

HALE AREA SCHOOLS



BUSINESS OFFICE OPERATING PROCEDURES MANUAL

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SECTION 1. CASH MANAGEMENT

A. POLICIES

1. At its annual July organizational meeting, the Hale Area Schools Board of Education authorizes all bank accounts and persons permitted to be designated as check signers.
2. The Board of Education has formally adopted a deposit policy 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. Policies and procedures have been updated to reflect changes made necessary for the *Check 21 Act* as the Act pertains to returning substitute checks or check images rather than original cancelled checks.

B. CASH RECEIPTS

1. Incoming mail is opened by the Administrative Assistant to Superintendent.
2. The Administrative Assistant photocopies any checks received and enters them into the cash receipts journal by issuer, check number, check amount and date received. The checks and any supporting materials are then forwarded to the Business Manager.
3. The Business Manager compares the check to the related invoice (if applicable). If the check is tax revenue from a local governmental unit, it is recorded in the property tax collection spreadsheet. Regardless of source, all cash is recorded on the monthly cash receipts form by date received, source and amount. The Business Manager then assigns a budget account number for the transaction and records it on this form as well.
4. The Business Manager prepares a deposit slip and photocopies the check(s) along with the deposit slip. The Business Manager then deposits the checks into their respective bank accounts. The bank issued deposit receipt is then attached to the supporting / backup materials and attached to the monthly cash receipts form.
5. The cash receipts are then entered into the accounting system by the Business Manager. The deposits are recorded by computer generated batch numbers and by the date the deposit is made. The Business Manager also verifies that the correct budget account number is entered.
6. Monies received from the Federal and State governments are direct deposited into the district's MILAF account. As these deposits are made, the

Business Manager will record them into the accounting system. A listing of these deposits will be printed off the accounting system and given to the Superintendent to review at the end of each month.

7. At least monthly, the Business Manager will print a deposit listing off the accounting system and give it to the Administrative Assistant who compares the deposits with the information in the cash receipts journal. Any discrepancies will be investigated by both the Business Manager and Administrative Assistant until they are resolved. A copy of the deposit listing is also given to the Superintendent along with the monthly cash receipts form and attached deposit information for him to review.
8. Athletic activities as well as student fundraising activities often generate significant amounts of cash that needs to be deposited. Counting and verification of currency is performed by two people at the initial point of collection. A fund collection form is prepared listing checks and currency for each event and is signed by both people involved in the count. The money and the completed fund collection form are then taken to the business office where the Business Office Assistant reconciles the cash amount to the fund collection form. A deposit slip is prepared and the money is deposited into the respective bank account. The bank issued deposit receipt is then attached to the fund collection form along with any supporting documentation and is given to the Business Manager who reconciles the amount on the bank issued deposit receipt to the fund collection form.

C. CASH DISBURSEMENTS

1. All disbursements, including payroll, are made by check or EFT. Exceptions to this policy are credit card purchases, tax payments, transfers between funds, and small petty cash purchases.
2. Checks are numbered sequentially; check numbers are printed on check stock along with bank account and routing numbers. Check stock is locked inside the fireproof cabinet located in the Business Manager's office, making it unavailable to unauthorized personnel.
3. Checks are prepared by specified employees in the Business Office. Only the Business Manager and the Business Office Assistant are authorized to prepare General Fund checks. The primary responsibility for preparing accounts payable checks falls upon the Business Office Assistant. Since this position is a part-time position, it may be necessary for the Business Manager to prepare checks in her absence from time to time. Should this situation arise, the Business Manager shall prepare only the checks necessary to carry through the period that the Business Office Assistant is unavailable and a second person review shall be performed prior to check preparation. The Business Manager controls authorizations for check preparation privileges within the accounting system. Any changes to

- personnel authorized to prepare checks must be approved by the Superintendent.
4. Generally, non-recurring invoices must be approved by the Board of Education before they can be paid. Expenditures related to utilities, contract payments, contracted service payments, payroll deductions, employee benefits, or anything that has a due date prior to the board meeting and incurs a penalty for late payment can be paid prior to getting board approval. These payments should be approved by the board at the next regular business meeting.
 5. Checks are approved for payment by the Superintendent before the checks are paid. Checks are only made payable only to a specific payee and are not written to "Cash" or "Bearer". The Business Manager verifies the checks to the data on the invoices for accuracy. Once the checks are prepared, the checks along with the supporting documentation are presented to the Superintendent for his review and approval. Once approved, the Superintendent signs the check(s). The signing of the checks signifies the Superintendent's approval. Under no circumstances will the accounting software be set up to print the Superintendent's signature during the check processing process.
 6. If the Superintendent is out of the district, an alternate method of approval is as follows: a listing of checks which includes the check number, amount, vendor and description of the item or service being paid is e-mailed to the Superintendent by the Business Manager. The Superintendent reviews the material and contacts the Business Manager if he has any questions. The Superintendent then e-mails the Business Manager whether he approves or disapproves the payments. For any payments that are approved, the Business Manager presents the e-mailed approval along with the related checks to the Superintendent's Administrative Assistant who stamps the checks with the Superintendent's signature. The Superintendent's signature stamp is kept in the locked fire proof file cabinet in the Business Manager's office. Upon his return to the district, the Superintendent is presented with the copies of the checks and supporting documentation for his review.
 7. Non-negotiable copies of checks are attached to the related invoice and supporting documentation to avoid duplicate payments. This is done by the person processing the checks at the time they are processed. This information is retained for future reference.
 8. Check signers are authorized by the Board of Education each July at its organizational meeting. No authorized general fund check signers have responsibility for voucher preparation, approval for payment, check preparation, cash receiving, petty cash, purchasing and receiving, or timekeeping for payroll records. Signing of blank checks is prohibited.
 9. Only the Business Manager is authorized to void checks. Voided checks have "VOID" written on them and are retained. The signature area of the

check must be blacked out or cut from the check by the Business Manager at the time the check is voided.

10. All non-check disbursements, such as wire transfers or electronic fund transfers have a second person review and approve. A listing of these transfers will be prepared and given to the Superintendent at least monthly for him to review.

D. RECONCILIATIONS

1. Bank accounts are reconciled at the end of each month by the Business Manager. Bank statements are received unopened from banks and are given to the Food Service Director along with the check register, deposit listings and any other pertinent information such as journal entries printed off the accounting system. The Food Service Director compares: dates and amounts of deposits on the bank statement to the deposits listing; check numbers, amounts and vendor names on the check register to the cancelled check listing and check images on the bank statement, and the check number sequence. Any items not accounted for shall be investigated by both the Business Manager and Food Service Director until they are resolved. When this process is satisfactorily completed, the Food Service Director signs and dates the bank statement and returns the information to the Business Manager who will perform the reconciliation in the accounting system.
2. Checks outstanding for six months will be investigated by the Business Manager.
3. Any adjustments required to complete the reconciliation process will be made by the Business Manager. These adjustments require approval of the Superintendent.
4. Upon completion of the reconciliation process, the Business Manager reviews the reconciliation documents with the Superintendent. The Superintendent initials the documents to indicate his approval. These documents are also presented to the auditors during the year-end audit.

SECTION 2. EXPENDITURES – PURCHASING

A. PURCHASING PROCEDURES

1. Purchases are made in accordance with applicable legal requirements.
2. A purchase requisition must be filled out and submitted to the Principal or Department Supervisor for approval. Once approval is received, the purchase requisition is given to the business office for further processing.
3. The Business Manager reviews the requisition to determine if an appropriation exists for the purchase and if a sufficient amount is available to cover the cost of the purchase. Any requisition not appropriated for requires approval of the Superintendent prior to further processing. In this case, the Business Manager presents the requisition to the Superintendent who initials the form indicating his approval.
4. Once approval is given, the Business Office Assistant prepares a purchase order. The purchase order is then signed by the Superintendent and the Principal or Department Supervisor where the request originated. Once the signatures have been obtained, the item(s) can be ordered.
5. Copies of the purchase order are then distributed to the department requesting the purchase and to the vendor. The Business Office retains a copy for its records.
6. Purchases exceeding the State of Michigan purchasing threshold as permitted by state statute must be competitively bid. More information on this process is given in Section 8 of this manual under the Contracting & Procurement Procedure.
7. Purchases being made using Federal grant monies require special approval. These purchases can only be made if specifically approved in the grant application. More in-depth coverage of these procedures is provided in Section 8 of this manual.

B. APPROVAL PROCESS FOR NEW VENDORS

1. All new vendors must be approved by the Business Manager prior to a requisition being approved or a purchase order issued.
2. The vendor must provide the Business Office with its name, address and phone number as well as its Social Security number or Employer Identification Number and completed W-9 forms.
3. 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, Hale Area Schools will not conduct business with this vendor.
4. After a vendor is approved, the Accounts payable Department set up the vendor in the accounting system and the purchase order will be issued.

