all other Purchase Orders.

3. Electronic Catalog (eCatalog)

The Ecatalog system is used if you are purchasing from the following vendors: 1) APAC, 2) Grainger, 3) KSS Enterprises, 4) School Specialty, 5) Staples, and 6) SupplyDen. The eCatalog can be found at <http://www.bpsecatalog.net/site/> to login. All eCatalog orders are approved by the appropriate staff's supervisor and/or building principal. The Purchasing Coordinator reviews the order, account number and budget balance. When this process is complete, orders are sent directly to the vendor by the accounting software or manually by the Purchasing Coordinator. These orders are not encumbered in the account software automatically. The Purchasing Coordinator creates a Purchase Order by month to encumber these eCatalog orders. There are always 2 Purchase Orders in the accounting software - one for current month orders and one for previous month orders.

4. Purchasing Cards

The Internet Order Form is used when a vendor does not accept Purchase Orders. The Internet Order Form is filled out by the purchaser with appropriate budget manager signatures before sending the form to the Purchasing Coordinator. After confirming the vendor's method of payment, the Purchasing Coordinator submits an online order using the district purchasing card for payment.

5. Employee Reimbursements

Employee Reimbursements are utilized when all other methods of purchasing are unavailable. See Section 6 Payroll - C - Employee Expense Reimbursements.

D. APPROVAL PROCESS FOR NEW VENDORS

1. All new vendors must be approved by the Purchasing Coordinator prior to a requisition being approved or a purchase order issued. The vendor must provide the Finance Department with its name, address and phone number, as well as its Social Security number or Employer Identification Number and completed W-9 form.
2. If the vendor is being used for purchases paid for with Federal funds, the vendor must be checked against the Federal Excluded Party Data System. If the vendor is listed in this database, Birmingham Public Schools will not conduct business with this vendor.

E. CREDIT CARD USAGE

Per Birmingham Public Schools Board Policy 6423, the Board of Education recognizes the value of an efficient method of payment and recordkeeping for certain expenses.

1. The Board, therefore, authorizes the use of District credit cards. The authorization, handling and use of credit cards have been established to provide a convenient and efficient means to purchase goods and services from vendors. Credit cards, however, shall not be used in order to circumvent the general purchasing procedures established by State law and Board policy. The Board affirms that credit cards shall only be used in connection with Board-approved or school-related activities and that only those types of expenses that are for the benefit of the District and serve a valid and proper public purpose shall be paid for by credit card. However, under no circumstances shall credit cards be used for personal purchases or the purchase of alcoholic beverages regardless of whether the purchase of such beverages is made in connection with a meal.
2. The Superintendent or his/her designee has developed administrative guidelines that specify those authorized to use credit cards, the types of expenses which can be paid by credit card, and their proper supervision and use. Inappropriate or illegal use of the credit card and/or failure to strictly comply with the limitations and requirements set forth in these administrative guidelines may result in a loss of credit card privileges, disciplinary action, up to and including termination, personal responsibility for any and all inappropriate charges, including finance charges and interest assessed in connection with the purchase, and/or possible referral to law enforcement authorities for prosecution.
3. Credit cards may only be used for the purchase of the following:
 - Types of goods and services for the District
 - Transportation for authorized trips
 - Lodging and meals for authorized trips or meetings
 - Approved supplies and equipment
4. The staff member to whom a credit card is issued shall be responsible for its use and shall not allow the card to be used by anyone else or for any unauthorized purchases. Any unauthorized use shall subject the card holder to disciplinary action in accordance with law, District policy, and/or the terms of a negotiated agreement.

F. ENCUMBRANCES

1. All purchases for the current fiscal year are cut off on May 1st so that encumbrances can be properly recorded at year-end with the exception of necessary expenditures made after that date (i.e., graduation, repairs and maintenance of property).
2. Exceptions will be reviewed on a case by case basis. Emergency purchases will be given greater consideration than purchases caused by lack of planning.
3. Data is checked when processing encumbrances to assure that the amount on the approved purchase order matches the amount on the invoice.
4. Open purchase orders are closed at the end of the fiscal year to avoid carryover amounts. The only exceptions are blanket purchase orders that carry over from the previous year and grant expenditures with specific deadlines.

