



**BUSINESS SERVICES  
ACCOUNTING PROCEDURES &  
FEDERAL AWARDS ADMINISTRATION  
MANUAL**

**FISCAL YEAR 2018-2019**

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## OVERVIEW

**Purpose:** This manual has been prepared to document Charlotte Public Schools' (the "District") general business procedures and administration of federal awards. Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, 2 CFR 200) requires all subrecipients of federal funds to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. Written policies and procedures are part of the necessary internal controls and are required as a precondition to receiving federal funds. These policies and procedures are intended to be sufficiently comprehensive to adequately meet such requirements. However, in no case are these policies and procedures intended to supersede or limit federal or state laws or regulations, or the provisions of individual grant agreements.

**Hierarchy of Authority:** In the event that conflicting guidance on the administration of Federal awards is present, the District has deemed Federal guidance to be most authoritative, followed by guidance from the Michigan Department of Education (MDE), and finally other State or local agencies.

**Revisions:** Guidance provided by the Federal government through the OMB Compliance Supplement and guidance provided by MDE through the Michigan School Accounting Manual are expected to be updated each year. Such updates are considered by the District as they become available and policies and procedures will be revised accordingly.

The Superintendent or his/her designee is authorized and required to establish and document operating procedures to ensure compliance with the provisions of federal and state regulations and the provisions of grant agreements. Such procedures are documented herein, and will be reviewed and updated as necessary, but not less than once every three years.

**Training:** District accounting personnel, and program administrators of Federal awards will be provided the necessary training through various mechanisms, such as: Reviewing monthly State Aid Financial Status Report updates, accompanying State Aid payments; consulting with the District's auditors as needed for clarification; participating in various training opportunities; membership and participation in MSBO workshops, meetings, and conferences; and coordination and collaboration with individuals performing similar job functions at similar school districts or others within the District.

**Compliance Failures:** Compliance failures, whether noted internally by management or through the external audit process, will be addressed immediately by reviewing the reason for the failure with responsible personnel and devising an improved process to encourage compliance in the future. Refer to additional information through this manual.

## FINANCIAL MANAGEMENT SYSTEMS GENERAL ACCOUNTING & FINANCIAL MANAGEMENT

It is the policy of Charlotte Public Schools (the “District”) to comply with all regulatory, contractual, and statutory requirements in the conduct of and accounting for its financial operations. The official books of record for the District will be maintained subject to the following provisions:

**Board Policies:** Board policies are separately reviewed and approved by the Board of Education and are incorporated throughout by referencing Board policy name and/or number.

- Board Policy 6800

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policies.

- The District will account for its operations in accordance with the Generally Accepted Accounting Principles (GAAP) applicable to local units of government.
- The District will comply with all applicable circulars issued by the Office of Management and Budget (OMB), including, but not limited to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance, 2 CFR 200).
- The District will comply with all contractual requirements detailed in its executed grant agreements with award agencies.
- The Board of Education will contract annually with an independent CPA firm for the purposes of conducting the District’s external financial audit. To the extent that the District has expended federal awards in excess of \$750,000, the District will have a single audit performed in accordance with the Uniform Guidance, 2 CFR 200.
- To ensure continuing compliance with all applicable accounting requirements, the Board may, at its discretion, contract with a CPA firm to provide internal auditing and/or consulting services.
- The Executive Director of Business, Operations, and Human Resources shall be responsible for the maintenance of all accounting and financial records (including journals, timesheets, bank statements, audit reports, and similar documents). Such records shall be retained as required by contractual or regulatory requirements.

## FINANCIAL MANAGEMENT SYSTEMS PURCHASING AND PROCUREMENT

It is the policy of the District to ensure that all disbursements of District funds are properly reviewed and authorized, and consistent with sound financial management principles. In order to meet these objectives, all disbursements of District funds shall be subject to the following provisions:

### **Board Policies:** 6320

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

- The Business Office shall obtain informal rate quotations for small purchases of supplies (\$5,000 +).
- When the purchase of, and contract for, single items of supplies, materials, or equipment is less than the amount allowed by State statute, but exceeds \$5,000, the Superintendent shall whenever possible, require three (3) competitive price quotations.
- Purchases in a single transaction that are in excess of the dollar amount permitted by State statute shall require competitive sealed bids and shall require approval of the Board prior to purchase.
- To the extent practicable, the Business Office shall distribute micro-purchases equitable amount qualified suppliers.
- For small purchases of supplies and services charged to federal grants, the Business Office shall obtain an adequate number of qualified sources for rate quotations.
- If the competitive bid threshold issued by the State of Michigan Department of Education differs with Board policy, the lower threshold will be utilized. This applies to the activities below under the relevant sections of the Revised School Code. The Executive Director of Business, Operations and Human Resources will be responsible for obtaining information on the annual adjustments to these amounts corresponding to changes in the Consumer Price Index (CPI) as published by MDE.
  - Contracts will be awarded to the responsible firm whose proposal is most advantageous to the program.
  - The organization may only use qualification-based methods, whereby competitor's qualifications are evaluated and the most qualified competitor is selected, in the procurement of the architectural/engineering professional services.
- Purchases made with federal funds in excess of \$150,000 will require cost or price analysis, including independent estimates.
- Purchase Orders will be utilized as follows.
  - No purchases over \$200 will be made without a purchase order, with the exception of items being placed on a district issued purchase card.
  - Authorized staff submit purchase order requisitions on line through the accounting software to the building administrator or department supervisor for electronic signature showing approval. Purchase order requisitions will be used to create purchase orders in the system by authorized personnel.
  - The purchase order requisition is viewed and checked for accuracy in the system by the accountant. All purchase orders are then reviewed and approved by the Executive Director. Any items over budget are noted and a request for budget amendment is sent to the authorizing administrator.