C. ENCUMBRANCES

1. Purchases for the current fiscal year are cut off on or before May 15th so that encumbrances can be properly recorded at year-end.
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. When making payments related to these encumbrances, the person preparing the payment checks to ensure that the amount on the approved purchase order matches the amount on the invoice.
4. Open purchase orders are closed, by the Business Manager, at the end of the fiscal year to avoid carryover amounts.

D. RECEIVING

1. A copy of all approved purchase orders is forwarded to the person requesting the purchase.
2. The person who requested the purchase compares the purchase order to the shipping documents to inspect items for condition and proper quantity.
3. Once the items have been checked in, the purchase order and the shipping papers are sent to the Business Office indicating that the shipment has been received. Any discrepancies between the purchase order and the shipment received as well as any damage should be noted.
4. The Business Manager matches receiving paperwork against invoices for payment.
5. Fixed asset and capital outlay purchases must be inventoried according to district policies. This is covered in greater detail in Section 8 under the Equipment Management and Monitoring procedure.

SECTION 3. EXPENDITURES – ACCOUNTS PAYABLE

A. ACCOUNTS PAYABLE PROCEDURES

1. Incoming mail is opened by the Superintendent's Administrative Assistant.
2. All vendor invoices are separated into those that reference a purchase order and those that need approval from the Business Manager. The invoices are then given to the Business Manager.
3. The Business Manager matches the invoices against receiving paperwork to determine that they are not duplicate invoices (duplicates are destroyed) and against approved copies of purchase orders. Other invoices are checked to verify that the items have been received or the services have been performed. He also verifies that the invoices are for payment of legitimate expenditures of the district.
4. The Business Manager assigns a budget account number to the invoice if necessary and forwards the invoices to the Business Office Assistant for processing. The Business Office Assistant is independent of the purchasing, receiving and inventory functions.
5. Monthly accounts payable are held for processing until the end of the month, while other payments are prepared as necessary, trying to limit these check runs to once a week.
6. The Business Office Assistant enters the invoices into the accounts payable area of the accounting system and prepares the checks for printing.
7. Payments are generated from invoices only; payments are not made based on statements. Vendors' month-end statements are reconciled and reviewed for non-current invoice dates.
8. The Business Office Assistant prints the checks using pre-numbered checks. Prior to printing, she verifies that the beginning check number in the accounting system matches the next available check in the check supply. Since the checks are pre-numbered and contain the bank account information, check stock is stored in a locked fireproof cabinet in the Business Manager's office. Only authorized personnel have access to this cabinet.
9. The Business Office Assistant and the Business Manager are the only employees authorized to prepare and process general fund checks. Since the Business Office Assistant is only a part-time position, there are occasions when the Business Manager is required to prepare and print checks. On these occasions, a second person will examine the supporting documents making sure that they are legitimate expenditures of the district and give approval prior to the processing of the check(s). In most cases, this second person will be either the Superintendent's Administrative Assistant or the Food Service Director, but any person holding administrative responsibilities may be asked to perform that

function. The person performing the review will initial the documents indicating that the review has taken place.

10. Since the Business Office Assistant is also the payroll clerk, any accounts payable checks related to the payroll process are processed and prepared by the Business Manager. A second party review will be performed prior to the printing of the checks.
11. Once checks are processed and printed, the check and non-negotiable copy of the check are attached to the original invoice and any supporting documentation and given to the Superintendent for approval. The Superintendent's signature on the check signifies his approval. The check is mailed and the remaining documentation is filed for future reference. Accounts payable documentation is kept with the accounts payable files and documentation related to payroll disbursements is kept with the payroll information.
12. The Business Manager controls access to the accounts payable portion of the accounting system. Only those personnel who have a logical need for access will be permitted. Any changes to authorized personnel require the approval of the Superintendent.

B. OTHER ACCRUED LIABILITIES

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

SECTION 4. PAYROLL

A. PERSONNEL, EMPLOYMENT AND RATE AUTHORIZATIONS

1. Requests for new personnel are initiated only by department or building heads.
2. A current resume must be submitted by all applicants and an investigation is conducted of prospective new hires that includes background and reference checks and contact with former employers.
3. Classes of positions and corresponding pay rates are periodically reviewed by the Superintendent, the Business Manager, union and association officials.
4. Personnel files are maintained for each employee at the Business Office. Files 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 I-9 forms for all employees is maintained under separate cover. W-4 forms, authorizations for payroll deductions, information on pay rates and positions and benefit applications are also in each person's personnel file, along with fingerprinting records kept in a sealed envelope.
5. Personnel files are only accessible to Business Office employees.
6. The Payroll Clerk is prohibited from initiating pay rate adjustments. Pay rate adjustments will be communicated to the Payroll Clerk by the Business Manager. These adjustments must be approved by the Superintendent. All pay rate adjustments will be in writing and signed by the Superintendent.
7. The Business Manager will check payroll information for reasonableness and will occasionally check that pay rates received for employees chosen at random match the pay rate on file.
8. The Business Manager and Payroll Clerk are the only employees who are authorized to make changes in the payroll system. In order to ensure that unauthorized adjustments are not made to either of these individual's pay rates, the Payroll Clerk is required to frequently check that the Business Manager's pay rate is accurate and the Business Manager is required to check that the Payroll Clerk's pay rate is accurate.
9. The Superintendent's approval is needed in order to allow additional employees access to the payroll system.

B. PAYROLL PREPARATION AND TIMEKEEPING

1. Employees are responsible for maintaining their own time cards or time sheets and this is separated from payroll preparation.
2. Supervisors or the Building Secretary tabulate the total hours worked on each of their employee's time cards.

3. Supervisors or Building Principals approve time cards before the cards are forwarded to the Payroll Clerk.
4. The Payroll Clerk uses attendance data on time cards to determine paid or unpaid absences. She double-checks computation of hours on time cards and time sheets, reviews cards for approval by a supervisor or principal (including overtime hours), notes any alterations on time cards and verifies pay rates.
5. Checks are drawn on an account separate from the general checking account.
6. Check stubs and direct deposit reports contain detailed information on gross pay, withholdings and deductions. Each payroll, the Business Manager shall review reports that are available through the payroll system to ensure that all employees paid are entitled to be paid and that employee withholdings and deductions appear reasonable. When possible, this should be done prior to the posting of the direct deposit to the bank.
7. All pay rates are entered into an appropriate distribution account and these are monitored bi-weekly by the Business Manager immediately after payroll is processed.
8. The Business Manager reconciles gross and net pay amounts on tax returns to payroll registers monthly, quarterly and annually.
9. All employees receive their pay through electronic deposit. Payroll vouchers will be e-mailed to all employees. The voucher will be e-mailed directly from the accounting system to the employee. Paper vouchers will not be distributed.
10. Access to payroll records and materials is limited to those with a need for such access.
11. Some employees who are partially funded using Federal grant funds may be required to complete personal activity reports (PARs). These reports should be submitted at the time that their time cards are turned in. The Principal should sign these forms and forward them directly to the Business Manager. More detailed information on this process is available in Section 8:4 of this manual.
12. There is on file in the Business Office detailed procedures that would allow someone with minimal knowledge of the payroll process the ability to run a payroll in the unexpected absence of the Payroll Clerk. The Business Manager would be the person to run payroll in the absence of the Payroll Clerk.

C. YEAR-END PREPARATION OF W-2s

1. W-2s are run off the district's accounting system. It is the responsibility of the Business Manager to ensure that all required information is contained on the form.

2. The total of W-2 wages, including taxable fringe benefits, is reconciled to the general ledger and payroll register before W-2 information is printed or transmitted.

D. PAYROLL BANK ACCOUNT

1. A separate bank account is used for payroll.
2. Deposits to the payroll bank account are compared to the payroll register during each pay period and during the reconciliation process.
3. Payment of wages in cash is prohibited.

E. PAYROLL WITHHOLDINGS

1. Payroll taxes are paid electronically as part of the payroll process. The Business Manager will make sure that payroll returns are filed as required.
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.
3. Monthly payroll-related accruals are reviewed by the Business Manager for reasonableness and completeness

F. PAYROLL TRANSFER

Once the payroll run has been completed, the Payroll Clerk will provide the Business Manager with payroll reports that have been printed off of the payroll system as well as the payroll spreadsheets that she has prepared. Once he checks the information for reasonableness and completeness, a cash transfer is initiated between the district's MILAF cash account and the payroll account equal to the sum of the employee's net pay including any deductions that are direct deposited into financial institutions plus the federal payroll taxes due to the IRS.

G PAYROLL LIABILITIES

Upon completion of the payroll run, the Business Manager will transfer the payroll liabilities to the accounts payable area of the accounting system. He will review them for reasonableness and completeness and determine whether they are to be paid from payroll cash or accounts payable. Once this determination is complete, he will print the accounts payable checks and make the necessary journal entries for those paid through the payroll account.