G. RECEIVING

1. When a purchase order is approved an electronic copy is sent to the originator.
2. Originator is responsible for recording the receipt of items in the accounting system. Originator will notify Accounts Payable of any errors in quantity received, damage, etc.
3. Occasionally an invoice is sent to the Originator and should be forwarded to accounts payable. Originator runs an open purchase order report to check for unpaid invoices and unreceived items.

SECTION 5 EXPENDITURES –

A. ACCOUNTS PAYABLE DISBURSEMENTS

1. All vendor invoices should be mailed to Accounts Payable or electronically to Accountspayable@birmingham.k12.mi.us. Invoices are matched against purchase orders and reviewed for accuracy.
2. When invoices are entered into the accounting software, invoice numbers should be as stated on the invoice minus any symbols or spaces. If an invoice number is not present use the date of the invoice as the invoice number.
3. Discounts, freight terms, etc., are checked for accuracy when Payables are entered into the computer.
4. The Assistant Superintendent for Business Services or Finance Manager may review and approve the invoice account distribution.
5. All non-check disbursements, such as wire transfers or electronic fund transfers executed by a manager and have a second manager review and approve.
6. Journal entries for ACH/wire transfers are reviewed/approved by a second manager.
7. Checks/electronic checks are issued once a week on Thursday unless there are unusual circumstances. Only those invoices that have been fully approved/received in the accounting software by the previous Friday will be eligible for payment.
8. Invoices are maintained in the Accounts Payable Department and copies can be accessed from the accounting software.
9. Payments are generated from vouchers and invoices only. Payments can not be made from statements or order forms.
10. Checks/electronic checks are sequentially numbered by the financial software package and verified during the check runs. Unused check stock is stored in the Finance Department. Checks will be endorsed by MICR during the printing process.
11. Vouchers and invoices will be paid timely based on the conditions of the vendor invoice. It will not be considered acceptable to incur late and/or finance charges.
12. Checks will be made payable to approved vendors only. It is prohibited to issue a check to "cash" or "bearer,"

13. Vendors' month-end statements are reconciled and reviewed for non-current invoice dates.
14. Prepaids: Payments made prior to year-end that cover goods and services to be received in a future period will be recorded as prepaid items as of June 30.
15. Invoices received for the previous fiscal year will be recorded as expense/accounts payable as of June 30, until the fiscal year is closed. Such determinations will be made by Accounts Payable and reviewed for accuracy and completeness by the Assistant Finance Manager.
16. Voided checks are stamped with a "Void" stamp and retained.
17. A listing of checks paid is posted on the District's website to ensure Transparency reporting.
18. 1099's are issued yearly according to Federal guidelines.
19. Checks outstanding for six months are investigated by Accounts Payable. Outstanding checks will be escheated to the State in accordance with State guidelines.

B. OTHER ACCRUED LIABILITIES

1. Commitments and contingent liabilities are identified and evaluated for possible disclosure, including but not limited to:
 - Self insurance
 - Lawsuits
 - Questioned Grant Cost
 - Environmental Issues

Commitments and contingent liabilities are disclosed in the footnotes to the financial statements after the amounts have been reviewed by the Assistant Superintendent for Business Services.

2. Detailed subsidiary ledgers for accruals and other liabilities are maintained and reconciled to the general ledger control accounts and are reviewed by the Finance Manager or Assistant Finance Manager.
3. Accruals and other liabilities are periodically reviewed for reasonableness.