- A copy of the purchase order is maintained in the FIS and can be viewed by the administrator and employee creating the invoice, as well as business office staff. Invoices over \$50 will not be paid without authorized proof of receipt (email or verbal verification from the receiving employee is acceptable).
- The purchase order system assigns purchase order numbers sequentially.
- Once approved the purchase order is placed by the accountant by fax, phone, US mail, or internet. The date in which the order is placed is noted on the purchase order listing. Faxing the purchase order is always assumed unless otherwise stated in the comments section of the purchase requisition.
- A verbal financial commitment may be made only for emergencies or when it is impossible or impractical to precede the purchase with a purchase order. The purchase order will be issued as soon as possible after the commitment is made and will be approved and signed by the Executive Director as stated above.
- Employees are forbidden to use the name of the District, and discounts provided by the District, or any other means for associating a personal purchase with the District. Failure to abide by this provision could lead to disciplinary action.
- Ongoing commitments such as service contracts and leases should be renewed annually or according to the contract, in writing, at the renewal date.
- Blanket purchase orders for goods or services are valid only for the time period and amount indicated on the purchase order. Extension of the commitment beyond that time and/or amount shall be confirmed by a new purchase order. Blanket purchase orders must be approved by the Executive Director of Business before they are issued.
- Open purchase orders should be used for routine items with a cap of \$200. Exceptions to this cap can be made after consultation with the Executive Director. Use of a district issued purchase card will be utilized as a replacement for open purchase orders as often as possible. Examples of routine items include: oil filters, air filters, fuses bulbs, paint, nuts/bolts/screws, fresh foods, etc.
- Disbursements will be supported by approved vendor invoices. The approved invoice will be retained as an attachment in the financial information system (FIS).
- Payments are generated from invoices or check request forms only. Payments are not made based on monthly statements. Month end statements received from vendors are reconciled to identify any lost or past due invoices. Copies will be obtained from the vendor for any invoices identified as not received.
- The Superintendent or their designee is authorized to make purchases for allowable and necessary items within the Board-approved budget allocation.
- All approved check requests will be processed by the Business Office. Disbursements will be made by check apart from purchase card purchases, debt service payments, and payroll-related expenses.
- Prior to processing a check run, the Executive Director of Business, Operations and Human Resources, or their designee, will approve each voucher for payment and compare the voucher to the invoice for accuracy.
- Checks are sequentially numbered by the FIS and verified during check runs. Unused check stock is stored in the Business Office in a secure location. Checks will be endorsed by MICR during the factory printing process.
- Claims and invoices will be paid timely based on the conditions of the vendor invoice. It will not be considered acceptable to incur late and or finance charges on invoice payment.
- Checks will only be made payable to a specific payee. It is prohibited to issue a check to “cash” except when initial point of sale cash boxes are required (gate sales, box office, aquatic center, food service). Signing a blank check is also strictly prohibited.

- The District may account for the activities of certain student led groups and organizations. Since these activities represent outside parties and are not subject to the oversight of the Board and/or District management, they will be accounted for in a trust and agency fund.
- When an employee incurs work-related expenses to be reimbursed by the District, the following requirements apply:
  - The employee reimbursement request will be signed by both the employee and the employee's direct supervisor (or other administrator knowledgeable of the employee's work activities).
  - Detailed itemized receipts will be attached to the expense report for all expenses (excluding mileage). If a receipt is not available, the employee will attach other acceptable documentation (such as a receipt exception form). This form will certify that the reimbursement is for costs incurred on behalf of the District and is not for illegal or unauthorized costs.
  - An employee will not be reimbursed for any expense that is disallowed by Federal cost principles.
  - Expense reports of the Superintendent will be submitted to the Board President or their designee for review and approval. It will not be acceptable for any employee to approve his/her own expense report.
  - Approved expense reports will be submitted to the Business Office who will verify that expenses are appropriate and supporting documentation is attached.
  - The Business Office will not process any expense reimbursement for payment until all necessary signatures have been obtained.
  - An employee making a disbursement using personal funds on behalf of the District may be subject to State sales tax. While payments made by the District directly are exempt from such tax due to its status as a local unit of government. As such, an employee will only incur a work-related expense with personal funds to the extent that it is not practical or reasonable for the purchase to be made directly by the District. Furthermore, Michigan state sales tax will not be reimbursed to the employee.
- Voided checks will be marked "VOID" and will be retained in a secure location.
- The Executive Director of Business, Operations and Human Resources will be responsible for compiling information on disbursements and presenting this information to the Board of Education at its monthly meeting. This information will include:
  - Detail listing of payments made by check, including: check number, invoice number, vendor name, payment description and amount.
  - Detail listing of individual payments made with purchasing cards, including: amount and vendor.
  - Non-check disbursements (such as ACH transfers) will be prepared by a Business Office accountant and verified in the online banking software by the other accountant or Executive Director. Wire transfers exceeding a pre-determined amount may trigger a verification phone call by the bank.

## FINANCIAL MANAGEMENT SYSTEMS CASH RECEIPTS

In order to safeguard the funds of the District, cash receipts will be deposited promptly and intact according to the following policies:

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

- At the annual July organizational meeting of the Board of Education, the Charlotte Public Schools Board of Education authorizes all bank accounts as depositories for the school funds and authority to open new accounts as necessary. In addition, the Board of Education authorizes all bank account signers for the District.
- Checks will be initially received by the AP Clerk or Curriculum Administrative Assistant. He/She will log each check into a register by date received, issuer, check number, and check amount. Checks will then be given to the Accountant to secure in safe until processing.
- Check stubs and any supporting documents are retained. If no check stub is available, a copy of the physical check will be made and retained to support the receipt.
- The cash log and supporting documentation will then be provided to the Accountant who will determine the appropriate general ledger coding for the receipt and prepare the deposit slip.
- A copy of the daily receipts listing along with the physical checks, cash and any supporting documentation will then be provided to the Executive Director of Business, Operations & Human Resources, or their designee, who will review and approve the general ledger coding.
- The Accountant will post the batch to the general ledger.
- Deposits will be taken to the bank by the Executive Director or other designated individual.
- The bank deposit receipt, a copy of the deposit slip, the general ledger batch report, and all supporting documentation will be retained to be used for comparison and reconciliation.
- Receipts of currency and checks that are deposited by individual departments are done after verification by two members of that department and reconciliation of POS batch reports whenever possible. Cashing of checks out of the cash register is strictly prohibited.
- Wire transfers and ACH payments will be recorded through the cash receipts process or through general journal entries.



## FINANCIAL MANAGEMENT SYSTEMS PAYROLL AND TIMEKEEPING

The following provisions apply to the payment of employees and recording of time and effort (as required) in accordance with Federal Cost Principles.