SECTION 5. REVENUE AND RECEIVABLES

A. PROPERTY TAX AND INTERGOVERNMENTAL RECEIVABLES

1. Tax levies are established by the Board of Education in accordance with applicable legal requirements.
2. Receivable ledgers are balanced periodically to general ledger accounts by the Business Manager.
3. Intergovernmental revenues are accrued each fiscal year in accordance with GAAP requirements.

B. INTERFUND RECEIVABLES AND PAYABLES

1. Inter-fund receivables and payables are properly authorized and are balanced as needed by the Business Manager. These receivables and payables are considered properly authorized when the transactions creating them receive proper approval (example: a properly approved general fund check as payment for a Food Service expense).
2. Inter-fund receivables and payables are classified as current and long-term as appropriate.

C. RECEIVABLES POLICIES

1. Reimbursement claims are filed and invoices prepared on a timely basis by the Business Manager.
2. Claims and invoices are reviewed for accuracy by the Business Manager.
3. Receivables are booked at the time a claim is made. Outstanding invoices are kept in a folder and are reviewed monthly for collection.
4. The receivables ledger is reconciled to the general ledger on a monthly basis by the Business Manager.
5. Uncollected items are reviewed on a periodic basis by the Business Manager and written off if they are deemed uncollectible. Any items written off shall be reported to the Board of Education.
6. The Business Manager will investigate any credit balance in receivables accounts.

SECTION 6. INVESTMENTS

A. INVESTMENT POLICIES

1. Authorization for acquisition and disposition of investments is vested with the Hale Area Schools Board of Education.
2. The Board of Education has formally adopted an investment policy 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 Business Manager is 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.
4. Board approval is required before any money is deposited into any investment accounts.

B. SAFEKEEPING

1. All persons having access to securities are authorized by the Board of Education.
2. All securities are held in the name of Hale Area Schools.

C. 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 safekeeping statements by the Business 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 Business Manager.
4. Calculations of fair value and investment income are periodically reviewed for accuracy by the Business Manager.
5. Access to computerized investment records is limited to those with a logical need for access.

SECTION 7. FIXED/CAPITAL ASSETS

Hale Area School Board Policy #3490-R addresses the management of fixed and controlled assets.

A. PURCHASED ASSET POLICIES

1. The Business Manager shall be responsible for the development and maintenance of a fixed asset accounting system. This system should provide detailed records or subsidiary ledgers that are maintained for all assets. These records should be sufficient to permit the following:
 - i. The preparation of year-end financial statements in accordance with the law, governmental rules and generally accepted accounting principles,
 - ii. Adequate insurance coverage, and
 - iii. Control and accountability.
2. Custodians of assets are required to report any changes in their status such as transfers, sales, scrapping, obsolescence, excess and theft.
3. Sales of assets should be formally approved by the Board of Education.
4. Whenever practical, assets should be tagged with asset tags or other type of labels at the time of purchase to identify the asset so that it can be properly recorded on an inventory listing. Portable assets such as laptop computers or iPads should be tagged with tamper resistant asset tags to deter theft.
5. A monitoring system should be implemented to keep track of portable electronic devices as they move from classroom to classroom. This is addressed in Section 8 in the Equipment Management and Monitoring Procedure.

B. DEPRECIABLE ASSET POLICIES

1. Hale Area Schools Board Policy #3490 identifies an asset with a useful life in excess of one year and an initial cost of over \$5,000 as a fixed asset. Any asset with an initial cost of over \$5,000 shall be depreciated according to guidelines developed by the Business Manager.
2. Estimated life and method of depreciation is initially determined and authorized by the Business Manager and Superintendent.
3. The computation of depreciation is reviewed annually by the Business Manager and by the district's auditor.
4. Estimated life is periodically reviewed for adequacy based on actual experience. Adjustments may be necessary if estimated life has been significantly reduced.

C. FIXED/CAPITAL ASSET POLICIES

Maintaining and safeguarding assets can be accomplished by the following actions:

1. Titles of sites, buildings, vehicles, etc., must be held in the name of Hale Area Schools and with proper identification codes.
2. Items must be adequately safeguarded from loss due to fire, theft or misplacement.
3. The duties of initiating asset transactions, asset custody and recordkeeping are adequately separated.
4. Detailed fixed asset records should be periodically reviewed by the Business Manager and the department supervisor acting as custodian of the asset.
5. Disposition or transfer of assets requires appropriate authorization and supporting documentation.
6. Periodic review and appraisal is completed to meet insurance considerations with SET-SEG, Inc.
7. Access to asset records is restricted to those employees with a logical need for access.

SECTION 8. GRANT PROGRAMS

A. GENERAL POLICIES

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 before filing.
4. A determination is made that grant financial reports and claims for reimbursements agree with supporting financial records and the general ledger.
5. 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.

B. PROGRAM RECEIPTS

1. The Business Manager makes requests for reimbursements from grant funds. The reimbursement amount should only be for funds already spent which were approved in the grant application.
2. The Business Manager will ensure, prior to the draw down that the expenses are within the Period of Availability of the grant.
3. Federal funds are accounted for through grant control accounts within the accounting system.
4. The school district's calculation of federal funds required considers updated estimates of allowable program costs.

C. CASH MANAGEMENT

1. The Business Manager will ensure that any Federal Funds requests are only for reimbursement of expenditures that have already been paid. Federal Funds **may not** be drawn down for any expenses that have not been disbursed.

D. PURCHASING

1. The Business Manager reviews costs charged to direct and indirect cost centers in accordance with applicable grant requirements and applicable federal management circulars pertaining to cost principles.
2. In the event that grant agreements or regulations impose requirements that differ from the school district's normal policies, such as competitive

bid requirements, these differences are communicated to appropriate employees.

3. The Business Manager must review all requests for purchasing supplies and services which will be paid for with Federal grant funds. He will determine if the purchase is included in the approved grant application and also that the cost of the product or service falls within the budgeted amount as approved. If the request is allowable under the Federal program guidelines, the Business Manager will initial the request and forward it to the next step in the purchasing process. Sections 8:2 and 8:3 in this document details steps that must be taken to comply with this requirement.
4. The Business Manager will check proposed vendors to the Excluded Parties Data System to make sure that the vendor is not excluded from doing business with federally funded grant programs. The Business Manager will attach a print-out of the report received from the Excluded Parties List System to the requisition documents. Section 8:3 in this document details the steps that must be taken to comply with this requirement.

E. DIRECT PROGRAM EXPENSES

1. The school district precludes charging federal award programs with unallowable costs and expenditures in compliance with the terms of OMB Circular A-87.
2. For awards or programs with matching requirements, maintenance-of-effort or earmarking limitations, the Business 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 Circular A-87 and the Common Rule.

F. 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 personnel pertaining to the district's collective bargaining agreements.
3. The school district has a written non-discrimination policy in place prohibiting discrimination based on race, sex, age or marital status in its employment practices.
4. All employees paid using Federal grant dollars must be tracked to ensure that their compensation is properly allocated to the grant program. Employees who are 100% funded through a Federal grant, must complete Semi-Annual certifications attesting that they worked 100% of their time providing services as approved in the grant application. Employees who

are split funded between Federal grant programs and one or more other cost center must complete personal activity reports (PARs). These PARs must track 100% of their time and be completed after the fact. Depending on their job classification, these PARs must be turned in either in conjunction with their pay periods or monthly. The Business Manager will use these PARs to ensure proper allocation of the employee's compensation and benefits to the grant. Section 8:4 in this document details the steps that must be taken to comply with this requirement.

- G. PROPERTY AND EQUIPMENT – The School district has adequate policies and procedures in place to manage and monitor equipment purchased through Federal grant programs. 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.
1. Hale Area Schools must take steps to ensure that any equipment purchased using Federal funds is adequately maintained and secured. Section 8:5 in this document details the steps that must be taken to comply with this requirement.
 2. The Business Manager is responsible for determining whether fixed assets purchased using Federal funds are properly valued and whether the equipment's estimated life or depreciation schedule needs to be adjusted. All equipment purchased will be properly tagged indicating that it is the property of Hale Area Schools. In addition, any equipment purchased with Federal Funds shall be properly tagged with a tag indicating the Federal Grant that was used to purchase the equipment. Section 8:5 covers this in greater detail.
- H. 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 Circular A-87.
 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.

The following procedures were developed specifically for transactions involving Federal grant program funds. These procedures, however apply to all transactions regardless of funding source.

SECTION 8:1

ALLOWABLE USE OF FUNDS/COST PRINCIPLES PROCEDURE

1.1 ALLOWABLE USE OF FUNDS

Hale Area Schools' management will enforce appropriate procedures and penalties for program, compliance and accounting staff that are responsible for the allocation of Federal grant costs based on their allowability and their conformity with Federal cost principles.

1.2 DEFINITIONS

Allowable cost—A cost that complies with all legal requirements that apply to a particular Federal education program including statutes, regulations, guidance and applications for funds. A framework for determining whether a cost is allowable is included in Section 1.3 of these procedures.