SECTION 6 PAYROLL

A. PERSONNEL, EMPLOYMENT AND RATE AUTHORIZATIONS

1. Requests for new personnel are initiated only by department or building heads.
2. The Personnel Department requires an employment application to be completed by all applicants and conducts an investigation of prospective new hires that includes background and reference checks, fingerprinting and contact with former employers.
3. Classes of positions and corresponding pay rates are periodically reviewed by the Personnel Department, the Assistant Superintendent for Business Services and union and association officials.
4. Personnel files are maintained for each employee. Files in the Personnel Department contain applications and reference investigations, information on hire date, original and updated pay rates and positions, earnings records and termination data where appropriate. A separate file of 1-9 forms for all employees is maintained under separate cover. Files in the Payroll Department contain W-4 forms, authorizations for payroll deductions, information on pay rates and positions and benefit applications.
5. Written termination forms are required and exit interview forms are completed by the employee and supervisor as part of the human resources function.
6. Files in the Personnel and Payroll Departments are only accessible to employees working in that department.

B. PAYROLL PREPARATION AND TIMEKEEPING

1. Employees are responsible for maintaining their own time sheets and this is separated from payroll preparation.
2. Supervisors or building principals approve time sheets before the sheets are input by the building secretary.
3. The Human Resources Specialist uses attendance data in AESOP as well as that entered into the computer system by the Attendance Secretary to determine paid or unpaid absences.
4. Electronic paychecks are numbered sequentially by the Finance Department accounting software.

5. Direct deposit detail reports are saved in the system and available for employees and are available on the employee portal.
6. Blank check stock is only accessible to employees in the Finance Department and stored in the vault.
7. Checks are drawn on an account separate from the general checking account.
8. Check stubs and direct deposit reports contain detailed information on gross pay, withholdings, and deductions.
9. All pay rates are entered into an appropriate distribution account and these are monitored bi-weekly by the Human Resources Department immediately before payroll is processed.
10. Voided electronic paychecks are maintained in the payroll files.
11. The Payroll Coordinator reconciles gross and net pay amounts on tax returns to payroll registers monthly, quarterly, and annually.
12. Access to payroll records and materials is limited to those with a need for such access.

C. EMPLOYEE EXPENSE REIMBURSEMENTS

1. The Employee Reimbursement Request will be signed by both the employee and the employee's direct supervisor (or other administrator knowledgeable of the employee's work activities). The Payroll Specialist will not process any expense reimbursements for payment until all necessary signatures have been obtained.
2. Original detailed receipts will be attached to the reimbursement form for all expenses (excluding mileage). **Requests for reimbursement are due to the payroll office within 30 days of incurring the expense.** Current fiscal year reimbursements must be submitted to the payroll office by May 30th. Mileage will be reimbursed from the school building the employee is assigned to, or the employee's place of residence, whichever is shorter. Mileage will not be reimbursed if the distance traveled is shorter than the employee's daily commute. Reimbursement will be made only for mileage driven in EXCESS of the number of round-trip miles an employee drives to/from work on a daily basis. Be sure and subtract what would have been your daily commute from your conference mileage. A map (Google or Mapquest) to the destination is required .

3. For all expenses other than mileage, **detailed original receipts** are necessary for reimbursement. **Sales tax will not be reimbursed.**
4. Lodging: The cost of the room is not to exceed the lowest convention rate published by the hotel. Every attempt should be made to pay with a District check using a tax exemption form
5. Meals: There is a \$30 per day maximum. The general breakdown is \$7 for breakfast, \$7 for lunch, and \$16 for dinner. Detailed original receipts are necessary for reimbursement. *Alcoholic drinks are never reimbursable.* Employees may not pay for other employees' meals and request reimbursement, except for unusual circumstances. **Tipping may not exceed 15- 20%.** If the conference includes a meal, the District will pay the full cost of the conference and the individual shall use the above guidelines for any remaining meals for that day.
6. Approved reimbursement requests will be submitted to the Payroll Specialist who will verify that expenses are appropriate and supporting documentation is attached. The Administrative Assistant performs a secondary review for internal control purposes.
7. Employee reimbursements related to professional development or employee-attended workshops or conferences must be approved by the supervisor. Reimbursements will be paid after the conference has been attended.
8. An employee making a purchase using personal funds on behalf of Birmingham Public Schools will be required to pay sales tax on the purchase. Because Birmingham Public Schools is a local governmental unit, it is not subject to sales tax on purchases. Therefore, if an employee makes a purchase using personal funds, the district does not reimburse for sales tax, as many other purchasing options are available to the employee that would exclude sales tax. An employee should only incur a work-related expense with personal funds when it is not practical or reasonable for the purchase to be made directly by the District.