**Board Policies:** 6570, 6100

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict the Board policies listed above:

- Requests for new personnel are initiated by department or building administrators. If needed, an internal or external posting is created by the Human Resources Specialist and issued to the appropriate outlets.
- The required background checks with previous employers, skills testing (as appropriate), and fingerprint results are reviewed prior to hiring an individual.
- Personnel files are maintained for each employee. Files contain information on employees which may include the following: hire date, employment duties, compensation, tenure, paid leave, unpaid leave, and any additional terms of agreement.
- A separate file is kept for all I-9 forms. Files in the payroll office contain authorizations for payroll deductions, information on pay rates, positions, and benefit applications. These files remain in a locked cabinet.
- Files in the Human Resources, Payroll and Superintendent's offices are only accessible to authorized personnel and are kept secure during non-business hours.
- Employees are responsible for clocking in and out of their work shift using our web-based time keeping system. This process is separate from payroll preparation. Building or department administrators approve the electronic time cards before they are submitted to the payroll accountant for processing.
- The Human Resources Specialist and/or Payroll Accountant uses attendance data submitted through the time card process, as well as, PESG substitute system to track attendance and determine sick, personal, and/or vacation days. Attendance is maintained in the financial payroll system. A final attendance report for each employee is ran at June 30 each year and a pdf file is maintained on our secure business server.
- The payroll accountant verifies the computation of hours, pay rates and any notes regarding alterations by administrators.
- The payroll accountant prepares the ACH or wire transfer amounts for direct deposit, federal and state tax deposits, and general fund transfer which is approved by the Executive Director or other accountant.
- Paychecks and vouchers are numbered sequentially by the financial software package. These numbers are verified during the reconciliation process by the payroll accountant. Checks are signed by the printer with either the Superintendent's or Executive Director's signature.
- Detailed vouchers are available to all employees via the SDS Employee Portal.
- Blank check stock is only accessible to employees in the Business Office and is kept locked in the vault at all times.
- Voided or spoiled checks are marked "VOID," the signature is removed, and then maintained in a locked file within the Executive Directors' office.

- The payroll accountant reconciles gross and net pay amounts for information required by the State of Michigan and the IRS monthly, quarterly and annually.
- All associated payroll forms and documentation used in completing payroll are filed by payroll date and are stored in a locked cabinet.
- Access to payroll records and materials is limited to authorized staff only.
- Payroll taxes are paid when due and payroll returns are filed as required.
- Withholdings such as 403(b), retirement, child support, garnishments, cafeteria plan deductions, etc., are remitted in a timely manner, mostly within 5 days of the associated payday.
- Michigan Office of Retirement Services (ORS) records are reported as required through the Employer Web Reporting system by the payroll accountant. The ORS records are reconciled by the payroll accountant.
- The allocation of hours between programs or departments should be based exclusively on the actual hours worked and not based on available budgets or predetermined allocation schedules whenever reasonable. In the event that a predetermined allocation method is used then a periodic time study should be used whenever possible to validate allocation.
- In the event that an after-the-fact correction is necessary to an employee's timesheet due to errors in the allocation of time worked, such corrections must be submitted to the Business Office, and approved in writing by both the employee and his/her supervisor.
- Salaried employees charged to a Federal grant will document time and effort according to one of the following methods. The method used by employee shall be pre-approved by the Director of Curriculum and Instruction. If the employee's time is expensed based on budgetary data, an adjustment shall be made at least quarterly to match the general ledger to the documentation.
  - The employee may document time and effort using the electronic time keeping system above. The time record must account for the total activity for which the employee is compensated. It is not acceptable for time records to include the hours worked on Federal grants only.
  - Or, the employee may complete personal activity reports. Such reports will be prepared at least monthly to coincide with specific pay periods, reflect an after-the-fact distribution of the actual activity of the employee, account for the total activity for which the employee is compensated, and be signed by the employee.
  - Split funded personnel may not have to fill out PARs if the different funding sources are within the same cost objective.
  - Budgets and lesson plans will not be deemed allowable documentation to support personnel costs and therefore will not be accepted by the Business Office.
  - It is the responsibility of the employee being charged to a Federal award(s) to clarify documentation requirements with the Director of Curriculum and Instruction and provide appropriate documentation to the Business Office as it becomes available. The employee should retain a copy of the documentation for his/her personal records.
- Salaried employees who work 100% of their time on a single Federal award or cost objective (regardless of the availability of Federal funding) shall have the option to complete semi-annual time certifications or PARs. The certifications will be prepared at least semi-annually and signed by either the employee and/or a supervisor having first-hand knowledge of the work performed by the employee.
  - Certifications should never be signed prior to the end date of the period being certified. Each certification should be provided to the Business Office when available. Employees should retain a copy of the certifications for his/her personal records.

## **FINANCIAL MANAGEMENT SYSTEMS BANK RECONCILIATIONS**

The following procedures will apply to the reconciliation of bank accounts.

Bank accounts are reconciled at the end of each month by the Executive Director of Business, Operations and Human Resources. Bank statements are obtained by the banks through the mail or via download from secure bank websites.

Bank reconcilements are completed monthly by the Executive Director for all accounts managed by the Business Office. Building administrative assistants reconcile their individual trust and agency accounts and submit their monthly reconciliation and activity to the Business Office for review.

The Executive Director compares the dates and amounts of the daily deposits and bank transfers on the bank statements to the daily cash flow journal. Any deposits charged back (returned checks, etc) to the account are researched and necessary steps are taken to collect the funds (see returned check administrative guideline). Interest received and fees charged on the accounts are provided to the accountant by the Director to be entered in FIS.

The check registers are compared to the general ledger to verify that the correct amount is credited to the cash account and posted to the daily cash flow. The listing of the checks cleared on the bank account is compared to the cash flow. An outstanding check listing is prepared in FIS by the Executive Director for checks that have not cleared the bank account.

Checks that are outstanding for 6 months from the date of issue are researched by the accountant and contact is made with the vendor/payee to resolve. If necessary, a check will be sent to the State of Michigan as Unclaimed Property, according to State of Michigan guidelines.

Any discrepancies on the bank reconcilements are researched by the Executive Director.

Bank reconciliations will be completed within 6 weeks of month-end.

Month end bank balances will be presented to the Board of Education in their monthly financial report.

## **FINANCIAL MANAGEMENT SYSTEMS RETURNED CHECK PROCEDURES**

The following procedures will be followed when Charlotte Public Schools receives a returned payment from a banking institution

- Contact will be made by phone or letter to the person that wrote the check by the department receiving the check. The department will debit the payee's account in the amount of the returned check. In addition, a returned check fee of \$25.00 will be withdrawn from their account.
- The payee has a maximum of five (5) days to repay the amount of the returned payment and fee. If this timeline is not met the case will be turned over to the CPS Business Services Office for legal action.
- For Food Service accounts, if this deduction results in a negative balance, it will lead to a stop being applied to the account and no additional student charges allowed at the secondary level.
- In the event that the total repayment amount is not paid in full within the final 5 day notice provided by the CPS Business Services Office, the case will be turned over to the Eaton County Prosecuting Attorney's Office – Economic Crimes Unit.
- If two checks are returned from the same maker and bank account to Charlotte Public Schools, the District may no longer accept checks as a form of payment from that individual. The District will only accept payment by cash or money order from that point forward.
- A list of all returned checks is maintained by the Business Services Office. District offices are provided with a list of payees from whom checks are not accepted. Once someone is on this list they remain on it for one year, at which time their payment history is reviewed and may be taken off.
- A copy of all returned check notices, check copies, and communications are retained electronically by the Business Services Office.