Education Department General Administrative Regulations (EDGAR)—A compilation of regulations that apply to Federal education programs. These regulations contain important rules governing the administration of Federal education programs, and include rules affecting the allowable use of Federal funds (including rules regarding permissible costs, the period of availability of Federal awards, documentation requirements, and grants management requirements). EDGAR is accessible at:
<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>.

OMB Circular A-87—The Circular that establishes principles and standards for determining costs for Federal Awards.

1.3 DETERMINING ALLOWABLE COSTS

a. Framework for analyzing allowable costs

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 analyzing whether a particular cost is permissible, it is useful to perform the following analysis:

- Is the cost forbidden by Federal laws or regulations such as OMB Circular A-87 or EDGAR?
- Is the cost permissible under the relevant Federal program?
- Is the cost consistent with the Federal cost principles in OMB Circular A-87?
- Is the cost consistent with program 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 EXPENDITURE SPECIFICALLY OUTLINED IN THE GRANT AND HAS THE GRANT BEEN APPROVED?**

While there are other important considerations Hale Area Schools' staff must take into account when analyzing whether a specific proposed cost is permissible, the above questions can provide a useful framework for the analysis.

b. Costs forbidden by Federal law

OMB Circular A-87 and EDGAR identify certain costs that may never be paid with Federal funds. See the related lists for examples of such costs. If a cost is on this list, it may not be supported with Federal funds. The fact that a cost is not on this list does not mean it is necessarily permissible. There are other important restrictions that apply to Federal funds, such as those detailed in OMB Circular A-87; thus, this list is not exhaustive.

c. Program allowability

Any cost paid with Federal education funds must be permissible under the Federal program that would support the cost.

Many Federal education programs detail specific required and/or allowable uses of funds for that program. Issues such as eligibility, program beneficiaries, caps or restrictions on certain types of program expenses, and other program specific requirements must be considered when performing the programmatic analysis.

The Federal Title I Part A program does not contain a use of funds section delineating the allowable uses of funds under this program. In this case, costs must be consistent with the purposes of the program as outlined in the grant in order to be allowable.

d. Federal cost principles

OMB Circular A-87 defines the parameters for the permissible uses of Federal funds. While there are many requirements contained in A-87, it includes five core principles that serve as an important guide for effective grants management. These core principles require all costs to be:

- Necessary for the proper and efficient performance or administration of the program.
- Reasonable. In other words, it should be clear to an outside observer why a decision to spend money on a specific cost made sense in light of the cost, needs, and requirements of the program.
- Allocable to the Federal program that paid for the cost. This means that a program must benefit in proportion to the amount charged to the Federal program – 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. This also means that recipients need to be able to track items or services purchased with Federal funds so they can prove they were used for Federal program purposes.
- Authorized under state and local rules. This means that all actions carried out with Federal funds must be authorized and not prohibited by state and local laws and policies.
- Adequately documented. A recipient must maintain proper documentation so as to provide evidence to monitors, auditors, or other oversight entities of how the funds were spent over the lifecycle of the grant.

OMB Circular A-87 also contains specific rules on selected items of costs. Costs must comply with these rules in order to be paid with Federal funds.

e. Program specific fiscal rules

All Federal education programs have certain program specific fiscal rules that apply. Determining which rules apply depends on the program; however, rules such as supplement, not supplant, maintenance of effort, comparability, caps on certain uses of funds, etc. have an important impact when analyzing whether a particular cost is permissible.

Many state-administered programs require LEAs to use Federal program funds to supplement the amount of state, local (and in some cases, other Federal) funds they spend on education costs, and not to supplant – or replace – those funds. Generally, the “supplement, not supplant”

provision means that Federal funds must be used to supplement the level of funds from non-Federal sources by providing additional services, staff, programs, or materials. In other words, Federal funds normally cannot be used to pay for things that would otherwise be paid for with state or local funds (and in some cases, with other Federal funds).

It will generally be presumed supplanting has occurred in these situations:

- Federal funds are used to provide services Hale Area Schools is required to make available under other Federal, state or local laws.
- Federal funds are used to provide services Hale Area Schools provided with state or local funds in the prior year.

These presumptions apply differently in different Federal programs, and also in schoolwide program schools. Staff should be familiar with the supplement not supplant provisions applicable to their program.

f. Approved plans, budgets and special conditions

As required by OMB Circular A-87, all costs must be consistent with approved program plans and budgets. This includes Hale Area Schools' Consolidated Application to the Michigan Department of Education and school-level plans such as schoolwide plans or Federal school improvement plans.

Costs must also be consistent with all terms and conditions of Federal awards, including any special conditions imposed on Hale Area Schools' grants.

1.4 PROCEDURE

Hale Area Schools will provide training on the allowable uses of Federal funds to all staff involved in federal programs through activities such as:

- Distributing federal guidance documents;
- Distributing Hale Area Schools' policies and procedures;
- Developing templates, checklists, and other guidance documents as appropriate;
- Internal training sessions;
- Routine staff meetings; and
- Informal technical assistance.

Hale Area Schools will promote coordination between all staff involved in Federal programs through activities such as:

- Routine staff meetings;
- Joint training sessions;
- Policies and procedures that address all aspects of federal grants management;
- Sharing information that has cross-cutting impact such as single audits, monitoring reports, letters from oversight entities, etc.

Hale Area School's Business Manager will be responsible for determining whether costs relating to federal programs are allowable. He shall become familiar with and follow regulations governing all federal programs. The primary consideration that should be given to whether expenditures are allowable is to determine if the expenditure is specifically outlined in the grant, and has the grant been approved.

The following steps should be followed when determining whether costs are allowable:

- Prior to ordering items or requesting services to be performed as part of the Federal program, the Business Manager shall make an initial determination as to whether the items or services are allowable under program regulations. If allowable, the procurement process can begin.
- Once the items are received or the service is performed, the Business Manager will verify that the items or services invoiced are allowable under program regulations prior to making payment. If a product or service is not allowable, payment cannot be made using Federal funds.
- Prior to requesting reimbursement for Federal fund expenditures, the Business Manager will make a final review of all expenditures relating to the Federal program or grant to verify that they are eligible for reimbursement under the program's regulations. If it is determined that any expenditures are unallowable, they must be removed from the reimbursement request. Journal entries or any other documentation relating to the removal of unallowable expenditures must be kept with other documents relating to the Federal Funds Request. Certification of the Federal Funds Request in the MDE Cash Management System indicates that this review has taken place.

1.5 SANCTIONS

Any district employee who violates this Procedure will be subject to appropriate discipline as reflected by comments to be placed in their annual employee evaluation.

SECTION 8:2 **CONTRACTING & PROCUREMENT PROCEDURES**

District Policy – General

This procedure has been designed to provide guidelines for procuring the items and services necessary to support the district's operational functions. This procedure will assist all district personnel in the contracting and procurement process. When district funds, whether local, state, or federal, will be used for goods and services, this procedure must be followed. Although competitive bidding may not be required in all instances, this procedure will assist district employees in establishing whether or not special procurement rules apply. It is also the intent of this document to provide guidelines for selecting the most qualified service providers at fair market values.

All district policies, including contracting and procurement policies are available and accessible at the Hale Area Schools Administration Office.

The standard document utilized for district purchases is the Consumable / Non-Consumable Supply Request Form. These forms are available at the Hale Area Schools K-12 office as well as the administration office.

Although the actual procurement responsibilities are that of the Hale Area Schools business office, the procurement process cannot begin until a purchase requisition has been received by the Hale Area Schools building principal or other authorized person. In certain circumstances, the Hale Area Schools business office may initiate the solicitation phase of the procurement process if the contract or purchase is above the dollar value threshold dictated by Hale Area Schools Board Policy. Please refer to board policy 3660 – Purchasing for guidelines pertaining to the competitive bidding process. In any case, no purchase order or contract will be issued until the authorized requisition is received. In addition, it is unallowable for any department or employee to incur obligations on behalf of the district for the procurement of items or services without submitting a requisition and obtaining a purchase order or contract. Any unauthorized expenditures will be the responsibility of the individual obligating the funds.

1.01.01 Hale Area Schools Board Policy 3610 – Purchasing

Each year the State of Michigan informs the School of the legal amount for purchases which require a formal bidding process of a single item. Please refer to http://www.michigan.gov/mde/0,4615,7-140-6530_6605-21356--,00.html for information regarding this threshold.

Purchases in a single transaction that are in excess of the dollar amount permitted by State statute shall require competitive bids and, whenever possible, have at least three (3) written bids for substantiation of purchase and shall require approval of the Board prior to purchase. Bids will be attached to the successful bidders purchase order for future reference. In instances when there is a sole supplier of materials, Hale Area Schools will attach to the purchase order documentation that supports the single vendor circumstance.

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. 18.1263.

Competitive bids are not required for food purchases, unless food purchased in a single transaction costs \$100,000 or more.

