



**OE-6 FINANCIAL ADMINISTRATION  
SUMMARY OF COMPLIANCE STATUS  
DECEMBER 2020**

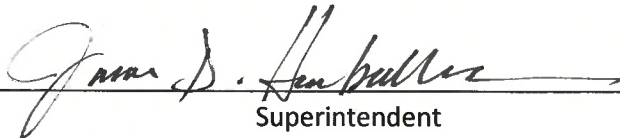
**SUPERINTENDENT CERTIFICATION**

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

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

**Summary Statement by Administration**

Monitoring of operational expectations policies is part of the ongoing process of district performance evaluation and superintendent evaluation. This report addresses 21 indicators of the superintendent’s responsibility regarding business and operations. Of the 21 indicators, all demonstrated compliance. The reporting dates for this report are July 1, 2019 – June 30, 2020.

Signed:   
Superintendent

Date: 12/14/2020

**SCHOOL BOARD ACTION**

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

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

**Summary statement/motion of the Board**

Motion by Mr. Lee to accept the OE-6 *Financial Administration* Monitoring Report as In Compliance, seconded by Ms. Preskey. Motion carried.

Signed:   
Board President

Date: 12/14/2020

**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</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 41,404 payroll payments to employees during the 2019-2020 school year. The district processes payroll every 2 weeks for support staff. Professional staff, administrators, and teachers are paid monthly. There were 15 payroll payments that were voided during the year. Last year, in addition to all of the regular payrolls that were processed, there were 45 payments that were made on supplementary payrolls. These voids and supplementary payrolls represent 0.015% of the overall number of payments.	

<b>Indicator 2:</b> One hundred percent of payroll liabilities are accurately paid within the timeframes established by the IRS and federal and state laws.	<b>In Compliance</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 2019-2020 for the liabilities that were included in our regular payrolls.	

<b>Indicator 3:</b> One hundred percent of invoices are reviewed by 2 separate individuals for completeness and appropriateness before a vendor is paid.	<b>In Compliance</b>
<b>Evidence:</b> One hundred percent of invoices paid included proof of receipt of materials or service. All invoices are reviewed by two 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>In Compliance</b>
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**Superintendent Interpretation:** The board expects that the district will purchase competitively.

<b>Indicator 1:</b> All purchases shall follow administrative policy related to purchasing.	<b>In Compliance</b>
<b>Evidence:</b> A sampling of random purchases was audited for compliance. Using Federal audit guidelines, all audited purchases were in compliance.	

**The Superintendent Shall:**

6.3 Use a competitive bidding procedure for the purchase of supplies, materials and equipment, and any contracted services except professional services, for all transactions in excess of \$50,000, except as otherwise provided by law.	<b>In Compliance</b>
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**Superintendent Interpretation:** State statute requires that purchases or projects costing more than \$50,000 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. This section does not apply to contracts for:

- The personal services of district employees.
- Textbooks and reference books.
- Articles not sold on the open market.
- Patented, copyrighted, or exclusively sold devices or features required to match articles already in use.
- Patented, copyrighted, or exclusively sold articles so distinctive that only one brand can be purchased.
- Building construction projects under chapter 48-01.2.
- School transportation services purchased under section 15.1-30-11.
- Vehicle fuel purchased under section 15.1-09-34.1.
- Heating fuel purchased under section 15.1-09-34.1.
- The purchase of a used motor vehicle, including a school bus, motorbus, or van, intended primarily for the transportation of students.
- Cooperative purchases with the office of management and budget under chapter 54-44.4.
- The purchase of products from prison industries under chapter 12-48.
- The purchase of products from work activity centers under chapter 25-16.2.
- Cooperative purchases made pursuant to a joint-powers agreement under chapter 54-40.3

<b>Indicator 1:</b> The board approves 100% of purchase over \$50,000 that are subject to bid under NDCC 15.1-09-34.	<b>In Compliance</b>
<b>Evidence:</b> In 2019-2020, there were 25 items that exceeded \$50,000 that were not exempt purchasing items under NDCC 15.1-09-34. All of these items were advertised and approved by the board.	