## FINANCIAL MANAGEMENT SYSTEMS JOURNAL ENTRIES AND NON-ROUTINE TRANSACTIONS

The District will occasionally need to record a general journal entry or other non-routine transaction. Such transactions may relate to Federal awards. The following procedures apply to all general journal entries:

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- General journal entries will be an allowable transaction type for recording: corrections and adjustments, accruals and reversing entries, interfund activity, interbank activity, EFT payments, ACH transfers, etc., to the extent that the entries can be reasonably supported.
- All general journal entries will be filed with adequate supporting documentation.
- Each general journal entry will be signed/initialed and dated by the preparer.
- All entries will be reviewed and approved by another Business Office staff member.
- The ability to post general journal entries in the accounting system will be limited to specific employees.

## FINANCIAL MANAGEMENT SYSTEMS INVESTMENTS

The following policies and procedures will apply to the purchase, safekeeping and recordkeeping of the District's investments.

**Board Policies:** The Board of Education has adopted an investment policy that limits the school district's allowable investments and addresses the specific types of risk to which the district may be exposed. (6144)

- The authorization to invest District assets is expressly stated within the notes of the annual organizational meeting of the Board of Education.
- The Executive Director of Business, Operations and Human Resources is charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that income earned is dispersed for authorized purposes.
- All persons having access to investments are authorized by the Board.
- All investments will be held in the name of the District.
- Detailed investment records are maintained including the following information:
  - Date of acquisition, identification, purchase amount or cost
  - Physical location of the item
  - Interest, dividend, income rates and accrual or receipt dates
  - Ownership by fund
- Detail records are periodically reconciled to the general ledger accounts and to broker/safekeeping statements by the Executive Director.
- Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment.
- Calculations of fair value and investment income are periodically reviewed for accuracy by the Executive Director.
- Access to computerized investment records is limited to those with a logical need for access.

## FINANCIAL MANAGEMENT SYSTEMS CAPITAL ASSETS

The following provisions will govern the purchasing, accounting, and inventory of capital assets.

**Board Policy:** 6800, 7455

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict the Board's policies.

- Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP.
- Procurement of capital assets will be governed by the Board's procurement and purchasing policies.
- Donated capital assets will be recorded at estimated acquisition cost at the time of donation.
- Capital asset purchases financed through bonds payable will be made in compliance with the *Bulletin for School District Audits of Bonded Construction and of Sinking Funds* issued by the State of Michigan Department of Treasury.
- Construction or other capital projects in progress at year-end will be reported as "construction in progress" until the related asset is placed into service. No depreciation expense will be incurred on such assets. Outstanding construction commitments at year end will be disclosed in the audited financial statements.
- To the extent that capital assets are purchased with Federal funds, such items will be tagged as "federally funded" in the financial accounting records.
- To the extent that the District has purchased capital assets with Federal funds, a complete inventory will be completed not less than once every two years. Assets purchased with federal funds will be tagged accordingly with grant name.
- Detail records for all assets with a value of \$5,000.00 or more are recorded on the general ledger and copies are retained by the Business Office.
- The following guidelines should be used when determining if an asset should be capitalized.
  - New purchases costing greater than \$5,000.00.
  - All new computers (no cost threshold).
  - All new printers (no cost threshold).
  - All new data projectors and televisions (no cost threshold).
  - New classrooms recorded at total content cost.
  - Item must have an estimated useful life greater than one year.
- Once a decision has been made to capitalize an asset, the following steps should be taken to account for the asset.
- The asset information shall be given to Deyo Associates, Inc. (or other appraisal firm) so the current fixed asset schedule can be updated.
- A salvage value of 10% of historical cost shall be maintained for district buildings.
- Asset depreciation shall be calculated using the straight-line method.
- The useful life of an asset shall be determined using the recommendation provided in the ASBO Implementation Guide for GASB #34. (See below)
- It is recommended that a new appraisal be completed every five years by Deyo Associates, Inc. (or other appraisal firm). This will ensure that the district has a complete record of all capitalized assets in the district.
- A detailed listing of all additions, deletions and transfers is completed by the Business Office and sent to Deyo Associates to be used to complete the annual appraisal update. The

depreciation schedule is prepared on an annual basis by Deyo and is reconciled by the Executive Director or designee.

- Titles of sites, buildings, vehicles and other assets are kept in a locked safe in the Business Office and access is limited.

**Recommended Estimated Useful Life**

Association of School Business Officials International

*GASB Statement No.34: Implementation Recommendations for School Districts*

Asset Class	Examples	Est. Useful Life in Years
Land		N/A
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School Buildings		50
Portable Classrooms		15
HVAC Systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior Construction		25
Carpet Replacement		7
Electrical/Plumbing		30
Sprinkler/Fire System	Fire suppression systems	25
Outdoor Equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & Tools	Shop & maintenance equipment, tools	10
Kitchen Equipment	Appliances	10
Custodial Equipment	Floor scrubbers, vacuums, other	10
Science & Engineering	Lab equipment, scientific apparatus	10
Furniture/Accessories	Classroom and office furniture	20
Business Machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication Equip	Mobile, portable radios, non-computerized	10
Computer Hardware	PCs, printers, network hardware	5
Computer Software	Administrative, other long-term	10
Audio Visual Equip	Projectors, cameras (still & digital)	10
Athletic Equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical Instruments	Pianos, string, brass, percussion	10
Library Books	Collections	7
Licensed Vehicles	Buses, other on-road vehicles	8
Contractors Equip	Front-end loaders, large tractors, mobile air compressor	10
Grounds Equipment	Mowers, tractors, attachments	10

## FINANCIAL MANAGEMENT SYSTEMS LONG TERM DEBT

The following provisions will govern the issuance of long-term debt (including, but not limited to: bonds and notes payable, capital assets, installment purchase agreements, State Aid Anticipation Notes, compensated absences, and severance agreements/early retirement incentives):

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policies.

- The issuance of long-term debt will be subject to approval by the Board and the Michigan Department of Treasury.
- The issuance of long-term debt will be recorded as an “other financial source” in the governmental fund financial statements, along with any premium or discount thereon. Costs of issuance will be reported in the governmental fund financial statements as a component of debt service expenditures.
  - In the full-accrual government-wide statements, long-term debt and any related discounts, premiums will be reported as a liability. Deferred charges related to bond refunding’s will be reported as deferred outflows of resources or deferred inflows of resources, as applicable. Bond issuance costs will be expensed when incurred and reported as a component of interest expense in the government-wide statement of activities.
- Short-term debt (such as State Aid Anticipation Notes) with an initial maturity of less than one-year will be recorded as a liability in the governmental fund financial statements, along with accrued interest payable thereon.
- Compensated absences payable will be recorded in the government-wide statements for earned but unused sick and vacation time, as provided for in bargaining agreements and/or personnel policies. Such accruals will be limited to the maximum payout based on these policies.
- Severance agreements and early retirement incentives will also be recorded as liabilities in the government-wide statements. Multi-year agreements will be reported at the net present value using a discount rate equal to the rate management expects to earn on the assets used to liquidate such liabilities. A current portion will be recorded each year, based on the payment schedule in the severance or ERI agreement.