D. YEAR-END PREPARATION OF W-2's

1. W-2 and 1095c forms are prepared by the Payroll Coordinator.
2. The total of W-2 wages, including taxable fringe benefits, is reconciled to the payroll register and quarterly 941 tax returns before W-2 information is printed or transmitted.

3. W-2's are issued according to Federal guidelines.
4. W-2's and 1095c's are available on the employee portal.

E. PAYROLL BANK ACCOUNT

1. A separate bank account is used for Payroll.
2. Payment of wages in cash is prohibited.

F. PAYROLL WITHHOLDINGS

1. Procedures are in place to ensure that payroll taxes are paid when due (bi-weekly) and that payroll tax returns are filed as required. Journal entries created by the Payroll Coordinator and are reviewed by the Assistant Finance Manager.
2. Procedures are in place to ensure that other withholdings, such as 403(b) payments, direct deposits, cafeteria plan deductions, etc., are remitted in a timely manner, mostly on a bi-weekly basis. Journal entries created by the Payroll Coordinator and are reviewed by the Assistant Finance Manager.

G. PAYROLL-RELATED ACCRUALS

1. Costs of hourly personnel paid after June 30 for services performed during the previous year will be recorded as expenditures/salaries payable as of June 30. Such determinations will be made by the Payroll Coordinator and reviewed for accuracy and completeness by the Assistant Finance Manager.
2. For salaried employees whose contracts do not end June 30, the balance of the contracted salary and benefits will be recorded as expense/salaries payable as of June 30.

SECTION 7 CASH RECEIPTS

A. PROPERTY TAXES

1. Tax levies are established by the Board of Education in accordance with applicable legal requirements.
2. Intergovernmental revenues are accrued each fiscal year in accordance with GAAP requirements.

B. INTERFUND RECEIVABLES AND PAYABLE

1. Interfund receivables and payables are properly authorized and are balanced on a monthly basis.
2. Interfund receivables and payables are classified as current and long-term as appropriate.

C. CASH RECEIPTS

1. Reimbursement claims are filed and invoices prepared on a timely basis by the Bookkeeper.
2. Claims and invoices are reviewed for accuracy by the Assistant Finance Manager.
3. Uncollected items are reviewed on a periodic basis by the Bookkeeper and written off upon the Assistant Finance Manager's approval.
4. Cash received after year-end for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable. All such adjustments will be supported by appropriate documentation.
5. After all year-end expense accruals have been recorded, a journal entry will be recorded for the difference between grant expenditures and related grant receipts as of June 30 as revenue/grants receivable. Expenditures that will not be reimbursed through grant awards due to lack of available funding will be transferred to a non-grant cost center.
6. State Aid is provided to Michigan school districts in 11 installments from October through August. Therefore, since July and August State Aid receipts are intended to finance the previous fiscal year, such amounts will be recorded as revenue/receivable at June 30.

SECTION 8 INVESTMENTS

A. INVESTMENT PROCEDURES

1. Authorization for acquisition and disposition of investments is vested with the Birmingham Public School Board of Education.
2. The Board of Education has formally adopted an investment policy (Policy 6144-Investments) that limits the school district's allowable investments and addresses the specific types of risk to which the school district may be exposed.
3. The Finance Manager and the Assistant Finance Manager are charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that the income earned is dispersed for authorized purposes.