Bids that are sealed will remain in this state until opened by the Superintendent or another employee designated by him/her in the presence of at least one (1) witness. All orders or contracts should be awarded to the lowest responsible bidder; however, consideration can be given to:

- A. the quality of the item(s) to be supplied;
- B. its conformity with specifications;
- C. suitability to the requirements of the school;
- D. delivery terms;
- E. past performance of vendor.

In addition to the factors above, the Board may consider and provide a preference to bidders:

- A. which use a local or Michigan-based business as the primary contractor.
- B. which use one (1) or more local or Michigan-based business as subcontractors.

This geographical preference shall not apply to any procurement or project using Federal funds, because it would violate Federal regulations.

The Board shall be informed of the terms and conditions of all competitive bids and shall award contracts as a consequence of such bids. The Board reserves the right to reject any and all bids.

Contracts for any single item or group of identical items costing less than the amount allowed by school codes may be awarded by the Superintendent without Board approval. All other contracts require Board approval prior to purchase.

The Board should be advised, for prior approval, of all purchases of equipment, materials, and services when the purchase exceeds the total budget function by ten percent (10%).

The Superintendent is authorized to make emergency purchases, without prior approval, of those goods and/or services needed to keep the school in operation. Such purchases shall be brought to the Board's attention at the next regular meeting. The Business Manager shall keep record of such purchases and will ensure that this notification occurs.

In order to promote efficiency and economy in the operation of the school, the Superintendent shall periodically estimate requirements for standard items or classes of items and make quantity purchases on a bid basis to procure the lowest cost consistent with good quality. Whenever possible, purchasing items in conjunction with other districts should be investigated in order to gain volume efficiencies.

Whenever storage facilities or other conditions make it impractical to receive total delivery at any one time, the total quantity to be shipped but with staggered delivery dates, shall be made a part of the bid specifications.

Before placing a purchase order, the Superintendent shall check as to whether the proposed purchase is subject to bid, whether sufficient funds exist in the budget, and whether the material might be available elsewhere in the school.

All purchase orders shall be numbered consecutively.

1.01.02 Competition

All procurement transactions will be conducted in a manner providing full and open competition. As stated in 34 CFR 80.36 (c) (1), some situations considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business

- Requiring unnecessary experience and excessive bonding
- Noncompetitive pricing practices between firms or between affiliated companies
- Organizational conflicts of interest
- Specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance of other relevant requirements of the procurement
- Any arbitrary action in the procurement process

1.02 REQUISITIONS

1.02.01 Preparation

The duplicate form Requisition is the initial document submittal required for the purchase of items and engagement of service providers and transfers the authority to expend funds. These forms must be filled out (at a minimum) with the following information:

- A. Suggested Vendor
 - a. This must include the vendor name and address
- B. Date of Request
 - a. Date the requisition is initiated by the person requesting the goods and/or services
- C. Date Required
 - a. Date when the goods or services are need by the initiator of the requisition
- D. Quantity/Unit
 - a. Indicate the physical number of items being purchased
- E. Item Description
 - a. Description of item being purchased as well as any other information that will assist the purchasing department properly classifying the purchase for accounting purposes
 - b. If the item pertains to restricted State and Federal program funds, additional description information may apply. Please refer to the district's "Allowable Use of Funds" procedure for more information on this topic. If further clarification is needed to properly process the restricted state or federal programs requisition, please contact the district's Business Manager
- F. Unit Cost
 - a. Estimated cost per unit being purchased
- G. Total Cost
 - a. Multiply Quantity by the Unit Cost and enter into the Total Cost Column
- H. Account Number

- a. The direct supervisor of the requisition initiator will indicate the budgetary account number that will be used for purchasing the goods and/or services. If unsure of the appropriate account number, please contact the Business Manager.
- I. Signature of the employee requesting goods and/or services
 - a. Fill out the "initiated by", "school", and "principal" section of the requisition
- J. Signature of direct supervisor
 - a. If the requisition is performed by the superintendent, the board of education must approve the requisition. If a department director is initiating the requisition, the superintendent or a second director must sign the requisition. Purchase being made with federal funds must be reviewed by the Business Manager and approved by the Superintendent.

Please note that items F through I are not required if a copy of the quote for the item or service being requested is attached to the requisition, however the attachment must include all of the data indicated in items F through I. A reference to the attachment MUST be made in the "description" of the requisition, and the costs on both the requisition and attachment must match. If there are any changes to the cost sections of either sheet, they must be noted on the requisition.

1.02.02 Service Contracts

A requisition or district contract is required for the procurement of all services that are not ordinarily provided by District personnel. Below are examples of services that must be obtained through a requisition or contract:

- Information Technology
- Legal Services
- Accounting Services
- Academic Training
- Maintenance Services
- Utilities
- Consultants
- Human Resources
- Health Care Services
- Architectural Services
- Professional Development
- Project Management
- Construction Management

The initiator of the requisition should prepare a "scope of work" or detail of services being requested. If Hale Area Schools board bid policies should dictate that other competitive bidding conditions apply, the business office will initiate the normal solicitation process, in which competitive proposals shall be received for all such services Please refer to Board Policy 3660.

If the services being provided to Hale Area Schools are being paid for with Title I or other federal funds, the Business Manager will make sure that the services are approved, when necessary, in the district's Consolidated Application prior to the services being provided.

If a vendor is providing a professional development session to Hale Area Schools employees and being paid for with federal funds, the Business Manager will make sure that the services are approved, when necessary, in the district's Consolidated Application prior to the services being provided. Sign-in sheets must be provided and attached to the invoice requesting payment for the session. If the information is not provided, business office personnel will not process the vendor payment until the necessary information is obtained.

For stipends or Hale Area Schools employee reimbursements related to professional development or employee-attended workshops or conferences, approval must first be obtained for the employee to participate in the PD or workshop. After obtaining the proper approvals to attend, and participation in the PD or workshop has taken place, the following documentation must be attached to the requisition and it must be approved by the appropriate supervisory personnel before reimbursement can take place:

- Explanation of the session attended
- Date and time of the session
- Name of vendor providing the training session
- Objectives or deliverables of the session

If the purchase of goods, equipment or services will exceed the purchasing threshold as noted above, a competitive bidding processes will be implemented. Please refer to policy 3660 for information related to this process.

1.02.03 Delegation of Authority/Approval Requirements

The superintendent, building principals and department directors have the authority to approve requisitions. Approval of a requisition is indicated by a signature on the proper requisition form. If the superintendent is the initiator of the requisition, the Hale Area Schools board of education must approve the

requisition. If any purchases are to be made with federal funds, the requisition must also receive the approval of the Business Manager who will determine if the expenditures are allowable under the guidelines of the program. There may be certain times when the superintendent is required to make purchases outside of the normal purchasing policy. Please refer to board policy 3610 for guidelines pertaining to purchases made by the superintendent.

If a building principal or department director initiates a requisition, the requisition must also be signed by the superintendent.

Building principals and department directors have the authority to approve subordinate requisitions. Requisitions of this type must have the requisition initiators signature as well as the building principal or department director.

Any requisition that does not comply with these requirements, or are in conflict with Federal and State law and/or board policy will not be processed.

1.02.04 Requisition Distribution

The signed, department approved requisition will be sent to the Hale Area Schools business office. Upon receipt, the business manager will check the vendor against the vendor database contained within Hale Area School's accounting system. Business office personnel will verify that the vendor has, at minimum, basic vendor description information contained within the database. The information required includes:

- Name of vendor
- Address of vendor
- Phone number of vendor
- Social Security number (SSN) or Employer Identification Number (EIN)
- W-9 forms

Before a new vendor is added to the Hale Area Schools vendor database, business office personnel must verify that the vendor is not on the Federal Excluded Parties List, if the purchase is made using federal funds.

Upon receipt of the requisition by the business office, the Business Manager is responsible for ensuring that:

1. If the vendor is an individual providing a service or product to Hale Area Schools, and is working on a regular basis while students are present in the building, he/she must complete a LiveScan using the approved District form. The LiveScan fingerprint process must be conducted at a State approved LiveScan Site. The District's preference

is the Iosco County Sheriff's Department located at in Tawas City, Michigan. The LiveScan report must be sent electronically to Hale Area Schools. Hand delivered LiveScan forms will not be accepted. Receipt and record of these reports is maintained by the Business Manager.

2. Once the electronic LiveScan is received, the individual must provide the district with the information listed above. (1.02.04)
3. Business office personnel review and confirms the information provided by LiveScan and on the application. Reference checks, if required, are checked at this time.
4. All potential vendors for projects funded with federal funds are entered into the Federal Excluded Party Data Base found at www.sam.gov to ensure that the vendor is legally able to provide services to Hale Area Schools.

If an individual or company clears the Excluded Party System, a printout directly from the Excluded Party Web Site is filed with the vendor's other information.

If an individual does not pass the LiveScan and Excluded Party System checks, business will not be conducted with this individual and/or company.

5. If the individual or vendor passes the background screening, the Business Manager will initiate the vendor contract process (if applicable). Once all appropriate signatures of both the District and external vendor are attained, the contract will be considered valid.