## FINANCIAL MANAGEMENT SYSTEMS GRANT ADMINISTRATION

It is the objective of the Board of Education to provide equal educational opportunities for all students within the District. Therefore, it is the intent of the Board to use local, state and federal grants to enhance educational opportunities, the educational environment, and the physical and mental growth for each student.

**Board Policies:** 6110, 6112

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Grant Development, Application, and Approval –
  - The point at which legislative approval is required is determined by the requirements of the grant program. If the grant must be submitted by “an individual authorized by the legislative body”, then Board approval is required prior to submitting the application. If such legislative approval is not specifically required by the written terms of the grant, then the Superintendent or his/her designee, may at his or her discretion, approve grant applications.
    - Regardless of funding source, all grant application must first be reviewed and approved by the Executive Director of Business, Operations & Human Resources and the Director of Curriculum and Instruction prior to submission.
  - Grants that require cash local matches must be coordinated through the Business Office. At a minimum, funds must be identified within the existing budget to provide the match, or a budget amendment will be required. Depending on the nature of the grant, there may also be some policy implications that will bear discussion. For example, will the grant establish a level of service that cannot be sustained once the grant funds are depleted?
    - In all cases involving matching funds, the grant applicant shall contact the Business Office to determine the strategy for securing matching funds.
  - Most grants require the submission of an expenditure budget. The Executive Director should review this portion of the grant request prior to submission. Frequently, a technical review will discover inconsistencies in the calculations, cost centers that might have been overlooked, or identify reimbursable expenses of which program staff may not be aware – particularly in the indirect cost area. Grant applicants shall contact the Business Office to request a technical review of a grant proposal budget.
  - If a grant application contains technology equipment or software, the grant applicant shall contact the Technology Supervisor for review and approval prior to submission.
  - If a grant application contains modification to building floor plans or infrastructure, the grant applicant shall contact the Building and Grounds Supervisor for review and approval prior to submission.
  - Most grants impact the instruction or experiences provided to students. Therefore, grant applicants shall provide the application to the Director of Curriculum and Instruction for review and approval prior to grant application submission.
- Grant Program Implementation –
  - Official notification of a grant award is typically sent by a funding agency to the program coordinator and/or other official designated in the original grant proposal. However, the authorization to actually spend grant funds is derived from the Board through the approval of a grant budget. Adoption of the grant budget as a component of the District-wide operating budget is deemed to be sufficient approval.

- A copy of the award notification shall be submitted to the Business Office grant accountant.
- The department that obtained the grant shall provide the Business Office with information needed to establish revenue and expense accounts for the project. This shall include a copy of a summary of the project, a copy of the full project budget, and the original grant application.
- To the extent that the grant awarded is included in the Michigan School Accounting Manual, such guidance will be followed without exception.
- All other District purchasing guidelines apply to the expenditure of grant funds. The use of grant funds does not exempt any purchase from normal purchasing requirements. All typical paperwork and bidding requirements apply. All normal staff approvals apply. When in doubt, the program coordinator should contact the Business Office for further assistance.
- Financial and Budgetary Compliance –
  - Departments may use some internal mechanism (such as a spreadsheet) to monitor grant revenues, expenditures and budgetary compliance. The Grant Accountant maintains all this information in the District's accounting system as well, and this is considered to be the District's "official" financial record by the granting agencies. Program coordinators are strongly encouraged to use official general ledger reports provided by the Grant Accountant for their grant tracking.
  - If any "off-system" accounting records are maintained, it is the responsibility of the Program Coordinator to ensure that the program's internal records agree to the District's accounting system.
  - Occasionally, the fiscal year for the granting agency will not coincide with the District's fiscal year. This may require adjustments to the District's internal budget accounts and interim financial reports as well as special handling during fiscal year-end close. It is the responsibility of the Program Coordinator to bring such discrepancies to the attention of the Grant Accountant at the time the grant accounts are established.
  - When the general ledger accounting structure for a grant is designed, it will include the budget that was prepared when the grant application was submitted. The terms of each specific grant will dictate whether any budget transfers between budgeted line items will be permitted. In no case will the program director be authorized to exceed the total budget authority provided by the grant.
  - If grant funds have not been totally expended by fiscal year-end, it is the responsibility of the program coordinator to notify the Grant Accountant that budget funds need to be carried forward to the new fiscal year, and to confirm the amounts of such carry-forwards. Carry-forwards of grant funds will be subjected to maximum allowable amounts/percentages based on the grant award agreement and/or the OMB Compliance Supplement. The difference in carryover timelines between state and federal funds will be reviewed. Some state programs have defined carryover periods that are found in state legislation rather than the Uniform Guidance, 2 CFR 200 or other federal compliance documents.
  - The District is responsible for maintaining an inventory of assets purchased with grant monies. The District is accountable for them and must make them physically available for inspection during any audit. The Grant Accountant must be notified immediately of any sale of these assets. Customarily, the proceeds of the sale can only be used on the grant program that purchased them.
    - The Grant Accountant will coordinate this grant requirement. All transactions that involve the acquisition or disposal of grant funded fixed assets must be immediately brought to the attention of the Executive Director.

- Record Keeping –
  - The District's external auditors will audit all grants at the end of each fiscal year. The Grant Accountant will prepare the required audit workpapers. Program coordinators may be asked to assist in this process, if necessary.
  - Grant record keeping requirements may vary substantially from one granting agency to another. Consequently, a clear understanding of these grant requirements at the beginning of the grant process is vital. The Grant Accountant will maintain copies of all grant draw requests, and approved grant agreements. The Program Coordinator and Director of Curriculum and Instruction will maintain data on participation and program outcomes.

## FINANCIAL MANAGEMENT SYSTEMS YEAR END CLOSING AND REPORTING

The following provisions will govern the year end closing process of the District for purposes of external financial reporting.

**Business Office Procedures:** The following procedures will be applied to the extent that they do not conflict with or contradict Board policy.