B. RECORDKEEPING

1. Detailed records are maintained including the following information:
 - a. Date of acquisition, identification, purchase amount or cost
 - b. Physical location of item
 - c. Interest/dividend/income rates and accrual/receipt dates
 - d. Ownership by fund
2. Detail records are periodically reconciled to the general ledger control accounts and to broker/safekeeping statements by the Assistant Finance Manager. Reconciliations are reviewed by the Finance Manager.
3. Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment. Any adjustments of investment accounts are approved by the Finance Manager.
4. Calculations of fair value and investment income are periodically reviewed for accuracy by the Assistant Superintendent for Business Services.
5. Recordkeeping functions for securities and income are performed by employees without access to physical securities, who cannot authorize security transactions and do not have duties in the cash area. Access to computerized investment records is limited to those with a logical need for access.

SECTION 9 FIXED/CAPITAL ASSETS

A. PURCHASED ASSET PROCEDURES

1. Detail records or subsidiary ledgers are maintained for all assets and are integrated into the accounting system. Finance>Fixed Assets>Fixed Assets Additions by Fiscal Year.
2. Custodians of assets are required to report any changes in their status such as transfers, sales, scrapping, obsolescence or excess.
3. Sales of assets are formally approved by appropriate officials.
4. Written policies exist for differentiating between capitalizable additions, freight, installation costs, replacements and maintenance expenditures.
5. Whenever practical, assets are tagged or labeled with identification and are inventoried on a systematic basis with detail records adjusted as appropriate.

B. DEPRECIABLE ASSET PROCEDURES

1. Estimated life and method of depreciation is initially reviewed and authorized by the Finance Manager.
2. The computation of depreciation is reviewed by the Finance Manager.
3. Estimated life is periodically reviewed for adequacy based on actual experience.

C. FIXED/CAPITAL ASSET PROCEDURES

1. Titles of sites, buildings, vehicles, etc., are held in the name of Birmingham Public Schools.
2. Items are adequately safeguarded from loss due to fire, theft or misplacement.
3. Duties of initiating asset transactions, asset custody and recordkeeping are adequately separated.
4. Detailed fixed asset records are periodically reviewed by the Finance Manager and the department acting as custodian of the asset.
5. Disposition or transfer of assets requires appropriate supporting documentation.
6. Periodic review and appraisal is completed to meet insurance considerations.
7. Access to computerized asset records is limited to those employees with a logical need for access.

SECTION 10 GRANT PROGRAMS

A. GENERAL GRANT PROCEDURES

1. Accounting procedures, chart of accounts and other records are structured to provide for identifying receipts and expenditures of program funds separately for each grant.
2. The accounting system used provides for accumulating and recording expenditures by grant and by cost category as shown in the approved budget.
3. Grant financial reports are prepared for required accounting periods and filed within the time period required by agencies. Reconciliations of grant financial reports are prepared, reviewed and approved by the Assistant Finance Manager before filing. Occasionally, the fiscal year for the granting agency will not coincide with the District's fiscal year. This may require interim financial reports as well as special handling during the fiscal year-end close.
4. Expenditures must be made in the fiscal year for which the grant is awarded.
5. A determination is made that grant financial reports and requests for reimbursement agrees with supporting financial records and the general ledger.
6. It is the policy of Birmingham Public Schools not to use Federal funds to supplant local funds. Federal funds are used to supplement, providing additional services, staff, programs, or materials that could not be provided by the District, absent Federal funds.
7. When grant provisions or regulations impose requirements that differ from the school district's normal policies and procedures, employees utilizing the grant are given written notification by the MOE.
8. To the extent that the District is required to have a single audit completed, the District will accumulate the information necessary to prepare a schedule of expenditures of federal awards in accordance with federal and state requirements.
 - a. Non-cash assistance (such as food commodities) will be described as such in the schedule or in the notes to the schedule.
 - b. The schedule will be prepared on the same basis of accounting as the related financial statements.