The department requesting the services of the external contractor is responsible for the specific details of the contract and ensuring that proper documentation is in place. Examples include required detailed descriptions of services as they are rendered, payment schedules, service logs, state or federal program restrictions, etc. Documentation requirements may vary by state or federal program. Please contact the Business Manager for further information pertaining to program documentation requirements.

Once the above processes in items 1-5 have been satisfied and signed off on by the Business Manager, the goods and services may be purchased through the vendor.

All original contracts will be kept in the vendor file maintained in the Hale Area Schools business office.

The Business Manager will be responsible for developing and maintaining a system for contract administration to ensure contractor conformance with the terms, conditions, and specifications of the contract and to ensure adequate and timely follow up of all purchases. The Business Manager shall evaluate contractor performance and document, as appropriate, whether contractors have met the terms, conditions, and specifications of the contract. Record of this system must be made available upon request by the funding authority or authorized designee of the funding authority.

1.03 COMPETITIVE PROCUREMENTS

1.03.01 Board Policy – General

For Hale Area Schools board policy related to competitive procurements, please refer to policy 3660.

1.03.02 Hale Area Schools Board Policy 3660 – Bid and Quotation Requirements

Before beginning construction of a new school building, or an addition, repair or renovation of an existing school building, except emergency repairs, the Board of Education, shall obtain competitive bids on all the material and labor required for the complete construction of a proposed new building or addition to or repair or renovation of an existing school building which exceeds the State statutory limit which can be found at http://www.michigan.gov/mde/0,4615,7-140-6530_6605-21356--,00.html.

This policy does not apply to buildings, renovations, or repairs costing less than the statutory limit or to repair work normally performed by District employees.

The Board shall advertise for the bids as follows:

- A. By placing an advertisement for bids at least once in a newspaper of general circulation in the area where the building or addition is to be constructed or where the repair or renovation of an existing building is to take place and by posting an advertisement for bids for at least two

- (2) weeks on the Department of Management and Budget website on a page on the website maintained for this purpose or on a website maintained by a school organization and designated by the Department of Management and Budget for this purpose.
- B. By submitting the request for bids for placement on the Michigan Department of Management and Budget's website for school organizations, including a link to the District's website.
- C. The advertisement for bids shall do all of the following:
1. specify the date and time by which all bids must be received by the Board at a designated location;
 2. state that the Board will not consider or accept a bid received after the date and time specified for bid submission;
 3. identify the time, date, and place of a public meeting at which the Board or its designee will open and read aloud each bid received by the Board by the date and time specified in advertisement;
 4. state that the bid shall be accompanied by a sworn and notarized statement disclosing any familial relationship that exists between the owner or any employee of the bidder and any member of the Board or the Superintendent of the District. A Board shall not accept a bid that does not include this sworn and notarized disclosure statement.
- D. The Board shall require each bidder for a contract under this policy, to file with the Board security in an amount not less than 1/20 of the amount of the bid conditioned to secure the District from loss or damage by reason of the withdrawal of the bid or by the failure of the bidder to enter a contract for performance, if the bid is accepted by the Board.
- E. The Board shall not open, consider, or accept a bid that the Board receives after the date and time specified for bid submission in the advertisement for bids as described in subsection C of this policy.
- F. At a public meeting identified in the advertisement for bids described in subsection C of this policy, the Board or its designee shall open and read aloud each bid that the Board received at or before the time and date for bid

submission specified in the advertisement for bids. The Board may reject any or all bids, and if all bids are rejected, shall readvertise in the manner required by this policy.

The Board may consider and provide a preference to bidders:

1. which use a local or a Michigan-based business as the primary contractor.
2. Which use one or more local or Michigan-based businesses as subcontractors.

This preference shall not apply to any procurement or project using Federal funds, nor shall it be used if it would violate any Federal funds requirements.

- G. The competitive bid threshold amount specified in this policy (\$22,386 for 2012-13) is adjusted each year by the percentage of increase in the consumer price index measured during the twelve months immediately preceding August 31 of the previous year. The current exempt amount must be confirmed with the Michigan Department of Education prior to issuing contracts which exceed the threshold limit.
- H. These competitive bidding guidelines also apply to supplies and equipment purchases.

1.04 TRAINING

Hale Area School will provide training to all staff involved in this procedure through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of Hale Area Schools policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance

The Business manager will meet with staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

1.05 PENALTIES FOR NON-COMPLIANCE

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

SECTION 8:3 SUSPENSION AND DEBARMENT PROCEDURE

1.1 DEBARMENT AND SUSPENSION

Hale Area Schools will not enter into any covered transaction with any person or entity that has been excluded from participation by the Federal government.

1.2 DEFINITIONS:

Covered Transaction---A transaction to which the federal suspension and debarment rules apply, including but not limited to:

- A subgrant awarded by Hale Area Schools to another entity under a federal grant program;
- A contract awarded by Hale Area 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 Hale Area Schools to another entity under a federal grant program for federally-required audit services regardless of the contract amount.

A full list of covered transactions is available in 34 CFR §§ 85.970, 85.215 and 85.220.

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.

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.

Excluded Parties List System (EPLS)---A database of excluded parties maintained by the federal government and available at: <https://www.sam.gov>.

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.

1.3 PROCEDURE

a. Prior to awarding a contract or making a purchase that constitutes a covered transaction, Hale Area School's Business Manager will verify the vendor has not been excluded by:

- Conducting a search of the EPLS;
- Obtaining a certification from the vendor; or
- Ensuring an appropriate clause or condition is included in the contract or purchase order.

The Business Manager has the discretion to determine which method is appropriate for a given contract, but must utilize one of the three methods referenced above.

Hale Area Schools will not provide funds to any person or entity that has been excluded from participating in a covered transaction.

b. The Business Manager will maintain documentation proving that it verified a person or entity's status prior to awarding a contract that constitutes a covered transaction. If the Business Manager utilized the EPLS system such documentation will include the date of the inquiry and a copy of the report generated with the results. If the Business Manager utilized a certification such documentation will include a copy of the signed certification. If the Business Manager utilized a term or condition in the contract, such documentation will include a copy of the contract.

This information will be kept in the file containing information relating to the contract or purchase for future audit review.

c. The Business Manager or any other person is prohibited from splitting purchases into smaller increments to avoid providing verification of suspension or debarment status regarding any person or entity and its principals.

d. Hale Area Schools will inform its subgrantees and contractors of the requirement to comply with federal suspension and debarment rules at the time of the award.

1.4 TRAINING

Hale Area School will provide training to all staff involved in this procedure through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of Hale Area Schools policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance

The Business manager will meet with staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

1.5 EMPLOYEE ACCOUNTABILITY AND SANCTIONS

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

SECTION 8:4

TIME AND EFFORT REPORTING PROCEDURE

All Hale Area School employees who are paid, in full or in part, with federal funds must maintain time and effort records in accordance with the criteria established by the district's Business Office and supported by OMB Circular A-87. Employees must provide the required information on a minimum of a monthly basis and in accordance with all procedures. Time and effort records must be maintained in order for Hale Area Schools to charge employee compensation costs to federal grants; thus, compliance with these procedures prevents disallowance of salary and wages charged to federal grants.

1.1 DEFINITIONS:

Cost Objective—A function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

Employee Compensation—All amounts paid to an employee for services rendered during the award period. Compensation includes salaries, fringe benefits, stipends, bonuses and payments made under supplemental contracts.

Multiple Cost Objectives Employees—Employees who work on multiple cost objectives as defined above. For example, an employee who works one hour as a cafeteria monitor and six hours as a Title I Para Pro, would be considered as working multiple cost objectives. Examples of cost objectives include, but are not limited to: Title I, At-Risk, Special Ed, General Ed, and Food Service.

OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments—Federal cost principles that provide standards for determining whether costs may be charged to federal grants.

Personnel Activity Report (PAR)—A document certifying the amount of time a multiple cost objective employee spends on each cost objective. The PAR must reflect an after the fact distribution of the activities performed; account for the total activity for which the employee is compensated; be prepared at least monthly and coincide with one or more pay periods; and be signed and dated by the employee.

Semi-Annual Certification—A document certifying a single cost objective employee worked solely on one cost objective. The certification must be prepared at least every six months and must be signed by the supervisory official having first-hand knowledge of the work performed by the employee.

Single Cost Objective Employees—Employees who work exclusively on one cost objective.

1.2 PROCEDURE

All employees paid with federal funds must adhere to the following procedures to complete the appropriate time and effort records.

A. Determining Cost Objectives

Determining cost objectives requires a careful reading of the programmatic provisions in the statute providing the funds. The person charged with administering the grant is responsible for determining which employees are to be charged to the grant.

B. Single Cost Objective Employees

An employee who works on a single cost objective must complete a semi-annual certification that indicates the employee worked solely on that cost objective for the period covered by the certification. The certification must be prepared at least every six months. Either the employee or a supervisor with first-hand knowledge of the work performed by the employee must sign the semi-annual certification.

