

OE-6 FINANCIAL ADMINISTRATION  
SUMMARY OF COMPLIANCE STATUS  
DECEMBER 2018

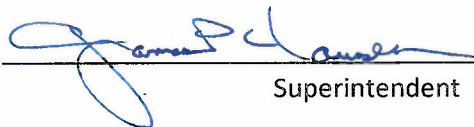
**SUPERINTENDENT CERTIFICATION**

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

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

Summary Statement by Administration

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

Signed:   
Superintendent

Date: Dec. 7, 2018

**SCHOOL BOARD ACTION**

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

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

Summary statement/motion of the Board

Signed:   
Board President

Date: 12/10/2018

**OE-6 Financial Administration**

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

**The Superintendent Shall:**

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

<b>Indicator 1:</b> All payrolls will be over 99% accurate.	<b>In Compliance</b>
<b>Evidence:</b> The school district issued 38,882 payroll payments to employees during the 2017-2018 school year. The district processes payroll every 2 weeks for support staff. Professional staff, administrators and teachers are paid monthly. There were 5 payroll payments that were voided during the year. Last year, in addition to all of the regular payrolls that were processed, there were 10 payments that were made on supplementary payrolls. These voids and supplementary payrolls represent 0.039% of the overall number of payments.	

<b>Indicator 2:</b> 100% of payroll liabilities are accurately paid within the timeframes established by the IRS and federal and state laws.	<b>In Compliance, with Exceptions</b>
<b>Evidence:</b> Generally, all Submitted payroll liabilities were paid within the timeframes set by the IRS, federal and state laws. The District did not incur any financial penalty or interest for tax deposits during 2017-2018 for the liabilities that were included in our regular payrolls. However, there were issues in 2017-2018 related to the following: 1) Wages and contributions for Teacher’s Retirement for staff who were not regularly employed, but maintained a teaching license and coached. They should have been reported to TFFR. BPS was assessed interest of \$211.01 in addition to the required contributions for these employees. 2) Interest was assessed by Public Employee’s Retirement related to adjustments that were reported in subsequent months. BPS was assessed interest of \$0.67 in addition to the required contributions.	

<b>Indicator 3:</b> 100% of invoices are reviewed by 2 separate individuals for completeness and appropriateness before a vendor is paid.	<b>In Compliance</b>
<b>Evidence:</b> 100% of invoices paid included proof of receipt of materials or service. All invoices are reviewed by 2 separate staff.	

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

**The Superintendent Shall:**

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

<b>Indicator 1:</b> All purchases shall follow administrative policy related to purchasing.	<b>Baseline</b>
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**Evidence:** The business and operations manager and director of accounting are developing a process to monitor that the purchasing policies are being followed.

**The Superintendent Shall:**

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

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

**The Superintendent Shall:**

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

<p><b>Indicator 1:</b> The annual audit will be presented and reviewed at a public Board meeting.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The annual audit report for the period ending June 30, 2018 was presented to the board on November 26, 2018.</p>	

**The Superintendent Shall:**

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

<p><b>Indicator 1:</b> All state aid, local property taxes, and federal aid due to the district is collected.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> For the fiscal year 17-18, all state and federal aid were collected. 97.6% of local property taxes was collected.</p>	

<p><b>Indicator 2:</b> The write-off for nonpayment of student fines and fees and other receivables is less than 5% per year.</p>	<p><b>Baseline</b></p>
<p><b>Evidence:</b> Administration believes that the district is below 5%,; however, the business and operations manager and director of accounting are developing a process to monitor how non paid fees and fines are monitored.</p>	

**The Superintendent Shall:**

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

<p><b>Indicator 1:</b> The annual audit indicates compliance with accounting principles.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The annual audit indicates compliance with accounting principles generally accepted in the United States of America. (Presented to the Board on November 26, 2018)</p>	

**The Superintendent Shall:**

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

<p><b>Indicator 1:</b> The Annual Financial Report is presented to the board for acceptance and submitted to the North Dakota Department of Public Instruction (DPI) each year on or before the due date.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The Annual Financial Report was presented and approved by the board on September 10, 2018. The report was submitted to DPI on September 11, 2018 (due September 15)</p>	

<p><b>Indicator 2:</b> The Annual Audit Report is published on the district’s website immediately after acceptance of the board.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The annual audit report was available on the website on November 27, 2018.</p>	

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

**The Superintendent Shall Not:**

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

<p><b>Indicator 1:</b> Any deficit budgets (expenditures greater than revenues) are submit to approval by the board.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The board approved the 17-18 budget with \$1,365,915 of expenses over revenues. The district ended with an actual of \$4,994,093 of revenues over expenses.</p>	

**The Superintendent Shall Not:**

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

<b>Indicator 1:</b> 100% of new debt issues are board approved except for voter approved bonds.	<b>In Compliance</b>
<b>Evidence:</b> All new debt was approved by both the school board and the voters of the district.	

**The Superintendent Shall Not:**

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

<b>Indicator 1:</b> Any reductions to the fund balance (reserve funds) must be included in the annual budget and subject to approval by the board.	<b>In Compliance</b>
<b>Evidence:</b> The 18-19 budget that was approved by the board reflects a reduction in the ending fund balance of \$5,111,667.	

**The Superintendent Shall Not:**

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

<b>Indicator 1:</b> Any Fund transfers shall be approved by the board.	<b>In Compliance</b>
<b>Evidence:</b> No funds were transferred between funds in fiscal year 17-18.	

**The Superintendent Shall Not:**

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

<b>Indicator 1:</b> 100% of DPI status and due date reports show compliance and accuracy.	<b>In Compliance</b>
<b>Evidence:</b> For fiscal year 17-18, all required DPI reports are complete and submitted.	

**The Superintendent Shall Not:**

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

<p><b>Indicator 1:</b> Annual Audit Report will not identify any material weaknesses or deficiencies related to internal control other than the financial statements being completed by the districts' auditor.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The Annual Audit Report did not identify any additional material weaknesses or deficiencies. (Presented to the Board on November 26, 2018)</p>	