- c. In addition to the current year expenditures, the schedule will list approved award/grant amount, accrued/deferred revenue at the beginning of the year, current year cash received, current year actual expenditures, and accrued/deferred revenue at the end of the year. If expenditures were incurred relative to this award in the prior year(s), this amount should be disclosed as memorandum-only.
- d. Any adjustments to prior year awards, expenditures, and balances (including transfers between grants) will be disclosed in the footnotes to the schedule.
- e. Accrued/deferred revenue in the schedule shall agree to the amounts recorded as receivable/deferrals in the related financial statements.

B. ALLOWABLE USE OF FUNDS

1. Federal grant programs are governed by a variety of Federal rules including statutes, regulations, and non-regulatory guidance. To determine whether a cost may be paid with Federal funds, i.e. whether the cost is permissible, staff must be familiar with these rules and how they work together. Generally, when determining whether a cost is permissible, it is helpful to perform the following analysis:
 - Is the cost forbidden by Federal laws or regulations such as OMB Uniform Guidance (2014) or EDGAR (Education Department General Administrative Regulations)?
 - Is the cost permissible under the relevant Federal Program it's to be charged to?
 - Is the cost consistent with the Federal cost principles in OMB Uniform Guidance (2014)?
 - Is the cost consistent with the relevant program's specific fiscal rules?
 - Is the cost consistent with an approved program plan and budget, as well as any special conditions imposed on the grant?
 - Is the proposed cost specifically outlined in the grant and has the grant been approved?
 - The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply.

2. Five core principles serve as an important guide for effective Federal grant management expenditures. Are the costs:
 - Necessary for the proper and efficient performance or administration of the program?
 - Reasonable? It should be clear to an outside observer why a decision to spend money on a specific cost made sense within a specific program.
 - Allocable to the Federal program that paid for the cost? For example, if a teacher is paid 50% with Title I funds, the teacher must work with the Title I program/students at least 50% of the time and it must be trackable and provable that the expenses were used for this Federal program's purposes.
 - Authorized under state and local rules? The use of Federal funds cannot violate state and local laws and policies
 - Adequately documented? Proper documentation must be maintained so as to provide evidence to auditors or other oversight entities of how the funds were spent over the lifecycle of the grant.

3. Definitions:
 - Matching or cost sharing includes requirements to provide contributions (usually non-Federal) of a specified amount or percentage of Federal awards.
 - Level of effort includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.
 - Earmarking includes requirements that specify the minimum and/or maximum amount of percentage of the program's funding that must/may be used for specified activities, including funds provided to sub recipients. Earmarking may also be specified in relation to the types of participants covered.
 - Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to school administration, auditors, and pass-through or grantor agencies, as requested.
4. Federal funds are accounted for through grant fund control accounts.

5. The school district's calculation of Federal funds required considers updated estimates of allowable program costs.

C. REIMBURSEMENT REQUESTS

1. The Assistant Finance Manager approves requests for reimbursements from grant funds. These amounts should only be for funds already spent which were approved of in the grant application.
2. Employee reimbursements for grant expenditures will be approved by the Grant Coordinator prior to payment.

D. PURCHASING

1. The Assistant Finance Manager reviews expenditures charged to the grant in accordance with applicable grant requirements and applicable Federal management circulars pertaining to cost principles.
2. The Purchasing Coordinator will check proposed vendors at <https://www.sam.gov> to ensure that the vendor is not excluded from doing business with federally funded grant programs.
3. Grant purchases for equipment over \$5,000 must be tagged and tracked by the Technology Services Department or other appropriate department.

E. DEBARMENT AND SUSPENSION

Birmingham Public Schools will not enter into any covered transaction with any person or entity that has been excluded from participation by the Federal government. The following definitions apply:

1. Covered Transaction-A transaction to which the federal suspension and debarment rules apply, including but not limited to:
 - A contract awarded by Birmingham Public Schools to another entity under a federal grant program if the contract is expected to equal or exceed \$25,000; and
 - A contract awarded by Birmingham Public Schools to another entity under a federal grant program for federally-required audit services regardless of the contract amount.
2. Debarment-An action taken by an authorized federal official in accordance with federal requirements to exclude a person or entity from participating in a covered transaction.