A semi-annual certification must:

- Be executed after the work has been completed;
- State that the employee worked solely on activities related to a particular cost objective;
- Identify the cost objective;
- Specify the reporting period;
- Be signed by the employee or a supervisor with first-hand knowledge of the work performed; and
- Be dated.

The Business Manager will distribute the semi-annual certification forms at the end of the first semester in January and at the end of the school year in June. If an employee works on a short-term cost objective whose end date does not coincide with the normal January/June collection dates for semi-annual certifications (e.g. a supplemental contract for summer school programs), the Business Manager will distribute semi-annual certifications after the time period for the work has ended.

A supervisory official of single cost objective employees with first-hand knowledge of the work performed by the employee must complete and sign the semi-annual certification.

Completed semi-annual certifications shall be forwarded to the Business Manager.

C. Multiple Cost Objective Employees

Employees working on multiple cost objectives must maintain Personnel Activity Reports (PARs) indicating the amount of time spent on each cost objective for the period covered by the PAR. Paraprofessionals and certified aides must complete PARs bi-weekly to coincide with regular pay periods. Teachers working multiple

cost objectives must complete PARs monthly. The PAR must be signed and dated by the employee

A PAR must:

- Be executed after the work has been completed (projections of how an employee is expected to work or position descriptions are not sufficient);
- Be supported by time and effort records which account for the total activity for which each employee is compensated, including part-time schedules or overtime (total activity means all of the time an employee works, not just the amount of time worked on a federal program);
- Identify the cost objectives and properly allocate their time to those objectives;
- Specify the reporting period;
- Be prepared at least monthly and coincide with one or more pay periods;
- Be signed by the employee (unlike a semi-annual certification a supervisor's signature alone is not sufficient); and
- Be dated after the fact (when the work has been completed).

As discussed above, time and effort records must account for all of an employee's activities (i.e. 100% of an employee's time). Thus, if an employee works overtime that time must be reflected in the employee's time and effort record.

Copies of completed PARs, and their supporting time and effort records, shall be forwarded to the Business Office.

D. Stipends

Employees may be provided stipends to participate in activities such as professional development. Employees receiving such stipends for Hale Area Schools sponsored activities may satisfy time and effort records by signing the sign-in and sign-out sheets provided at the activity.

E. Reconciliation

It is Hale Area School's practice to charge employee compensation costs to federal programs based on budget estimates that reasonably approximate how an employee will work during the year. The Business Office shall be notified of any changes which change the proportion charged to each cost objective. Once notified, the payroll clerk will enter the changes into the payroll system.

The Business Manager will reconcile payroll charges to the time and effort reflected in employee time and effort records at least quarterly. If a variance between how an employee's salary was charged and how the employee actually

worked is identified, payroll charges will be adjusted so that the amount charged to federal funds reflects the employee's actual time and effort.

F. Training

Hale Area School will provide training to all staff involved in federal programs through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of Hale Area Schools policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance

The Business manager will meet with staff as necessary to ensure that time and effort reporting is being done as scheduled and is being done according to this procedure. These meetings may occur either on an individual basis or in a group setting.

G. Employee Accountability and Sanctions

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

H. Document Retention

Time and effort records must be maintained for a period of five (5) years by the Business Manager.

SECTION 8:5 EQUIPMENT MANAGEMENT AND MONITORING PROCEDURE

1.1 EQUIPMENT MANAGEMENT AND MONITORING

In accordance with Hale Area School's Policy #3490-R, proper records must be created, maintained and retained for equipment acquired with grant funds. Equipment with an acquisition value of \$100.00 and above and a useful life of

more than one year which was purchased with grant funds must be adequately maintained and safeguarded. Disposition or encumbrance of equipment must conform with grant requirements. The granting agency must be compensated for any equipment sold or converted to non-grant use. Hale Area Schools must take inventory of all grant purchased equipment with a unit value of \$100 and above annually and reconcile this information with current asset records.

1.2 DEFINITIONS:

Equipment- Tangible, non-expendable assets acquired through donation, gift, purchase, loan, capital lease, or self-construction with a life expectancy of more than one year and a cost of \$100 or more. Cost is defined as unit price including calibration, installation, freight, and trade-in. Equipment is free standing (complete in itself, does not lose its identity when affixed to or installed in other property).

Capital Asset- A long-term asset that is not bought or sold in the regular course of business. Examples include land, buildings, machinery, etc. Generally, these are assets that cannot be turned into cash quickly.

1.3 PROCEDURE

A. Proper records must be created, maintained and retained by designated personnel within the department receiving equipment acquired with grant funds. The Business Manager will designate the employee who will be responsible for completing this task.

Methods of valuation for equipment include any labor, materials and supplies used to place machinery, equipment, fixtures, etc. into service. These records should indicate the percent and source of federal funds used to acquire the referenced equipment.

Items with an acquisition value under \$100 and a useful life of more than one year must be tracked at the school or department level.

Records should include the following information:

- Purchase price and cost of placement on site ready for use;
- Useful life;
- Reasonable value for disposition purposes.

In addition, the record must contain the following information:

- Asset identification tag number

- Date of acquisition (month/day/year)
- Description
- Manufacturer
- Model number
- Serial Number
- Purchase order number
- Funding source
- Location of asset including Site, Building and Room
- Classification of the asset and its associated life
- New replacement cost (original cost rounded up), or if used or donated, what the item is worth

These records shall be maintained in the business office.

- B. Equipment purchased with grant funds must be adequately documented, maintained and safeguarded through a control system managed by the Business Manager and managed by technology personnel or others designated by the Business Manager.
- C. Items purchased with Federal grant funds cannot be disposed of without proper compensation being provided to the Federal agency which provided the funds used to purchase the item(s). Items with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency. When an item is sold or otherwise disposed of, the inventory listing must be updated indicating tag number, as well as the date and method of disposal. This shall be performed by the Business Manager or his designee.

1.4 MONITORING

- A. Hale Area School's Business Manager or his designee must take a physical inventory of all federal grant purchased inventory annually. Any items not accounted for must be investigated and adjustments made to the inventory listing as necessary. Items valued at under \$100 may be accounted for at the building level.
- B. All iPads, laptops and other portable equipment must be properly safeguarded at all times. Technology personnel will be responsible for delivering iPad and laptop carts to classrooms when requested. Teachers request the use of these portable devices by using the iPad checkout

calendar available through their Google calendars. The following procedures must be followed when delivering these devices:

- a. The person responsible for delivery unlocks the cart and verifies that all devices are accounted for
 - b. Upon delivery to the classroom, the teacher or aide verifies that all devices are present and signs the delivery sheet. If any devices are missing, they should be noted at the time of delivery.
 - c. The individual signing the sheet at the time of delivery is responsible for the devices until they are returned.
 - d. If the classroom is vacated (lunch time, recess, etc.), all devices must be returned to the cart and the classroom door must be locked.
 - e. When done with the cart, the teacher can either request that it be picked up or can return the cart to the tech room. Only employees of the district or substitutes can return the carts. Under no circumstances shall a student be allowed to return a cart.
 - f. Any damaged devices should be reported to technology personnel upon the return of the carts.
 - g. The individual who signed the delivery sheet at the time of delivery is responsible for the devices until they are returned and signed for by technology personnel. Any devices missing will be the responsibility of the person who signed the delivery sheet.
 - h. Upon their return, technology personnel will check to confirm that all of the devices are present. This should be done in the presence of the individual who signed for delivery. Any devices not accounted for shall be immediately investigated.
 - i. If all devices are accounted for, technology personnel will secure the cart and plug in to charge the devices.
 - j. Only administrative and technology personnel will be able to unlock the carts.
- C. If any devices are sent out for repair, technology personnel must document the time and date that it was sent out, where it was sent and an explanation of the problem. All repairs should be approved by the business manager before the device is sent out.
- D. The business manager will make periodic checks to make sure that all devices are accounted for. Any missing devices must be investigated.

1.5 TRAINING

Hale Area School will provide training to all staff involved in this procedure through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of Hale Area Schools policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance

The Business manager will meet with staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

1.6 EMPLOYEE ACCOUNTABILITY AND SANCTIONS

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

SECTION 8:6 CONFLICT OF INTEREST PROCEDURE

Conflicts of Interest

Board Policies 1900, 1950, 4005-R & 5230 – Conflict of Interest

Board Policies 1900, 1950, 4005R & 5230 address conflict of interest between Hale Area School's Board of Education members, employees and volunteers and its vendors who provide products or services to the district.

Board and staff members shall perform their official duties in a manner free from conflict of interest. To this end:

- A. The maintenance of unusually high standards of honesty, integrity, impartiality, and professional conduct by School District employees is essential to ensure the proper performance of school business as well as to earn and keep public confidence in the School District.

To accomplish this, the Board of Education has adopted the following guidelines to assure that conflicts of interest do not occur. These are not intended to be all inclusive, nor to substitute for good judgment on the part of all employees.