- In accordance with the Michigan Department of Education requirement, the District's fiscal year end for external reporting purposes will be June 30.
- Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period.
  - Invoices for goods and services received during the previous fiscal year will be recorded as expense/accounts payable as of June 30. Such determinations will be made by the AP Accountant and reviewed for accuracy and completeness by the Executive Director.
  - Costs of hourly personnel paid after June 30 for services performed during the previous year will be recorded as expenditures/salaries payable at June 30. The amount will be based on hours worked during the fiscal year multiplied by the employee's hourly rate. Additional consideration will be made for FICA taxes, retirement benefits, health insurance, and related employee benefits.
  - Salaried employees working during the academic year only may elect to receive their annual salary over the course of the academic year or over the course of the 12 months ended August 15 of each year. In the former, all salary payments will have been made prior to June 30 and no additional accrual is necessary. In the latter, the difference between the total salary and the amount paid through June 30 will be recorded as expense/salaries payable at June 30 since the period of service is complete at that time. Additional consideration will be made for FICA taxes, retirement, health insurance, and related employee benefits.
  - Health insurance and other benefits for employees working on an academic year only will be accrued for the months of July and August and recorded as expenditures/benefits payable at June 30.
  - Payroll accruals will be prepared and documented by the Payroll Accountant and reviewed by the Executive Director.
  - Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of June 30. The District may elect to not record prepaid items in governmental funds in accordance with GASB.

- If deemed material, a physical inventory of school building supplies and vocational education program materials will be performed after the completion of the academic school year, but not later than June 30. Amounts will be valued at current cost and provided to the Business Office for review and adjustment in the general ledger. Certain inventories may be stored at third-party locations. In order to appropriately account for these items, the District will contact the third-party at year-end for verification of the quantity of products on hand.
- Cash received after year-end for which a good or service was provided during the previous fiscal year will be recorded as revenue/accounts receivable. All such adjustments will be supported by appropriate documentation, such as remittance advices, invoices, or ledgers.
- After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of June 30 as revenue/grants receivable. Grant receivables will only be recorded to the extent that sufficient amounts remain in the grant award. Expenditures that will not be reimbursed through grant awards due to lack of available funding will be transferred to a non-grant cost center.
- State Aid is provided to Michigan School Districts in 11 installments from October through August. Therefore, since the July and August State Aid receipts are intended to finance the previous fiscal year, such amounts will be recorded as revenue/receivable at June 30.
- The preparation of the year-end financial statements in accordance with GAAP will be outsourced to the independent external auditors, based on the District's trial balance. The draft financial statements provided by the auditors will be reviewed in detail by the Executive Director along with any audit-proposed journal entries, to ensure that the audited financial statements agree to the District's books and records.
- To the extent that the District is required to have a single audit completed in accordance with the Uniform Guidance, 2 CFR 200, the District will accumulate the information necessary to prepare a schedule of expenditures of federal awards (SEFA) in accordance with Federal and State requirements. This schedule will be characterized as follows:
  - Non-cash assistance (such as food commodities) will be described as such in the schedule or in the notes to the schedule.
  - The schedule will be prepared on the same basis of accounting as the related financial statements.
  - Federal grants received through the MDE will agree to, or reconcile with, the Grant Auditor Report, as applicable.
  - Federal awards will be grouped based on Federal awarding agency. Each Federal award with current expenditures will be listed along with its CFDA number, pass-through grantor name and award/pass-through grantor number (if applicable). Such information will agree to the award documentation.
  - If the CFDA number of a Federal award cannot be reasonably determined, it shall be reported in the schedule using the 2 digit prefix for the related Federal agency, followed by "unknown."
  - In addition to current year expenditures, the schedule will list approved award/grant amount, accrued/unearned revenue at the beginning of the year, current year cash received, current year actual expenditures, accrued/unearned revenue at the end of the year, and the dollar amount provided to subrecipients. If expenditures were incurred relative to this award in the prior year(s), this amount should be disclosed as reference only.
  - Any adjustments to prior year awards, expenditures, and balanced will be disclosed in the footnotes of the schedule.

- Accrued/unearned revenue in the schedule shall agree to the amounts recorded in the related financial statements.
- To the extent that a separate line item is included in the financial statements for Federal revenue, this amount shall agree to expenditures in the schedule.
- The footnotes to the schedule will disclose the significant accounting policies used in preparing the schedule and the fact that management has utilized the MDE Cash Management System Grant Auditor Report (GAR) in preparing the schedule. The footnotes will also indicate whether the rate for indirect costs has been utilized.

**MICHIGAN DEPARTMENT OF EDUCATION REQUIREMENTS  
CHART OF ACCOUNTS**

Charlotte Public Schools will maintain its chart of accounts in accordance with the requirements of the Michigan School Accounting Manual.

**Board Policy:** 6800

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Each account will be assigned a 26-digit number, as follows, if applicable depending on account type:

Fund	Major Class	Suffix	Function	Object	Program	State Code	School	Other
XX	XXX	XXXX	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- Numbers assigned to each category above will be based on the specific requirements of the School Accounting Manual.
- As applicable, Federal awards revenue and expenditures will be assigned certain program codes.
- The chart of accounts will facilitate the preparation of the Financial Information Database (FID) and will agree to the audited financial statements.
- A complete chart of accounts for GASB 34 adjustments may not be maintained formally within the District’s accounting system. Such adjustments are made once per year, for external financial reporting only, and therefore will be determined through use of separate reporting software or spreadsheets, and integrated into the audit by the District’s independent auditors. The Executive Director will review all such adjustments for accuracy prior to the issuance of the audited financial statements.

**MICHIGAN DEPARTMENT OF EDUCATION REQUIREMENTS  
ANNUAL AUDIT**

The District shall have a financial statement audit completed each year by a certified public accounting firm.

**Board Policies:** 6830

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- The District will have a financial statement audit completed annually as of its fiscal year ended June 30.
- The audit will be completed in accordance with Government Auditing Standards.
- An adequate written agreement (engagement letter) will be signed by the District and its independent auditors. It will contain information on: period to be audited, support to be

provided, reporting requirements, fees, time requirements, contractual information, and a statement that the engagement is intended to meet governmental oversight agencies' requirements. A copy of the engagement letter will be provided each year to the Board.

- The Executive Director of Business, Operations, and Human Resources shall be responsible for overseeing the process of preparing for the annual audit. In order to minimize errors in this process, all audit schedules and workpapers should be reviewed by an individual other than the preparer whenever possible.
- To the extent that expenditures of federal awards equal or exceed \$750,000, the District will also have a single audit completed in accordance with CFR 200.501. Refer to the section of this manual titled "Year End Closing and Reporting" for information on the schedule of expenditures for federal awards.
- The audit will be submitted electronically to the MDE Office of Audits on or before the established due date. The electronic submission will be performed by the District's independent auditors.
- If a single audit is conducted, the data collection form and reporting package will be submitted electronically to the Federal Audit Clearinghouse as a joint effort between the District and its independent auditors.
- The District will prepare a written corrective action plan for any findings identified in the audit process.
- If the District issues general obligation bonds to finance capital projects, a bond audit will be performed by the District's independent auditors within 120 days of substantial completion of the project. The bond audit will be submitted to the Michigan Department of Treasury.