3. Excluded-A person who is prohibited from participating in a covered transaction because they have been suspended, debarred, proposed for debarment or have volunteered to be excluded.
4. Excluded Parties List System (EPLS)-A database of excluded parties maintained by the federal government and available at <https://www.sam.gov>.
5. Suspension-An action taken by an authorized federal official in accordance with federal requirements to exclude a person or entity from participating in a covered transaction for a specified period of time.

F. DIRECT PROGRAM EXPENSES

1. The school district forbids charging Federal award programs with unallowable costs and expenditures in compliance with the terms of OMB Uniform Guidance (2014).
2. For awards or programs with matching requirements, maintenance-of-effort or earmarking limitations, the Assistant Finance Manager monitors activities to ensure that requirements and limitations are met, and that amounts claimed or used for matching are determined in accordance with applicable laws and regulations in OMB Uniform Guidance (2014) and the Common Rule.

G. PAYROLL

1. To meet grant requirements, the school district has in place written personnel policies covering job descriptions, hiring procedures, promotions and dismissals.
2. All wages paid for grant activities are paid at or above the Federal minimum wage or based on the district's collective bargaining agreements when applicable.
3. The school district has a written non-discrimination policy in place (Policy "3122- Nondiscrimination and Equal Employment Opportunity") prohibiting discrimination based on race, sex, age or marital status in its employment practices.

H. PROPERTY AND EQUIPMENT

The school district's depreciation policies or methods of computing use allowances are in accordance with the standards outlined in Federal circulars or agency regulations.

I. INDIRECT COSTS

1. The school district has an indirect cost allocation plan or negotiated indirect cost rate prepared in accordance with the provisions of OMB Uniform Guidance (2014)
2. The school district has procedures in place that provide reasonable assurance that consistent treatment is applied in the distribution of direct and indirect charges to all grants.

J. EMPLOYEE ACCOUNTABILITY AND SANCTIONS FOR NON-COMPLIANCE

Failure to follow the prescribed procedures will subject the individuals responsible for the violation(s) to administrative and/or disciplinary actions in accordance with the District disciplinary procedures and judgment of management. Sanctions may include comments on employee evaluations, suspension, and dismissal.

SECTION 11 ANNUAL AUDIT

- A. Birmingham Public Schools will have a financial statement audit completed each year by a certified public accounting firm for its fiscal year ended June 30.
- B. The audit will be completed in accordance with *Government Auditing Standards*.
- C. An adequate written agreement (the "engagement letter") will be signed by the District and its independent auditors. It will contain information on period to be audited, support to be provided, reporting requirements, fees, time requirements, contractual information, and a statement that the engagement is intended to meet governmental oversight agencies' requirements (Michigan School Accounting Manual). A copy of the engagement letter will be provided each year to the Board of Education.
- D. The Assistant Superintendent for Business Services and the Finance Manager shall be responsible for overseeing the process of preparing for the annual audit. In order to minimize errors, all audit schedules and workpapers should be reviewed by an individual other than the preparer.
- E. The District will also have a single audit completed concerning federal awards. See the "Grant Program" section of this manual for information on the schedules of expenditures of federal awards.
- F. The audit will be submitted electronically to the Michigan Department of Education Office of Audits on or before November 15th of each year. The electronic submission will be performed by the District's independent auditors.
- G. The single audit data collection form and reporting package will be submitted electronically to the Federal Audit Clearinghouse as a joint effort between Birmingham Public Schools and its independent auditors.
- H. The Assistant Superintendent will submit a written corrective action to any findings identified in the audit process as either part of the single audit report or as a separate letter to the Michigan Department of Education.
- I. If the District issues general obligation bonds to finance capital projects, a bond audit will be performed by the District's independent auditors within 120 days of substantial completion of the project. The bond audit will be submitted to the Michigan Department of Treasury.