1. No employee shall engage in or have a financial interest, directly or indirectly, in any activity that conflicts or raises a reasonable question of conflict with his/her duties and responsibilities in the school system. When a staff member determines that the possibility of a personal interest conflict exists, s/he should, prior to the matter being considered by the Board or administration, disclose his/her interest (such disclosure shall become a matter of record in the minutes of the Board).
2. No staff member shall use his/her position to benefit either himself/herself or any other individual or agency apart from the total interest of the School District.
3. If the financial interest pertains to a proposed contract with the District, the following requirements must be met.

The staff member shall disclose the direct financial interest in the contract to the Board with such disclosure made a part of the official Board minutes. If his/her direct financial interest amounts to \$250 or more or five percent (5%) or more of the contract cost to the District, the staff member shall make the disclosure in one of two (2) ways:

- a. In writing, to the Board president at least seven (7) days prior to the meeting at which the vote on the contract will be taken. The disclosure shall be made public in the same manner as the Board's notices of its public meetings.
 - b. By announcement at a meeting at least seven (7) days prior to the meeting at which a vote on the contract is to be taken. The staff member must use this method of disclosure if his/her financial interest amounts to \$5,000 or more.
4. Employees shall not engage in business, private practice of their profession, the rendering of services, or the sale of goods of any type where advantage is taken of any professional relationship they may have with any student, client, or parents of such students or clients in the course of their employment with the School District.

Included, by way of illustration rather than limitation are the following:

- a. the provision of any private lessons or services for a fee
- b. the use, sale, or improper divulging of any privileged information about a student or client gained in the course of the employee's employment or through his/her access to School District records

- c. the referral of any student or client for lessons or services to any private business or professional practitioner if there is any expectation of reciprocal referrals, sharing of fees, or other remuneration for such referrals
 - d. the requirement of students or clients to purchase any private goods or services provided by an employee or any business or professional practitioner with whom any employee has a financial relationship, as a condition of receiving any grades, credits, promotions, approvals, or recommendations
- 5. Employees shall not make use of materials, equipment, or facilities of the School District in private practice. Examples would be the use of facilities before, during, or after regular business hours for service to private practice clients, or the checking out of items from an instructional materials center for private practice.
- B. Should exceptions to this policy be necessary in order to provide services to students or clients of the School District, all such exceptions will be made known to the employee's supervisor and will be disclosed to the Superintendent before entering into any private relationship.

Board Policy 1950 – Board Member Conflict of Interest

Prior to board or committee action on a contract or goods and/or services transaction involving a conflict of interest, a director or committee 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. If board members are aware that staff or other volunteers have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person him/herself if invited to the board meeting as a guest for purposes of disclosure.

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 the presence of a quorum for purposes of the vote.

According to Section 388.1769b of the State School Aid Act, the person having a conflict of interest may not vote on the contract or transaction. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the board of Hale Area Schools has a conflict of interest when he or she stands for election as an officer or for re-election as a member of the Hale Area Schools Board of Education

In the event it is not entirely clear that a conflict of interest exists, the individual with the potential conflict shall disclose the circumstances to his or her supervisor, who shall determine whether full board discussion is warranted or whether there exists a conflict of interest that is subject to this policy.

Each director, officer, employee and volunteer shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of Hale Area Schools. Furthermore, directors, officers, employees and volunteers shall not disclose or use information relating to the business of Hale Area Schools for their personal profit or advantage or the personal profit or advantage of their family members.

Review of policy.

Each director, officer, employee and volunteer shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he or she has done so.

Annually each director, officer, employee and volunteer shall complete a disclosure form identifying any relationships, positions or circumstances in which s/he is involved that he or she believes could contribute to a conflict of interest. Such relationships, positions, or circumstances might include service as a director of or consultant to another nonprofit organization, or ownership of a business that might provide goods or services to Hale Area Schools. Any such information regarding the business interests of a director, officer, employee or volunteer, or a family member thereof, shall be treated as confidential and shall generally be made available only to the Hale Area Schools Board, supervisor, and any committee appointed to address conflicts of interest, except to the extent additional disclosure is necessary in connection with the implementation of this policy.

This policy shall be reviewed annually by each member of the Hale Area Schools Board of Education. Any changes to the policy shall be communicated to all staff and volunteers.

Hale Area Schools Conflict of Interest Disclosure Form must be filled out no less than annually by the Hale Area Schools Board of Education members, administrative officers, employees, and volunteers. The Hale Area Schools Human Resource department will be responsible for distributing, collecting, and maintaining the Hale Area Schools conflict of interest disclosure forms. Copies of these forms must be made available upon request by the Michigan Department of Education.

Newly enacted legislation under the Revised School Code (380.1203) Conflict of Interest provides for new Conflict of Interest laws pertaining to School Boards. These laws are not reflected in Hale Area School's Board Policy at this time, but Hale Area Schools intends to comply with this new law. The law is summarized as follows:

- If a board member believes or has reason to believe that he or she has a conflict of interest with regard to a contract or other financial transaction, he or she must abstain from voting on the matter and shall disclose the specific conflict of interest.
- A board member is presumed to have a conflict of interest if the member or his or her "family member" has a financial interest or a competing financial interest in a contract or other financial transaction or is an employee of the district. For purposes of this law, family members include but are not limited to:
 - A person's spouse or spouse's sibling or child
 - A person's sibling or sibling's spouse or child
 - A person's child or child's spouse
 - A person's parent or parents spouse
 - Includes the above relationships as created by adoption or marriage
- If a majority of board members are required to abstain, the members who are able to vote may approve the contract/transaction by a majority of the members voting.
- These new requirements are in addition to other provisions of law concerning conflicts of interest that apply to school districts.

SECTION 9

DISTRICT CREDIT CARD PROCEDURE

Hale Area Schools Superintendent shall be responsible for the issuance, accounting, monitoring, retrieval, internal controls and generally overseeing the use of district credit cards for Board Members and employees. Board Policy #3605 addresses District owned credit cards.

- A. All credit cards issued to and in the name of Hale Area Schools shall be held and supervised by the Business Manager or the Superintendent. They shall remain secured in the locking fire-proof file cabinet in the Business Manager's office until an approved request is issued by the Superintendent for its use.

- B. Each request for use of a school credit card shall contain the following:
 - 1. Date Needed
 - 2. Date to be returned
 - 3. Purpose
 - 4. Approval of the Superintendent
- C. Once a request is approved, the request shall be presented to the Business Manager who will issue the card to the person making the request.
- D. After use, school credit cards must be returned directly to the Business Manager along with detailed receipts of all charges made.
- E. Credit cards may be used only for the purchase of the following:
 - 1. Conference or workshop registrations
 - 2. Lodging for authorized trips or meetings
 - 3. Supplies and equipment when prior approval of the Superintendent has been given
 - 4. Credit card may **NOT** be used to purchase meals when traveling on school business
 - 5. Other expenses as deemed necessary and approved by the Superintendent
 - 6. A credit card dedicated to fuel purchases is available and should be used for fuel purchases in school vehicles only. This card cannot be used to purchase fuel for personal vehicles used for school business.
- F. Credit cards may not be used to circumvent the normal purchasing and/or requisitioning process.
- G. The credit card is to be returned directly to the Business Manager by the person to whom the card was issued by the date specified in the authorization. Documentation indicating the goods or services

purchased, the amount(s) of the purchase, date(s) of purchase, and the District business to which each purchase relates must also accompany the card upon its return.

- H. 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 charges made on the card during the time that the card is in the possession of the employee are the responsibility of that employee. Unauthorized charges must be paid by the person to whom the card is assigned, and such unauthorized use shall subject the card holder to disciplinary action in accordance with law, District policy, and/or the terms of a negotiated agreement.
- I. The person to whom a credit card is issued is responsible for the protection and custody of the card. If a district card is lost or stolen, the person to whom the card was issued shall immediately notify the Superintendent and Business Manager. The Business Manager will notify the issuing company to cancel the card if necessary.
- J. The Business Manager shall reconcile the credit card statements to the invoices relating to credit card transactions. Any charges appearing on statement that are missing invoices or other documentation will be investigated by the Business Manager. The Business Manager must notify the Superintendent and/or the credit card issuing company of any suspected fraudulent transactions appearing on the statement. Credit card balances must be paid within sixty (60) days of the initial statement date.

SECTION 10 TRAINING AND SANCTIONS

1.1 TRAINING

Hale Area School will provide training to all staff involved in these procedures through activities such as:

- Orientation of new staff
- Distribution of federal laws, regulations and guidance
- Distribution of Hale Area Schools policies and procedures
- Developing templates, checklists and other guidance documents as appropriate
- Internal training sessions
- Routine staff meetings
- Informal technical assistance

The Business manager will meet with staff as necessary to ensure that these procedures are followed. These meetings may occur either on an individual basis or in a group setting.

1.2 EMPLOYEE ACCOUNTABILITY AND SANCTIONS

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