## **MICHIGAN DEPARTMENT OF EDUCATION REQUIREMENTS BUDGETS AND BUDGETARY COMPLIANCE**

The District uses budgets and budgetary accounting in order to fulfill its requirements from the MDE and as an internal management tool for monitoring expenditures and identifying abnormalities. Policies and procedures regarding the budgetary process are as follows.

**Board Policies:** 6210, 6220, 6231

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- An operating budget will be prepared for the general operating fund and each special revenue fund consistent with GAAP and the uniform chart of accounts.
- The minimum level of legal control will be determined based on the specification of the Michigan School Accounting Manual.
- In accordance with applicable Michigan Compiled Law, a public hearing on the budget will be held prior to formal adoption by the Board.
- The budget will be formally adopted by the Board prior to the commencement of the fiscal year.
- The adopted budget will include:
  - Revenue and expenditure data for the most recently completed fiscal year and estimated revenue and expenditures for the ensuing fiscal year.
  - The amount of surplus or deficit that has accumulated from prior fiscal year, along with an estimate of the amount of surplus or deficit expected in the current fiscal year.

- An estimate of the amounts needed for deficiency, contingency, or emergency purposes.
- Other data relating to fiscal conditions that the Superintendent deems to be useful.
- The budget will be amended by the Board, as necessary, throughout the fiscal year. No budget amendments will be allowable after year-end.
- In no instance will the total estimated expenditures exceed the total of revenues plus available unappropriated fund balance.
- The budgets will be posted to the District's transparency website within 15 days of formal adoption.
- Expenditures in excess of budget at the legal level of compliance will be disclosed in the annual audit.
- The original budget, final amended budget, actual expenditures, and excess of expenditures over budget will be included for the general fund and each major special revenue fund in the annual audit.
- Each Federal grant will have an award budget, which will be incorporated into the District-wide operating budget.
- Management will review budget vs. actual reports on a monthly basis with the Board in order to identify inconsistencies. Such reports will be prepared as the same level of detail as the adopted budget and include both revenues and expenditures.

## **MICHIGAN DEPARTMENT OF EDUCATION REQUIREMENTS ADDITIONAL FEDERAL AWARDS COMPLIANCE REQUIREMENTS**

A substantial amount of the Federal awards received by the District area passed-through the MDE. In addition to the requirements of the OMB compliance supplement, which are applicable to all Federal grants, the MDE has issued its own set of guidance on compliance with Federal awards. Management will consider both the OMB Compliance Supplement and the MDE School Auditing Manual in identifying applicable compliance requirements.



## OMB COMPLIANCE SUPPLEMENT GENERAL INFORMATION

Each year the Federal government, through the Office of Management and Budget, issues a comprehensive document on the compliance requirements each grant recipient is obligated to follow in general terms, along with program specific guidance on various grant awards. The following pages document the policies and procedures of the District related to compliance with such procedures, as applicable. In each year that the District is subject to a single audit, applicable compliance requirements are expected to be tested in detail by the District's independent auditors.

The objectives of most compliance requirements are generic in nature. While the criteria for each program may vary, the main objective of the compliance requirement is relatively consistent across all programs. As such, the policies and procedures of the District have been based on the generic sense of the compliance requirement. For selected compliance requirements, this manual addresses the specific regulations applicable to individual grants. This is not intended to imply that a program is not subject to such policies if it is not specifically mentioned here. It is the intention of the District that all Federal awards are subject to the following procedures.

In addition to creating policies and procedures over compliance with provisions of Federal awards, the District has implemented internal controls over such compliance, generally in the form of administrative oversight and/or independent review and approval. In order to document these control activities, all independent reviews are signed/initialed and dated as appropriate.

The District will maintain adequate documentation to support both the compliance with applicable requirements as well as internal controls over such compliance. This documentation will be provided to the District's independent auditors and/or pass-through grantor agencies, as requested, during the single audit and program audits.

## OMB COMPLIANCE SUPPLEMENT ALLOWABLE & UNALLOWABLE ACTIVITIES & COSTS

The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

The requirements for allowable costs/cost principles are contained in Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- All grant expenditures will be in compliance with the Uniform Guidance, 2 CFR 200, State law, District policy and the provisions of the grant award agreement when determining allowability. Grant funds will only be used for allowable costs and costs must meet the following general criteria to be allowable under Federal awards:
  - Be reasonable and necessary for the performance of the program and allocable thereto;
  - Conform to any limitations or exclusions set forth in applicable regulations or in the award itself;

- Be consistent with policies and procedures that apply uniformly to federally funded activities and other activities of the non-Federal entity; and
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally funded program in either the current or a prior period.
- Be adequately documented.
- A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:
  - Whether the cost is ordinary and necessary for the proper and efficient performance of the Federal award;
  - The requirements imposed by such factors as: sound business practices; arms-length bargaining; Federal, state, local, tribal and other laws and regulations; and
  - Market prices for comparable goods or services.
- A cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with the relative benefits received. This standard is met if the cost:
  - Is incurred specifically for the Federal award;
  - Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
  - Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award.
- Applicable credits refer to those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to the Federal award. To the extent that such credits relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate. The Federal award may be subject to statutory requirements that limit the allowability of costs. Payments made for costs determined to be unallowable must be refunded to the Federal Government unless Federal statute or regulation directs otherwise.
- Grant expenditures will be approved by department supervisors/program coordinators initially through the purchase order process, and again when the bill or invoice is received. This will be evidenced by signature or electronic acknowledgement through email or the financial software. Accounts payable disbursements will not be processed for payment by the Business Office until necessary approval has been obtained.
- Payroll costs will be documented in accordance with the Uniform Guidance, 2 CFR 200. The selected rate will be applied to Modified Total Direct Costs. The District may, at its discretion, choose to use all available grant funds for program purposes and not charge an indirect cost rate to a federal award.
- To the extent that the District passes through federal awards to subrecipients, the District will review the subrecipient's grant budgets for compliance with allowable/unallowable costs.

## OMB COMPLIANCE SUPPLEMENT CASH MANAGEMENT

The requirements for cash management are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Substantially all of the District's grants are awarded on a reimbursement basis. As such, program costs will be expended and disbursed prior to requesting reimbursement from the grantor agency.
- Cash draws will be initiated by the Executive Director or designee, who will determine the appropriate draw amount. Documentation of how this amount was determined will be retained.
- The physical draw of cash will be processed in CMS or through the means prescribed by the grant agreement for other awards by the Executive Director or designee.
- Supporting documentation from CMS or a copy of the cash draw paperwork will be filed along with expenditure detail and retained for audit purposes.
- To the extent that the District passes through federal awards to subrecipients, the District will make payments to subrecipients within 30 calendar days after receipt of billing unless the District reasonably believes the request to be improper.