**The Superintendent Shall:**

<b>6.4</b> Coordinate and cooperate with the Board’s appointed financial auditor for an annual audit of all district funds and accounts.	<b>In Compliance</b>
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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.

<b>Indicator 1:</b> The annual audit will be presented and reviewed at a public Board meeting.	<b>In Compliance</b>
<b>Evidence:</b> The annual audit report for the period ending June 30, 2020 was presented to the board on December 14, 2020.	

**The Superintendent Shall:**

<b>6.5</b> Make all reasonable efforts to collect any funds due the district from any source.	<b>In Compliance</b>
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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.

<b>Indicator 1:</b> All state aid is collected.	<b>In Compliance</b>
<b>Evidence:</b> For the fiscal year 19-20, all state aid was collected.	

<b>Indicator 2:</b> All local property taxes are collected.	<b>In Compliance</b>
<b>Evidence:</b> For the fiscal year 19-20, all local property taxes were collected.	

<b>Indicator 3:</b> All federal aid is collected.	<b>In Compliance</b>
<b>Evidence:</b> For the fiscal year 19-20, all federal aid was collected.	

<b>Indicator 4:</b> All child nutrition payments for meals served are collected. Any unpaid meal balances shall not exceed 1% of total meal payments.	<b>In Compliance</b>
<b>Evidence:</b> The unpaid meal balance was 0.56%.	

**The Superintendent Shall:**

<b>6.6</b> Keep complete and accurate financial records by funds and accounts in accordance with Generally Accepted Accounting Principles.	<b>In Compliance</b>
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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.

<b>Indicator 1:</b> The annual audit indicates compliance with accounting principles.	<b>In Compliance</b>
<b>Evidence:</b> The annual audit indicates compliance with accounting principles generally accepted in the United States of America. (Presented to the Board on December 14, 2020)	

**The Superintendent Shall:**

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

<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.	<b>In Compliance</b>
<b>Evidence:</b> The Annual Financial Report was approved by the board on September 14, 2020. The report was submitted to DPI on October 14, 2020 (due October 15).	

<b>Indicator 2:</b> The Annual Audit Report is published on the district's website immediately after acceptance of the board.	<b>In Compliance</b>
<b>Evidence:</b> The annual audit report will be available on the website after the December 14, 2020 board meeting.	

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

**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 submitted to approval by the board.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The board approved the 19-20 budget with \$4,725,453 of expenses over revenues. The district ended with an actual of \$922,601 of revenues over expenses.</p>	

**The Superintendent Shall Not:**

<p><b>6.9</b> Indebit the organization.</p>	<p><b>In Compliance</b></p>
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**Superintendent Interpretation:** Only the board may authorize debt excepting for voter approved bonds.

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

**The Superintendent Shall Not:**

<p><b>6.10</b> Expend monies from reserve fund balances as defined in OE-5.</p>	<p><b>In Compliance</b></p>
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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.

<p><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.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> The 19-20 budget that was approved by the board reflects a reduction in the ending fund balance of \$4,725,453.</p>	

**The Superintendent Shall Not:**

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

<p><b>Indicator 1:</b> Any Fund transfers shall be approved by the board.</p>	<p><b>In Compliance</b></p>
<p><b>Evidence:</b> No funds were transferred between funds in fiscal year 19-20.</p>	

**The Superintendent Shall Not:**

<p><b>6.12</b> Allow any required reports to be overdue or inaccurately filed.</p>	<p><b>In Compliance</b></p>
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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> One hundred percent of DPI status and due date reports show compliance and accuracy.	<b>In Compliance</b>
<b>Evidence:</b> For fiscal year 19-20, all required DPI reports are complete and submitted.	

**The Superintendent Shall Not:**

<b>6.13</b> Receive, process or disburse funds under controls that are sufficient under generally accepted accounting principles.	<b>In Compliance</b>
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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.

<b>Indicator 1:</b> Annual Audit Report will not identify any material weaknesses or deficiencies related to internal control over financial reporting.	<b>In Compliance</b>
<b>Evidence:</b> The Annual Audit Report did identify a material weakness related to internal controls, but this item did not relate to the handling of funds, it related to data input on non-financial records.	

**Capacity Building**

**Input by Administration**

The District has appropriate procedures and controls in place related to Financial Administration.