

OE-6 FINANCIAL ADMINISTRATION
SUMMARY OF COMPLIANCE STATUS
DECEMBER 2021

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 includes a Data Analysis on page 2 presenting an administrative summary of the data and a Capacity Building section on the last page outlining new practice or protocol to be utilized for the next reporting timeframe. The Capacity Building section also documents suggested changes to Operational Expectations or Results policies and/or indicators and interpretations. This report addresses 21 indicators of the superintendent's responsibility regarding business and operations. Of the 21 indicators, 20 demonstrated compliance and one demonstrated compliance, with exception. The reporting dates for this report are July 1, 2020 – June 30, 2021.

Signed: 
Superintendent

Date: 12/13/2021

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

Signed: 
Board President

Date: 12/13/2021

Data Analysis by Administration

This section provides readers a summary of the data they are about to review.

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

Revenues

All revenues were collected from Local, State and Federal programs.

Expenditures

All payroll debts were paid in a timely manner. The district did have one IRS payment that missed the deadline but self reported and paid in a timely manner. The board approved all required bids that are non-exempt under policy or ND Century Code.

Audit

We did receive a finding on the audit report related to the Grad Rate report. It will be reported as a compliance finding (same as last year) and significant deficiency in internal control (less severe than prior findings). This is not a deficiency related to this OE however.

Reporting

All mandatory reporting was completed. Many financial resources to the stakeholders are available on the district website.

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.	In Compliance
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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.

Indicator 1: All payrolls will be over 99% accurate.	In Compliance
Evidence: The school district issued 41,072 payroll payments to employees during the 2020-2021 school year. The district processes payroll every 2 weeks for support staff. Professional staff, administrators, and teachers are paid monthly. There were 96 payments made on regular payrolls to correct prior payroll payment wage amounts. In addition to all of the regular payrolls that were processed, there were 18 payments that were made on supplementary payrolls. There were also 26 payroll payments that were voided during the year. These pay corrections, supplementary payrolls, and voids represent 0.341% of the overall number of payments. 99.659% of payrolls were deemed to be accurate for the 2020-2021 school year.	

Indicator 2: One hundred percent of payroll liabilities are accurately paid within the timeframes established by the IRS and federal and state laws.	In Compliance, with Exception
Evidence: In fiscal year 2021, the district had one late payment related to payroll taxes. This was paid in a timely manner and procedures were implemented to help prevent this from happening in the future.	

Indicator 3: One hundred percent of invoices are reviewed by 2 separate individuals for completeness and appropriateness before a vendor is paid.	In Compliance
Evidence: One hundred percent of invoices paid included proof of receipt of materials or service. All invoices are reviewed by two separate staff.	

Indicator 4: No vendor action is taken against the district for late payments.	In Compliance
Evidence: 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.	In Compliance
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Superintendent Interpretation: The board expects that the district will purchase competitively.

Indicator 1: All purchases shall follow administrative policy related to purchasing.	In Compliance
Evidence: Purchases follow both ND Century Code and district policies.	

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.	In Compliance
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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

Indicator 1: The board approves 100% of purchase over \$50,000 that are subject to bid under NDCC 15.1-09-34.	In Compliance
Evidence: In 2020-2021, there were 17 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:

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

Indicator 1: The annual audit will be presented and reviewed at a public Board meeting.	In Compliance
Evidence: The annual audit report for the period ending June 30, 2021 was presented to the board on December 13, 2021.	

The Superintendent Shall:

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

Indicator 1: All state aid is collected.	In Compliance
Evidence: For the fiscal year 20-21, all state aid was collected.	

Indicator 2: All local property taxes are collected.	In Compliance
Evidence: For the fiscal year 20-21, all local property taxes were collected.	

Indicator 3: All federal aid is collected.	In Compliance
Evidence: For the fiscal year 20-21, all federal aid was collected.	

Indicator 4: All child nutrition payments for meals served are collected. Any unpaid meal balances shall not exceed 1% of total meal payments.	In Compliance
Evidence: Currently meals are free in the district, therefore there are no unpaid meal balances.	

The Superintendent Shall:

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

Indicator 1: The annual audit indicates compliance with accounting principles.	In Compliance
Evidence: The annual audit indicates compliance with accounting principles generally accepted in the United States of America. (Presented to the Board on December 13, 2021)	

The Superintendent Shall:

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

Indicator 1: 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.	In Compliance
Evidence: The Annual Financial Report was approved by the board on September 13, 2021. The report was submitted to DPI on September 14, 2021 (due September 15).	

Indicator 2: The Annual Audit Report is published on the district’s website immediately after acceptance of the board.	In Compliance
Evidence: The annual audit report will be available on the website after the December 13, 2021 board meeting.	

Indicator 3: The district shall publish an annual report with financial summary information included.	In Compliance
Evidence: 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>6.8 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>In Compliance</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>Indicator 1: Any deficit budgets (expenditures greater than revenues) are submitted to approval by the board.</p>	<p>In Compliance</p>
<p>Evidence: The board approved the 20-21 budget with \$3,878,655 of expenses over revenues. The district ended with an actual of \$1,740,141 of revenues over expenses.</p>	

The Superintendent Shall Not:

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

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

The Superintendent Shall Not:

<p>6.10 Expend monies from reserve fund balances as defined in OE-5.</p>	<p>In Compliance</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>Indicator 1: Any reductions to the fund balance (reserve funds) must be included in the annual budget and subject to approval by the board.</p>	<p>In Compliance</p>
<p>Evidence: The 20-21 budget that was approved by the board reflects a reduction in the ending fund balance of \$3,878,655.</p>	

The Superintendent Shall Not:

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

<p>Indicator 1: Any Fund transfers shall be approved by the board.</p>	<p>In Compliance</p>
<p>Evidence: No funds were transferred between funds in fiscal year 20-21.</p>	

The Superintendent Shall Not:

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

Indicator 1: One hundred percent of DPI status and due date reports show compliance and accuracy.	In Compliance
Evidence: For fiscal year 20-21, 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 principles.	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.

Indicator 1: Annual Audit Report will not identify any material weaknesses or deficiencies related to internal control over financial reporting.	In Compliance
Evidence: The Annual Audit Report did not identify any material weaknesses or deficiencies related to internal control over financial reporting.	

Capacity Building/Recommendations

This section provides new inputs by administration placed into practice or protocol since this data was collected.

Capacity Building

6.1, Indicator 2

Practices and procedures have been adopted by the Payroll Department to ensure timely payroll tax payments.

Recommendations

No suggested recommendations at this time.