## OMB COMPLIANCE SUPPLEMENT ELIGIBILITY

The requirements for eligibility are contained in the program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Federal grants will only benefit those individuals and/or groups of participants that are deemed to be eligible.
- Free and reduced lunch applications will be available at District offices, on the District's website, and will be mailed to each postbox in the District's geographical area prior to the commencement of the school year. If CEP, a household survey will be completed in place of free/reduced price applications
  - In accordance with grant guidelines, an eligible student from the immediately preceding school year will be deemed eligible for the first 30 school days of the next academic year, or until a revised application is submitted.
  - Letters will be generated prior to the end of the 30-day grace period to notify families that eligibility will cease at the end of this period if a revised application indicating student eligibility is not submitted.
  - Income eligibility guidelines will be updated annually based on a letter provided to the District by MDE. Completed applications will be input into the food service software by the Food Service Administrative Assistant and the software will make the eligibility determination automatically. The Food Service Supervisor will oversee this process and double-check data input periodically for accuracy. Paper applications will be

retained and filed alphabetically by year. If a revised application is submitted during the school year, it will be stapled in front of the previous application.

- On an annual basis, the District will verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. The sample size will be based on the lesser 3% of the total number of approved applications on file as October 31, or 3,000. Follow up action will be taken for children whose eligibility status has changed as a result of the verification activities. The verification process will be the responsibility of the Food Service Supervisor.
- Eligible attendance areas under the Title I program will be determined annually based on free and reduced lunch counts and total enrollment counts from the same period.

### OMB COMPLIANCE SUPPLEMENT EQUIPMENT AND PROPERTY MANAGEMENT

The requirements for equipment are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- All equipment will be used in the program for which it was acquired, or when appropriate, other Federal programs.
- When required, purchases of equipment will be pre-approved by the grantor or pass-through agency. The Grant Accountant will be responsible for ensuring that equipment purchases have been previously approved, if required, and will retain evidence of this approval.
- Equipment records will be maintained and an appropriate system shall be used to safeguard equipment.
- When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

### OMB COMPLIANCE SUPPLEMENT MATCHING, LEVEL OF EFFORT AND EARMARKING

The requirements for matching are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

The District defines “matching”, “level of effort”, and “earmarking” consistent with the definitions set forth in the OMB Compliance Supplement.

<https://www.whitehouse.gov/wp-content/uploads/2018/05/2018-Compliance-Supplement.pdf>

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Compliance with matching, level of effort and earmarking requirements will be the responsibility of the Executive Director or his/her designee.

- Adequate documentation will be maintained to support compliance with matching, level of effort, and earmarking requirements. Such information will be made available to school administration, auditors, and pass-through or grantor agencies, as requested.
- Maintenance of effort for grants through MDE will be determined at the State level.
- Services provided in Title I schools will be at least comparable to services provided in non-Title I schools. Comparability will be based on the instructional staff/pupil ratios or the per pupil expenditures for instruction staff between equivalent grade span schools within the District.

### OMB COMPLIANCE SUPPLEMENT PERIOD OF PERFORMANCE

The requirements for period of performance of Federal funds are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Costs will be charged to an award only if the obligation was incurred during the funding period (unless pre-approved by the Federal awarding agency or pass-through grantor agency).
- All obligations will be liquidated not later than 90 days after the end of the funding period (or as specified by program legislation).
- Compliance with period of performance requirements will initially be assigned to the individual approving the allowability of the expense/payment. This will be subject to review and approval in the Business Office as part of the payment processing.
- No more than 15% of the District's annual Title I allocation will be carried over to the subsequent year. In situations where the remaining unspent award exceeds this percentage, a waiver will be formally requested from MDE.

### OMB COMPLIANCE SUPPLEMENT PROCUREMENT, SUSPENSION, AND DEBARMENT

The requirements for procurement are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

The requirements for suspension and debarment are contained in OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension; the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Purchasing and procurement related to Federal grants will be subject to the general policies and procedures of the District.
- Contract files will document the significant history of the procurement, including the rationale for the method of procurement, selection of the contract type, contractor selection or rejection, and the basis of contract price.
- Procurement will provide for full and open competition in accordance with 2 CFR 200.318-319.

- The District is prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transactions that are expected to equal or exceed \$25,000 or meet certain other specified criteria.
- The District will ensure that compliance with suspension/debarment requirements through one of the following controls:
  - Including a suspension/debarment clause in all written contracts in which the vendor/contractor will certify that it is not suspended or debarred. The contract will also contain language requiring the vendor/contractor to notify the District immediately upon becoming suspended or debarred. This will serve as adequate documentation as long as the contract remains in effect.
  - Requiring vendors and contractors to sign a statement certifying that they are not suspended or debarred and agreeing to notify the District immediately upon being suspended or debarred. This would also serve as adequate documentation as long as the contract/vendor relationship remains in effect.
  - Periodically searching the federal excluded parties database at [www.sam.gov](http://www.sam.gov) and the State of Michigan debarred vendor list at [www.michigan.gov/micontractconnect](http://www.michigan.gov/micontractconnect) for the vendor name. Any potential match would be followed-up on immediately. A listing of the vendors search and the date of the procedures would be retained.
- If a vendor is found to be suspended or debarred, the District will immediately cease to do business with this vendor.

## OMB COMPLIANCE SUPPLEMENT PROGRAM INCOME

The requirements for program income are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Program income will include but not limited to: income from fees for services performed, the use or rental of real or personal property acquired with grant funds, the sale of commodities or items fabricated under a grant agreement, and payments of principal and interest on loans made with grant funds. It will not include interest on grant funds unless otherwise provided in the Federal awarding agency regulations or terms and conditions of the award.
- The District will allow program income to be used in one of three methods:
  - Deducted from outlays
  - Added to the project budget
  - Used to meet matching requirements
  - Absent specific guidance in the Federal awarding agency regulations or the terms/conditions of the award, program income shall be deducted from program outlays.
- Program income, when applicable, will be accounted for as a revenue source in the same program code as the Federal grant, in accordance with the State of Michigan’s accounting manual.

## OMB COMPLIANCE SUPPLEMENT REPORTING

The requirements for grant reporting are contained in the Uniform Guidance 2 CFR 200, program legislation, Federal awarding agency regulations, and the terms and conditions of the grant award.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Reports will be submitted in the required frequency and within the required deadlines. For grants through MDE, a final expenditure report will be filed within 60 days of the expenditure of all funds or within 60 days of the grant ending date, whichever comes first, unless specified differently in the grant requirements.
- Reports will be completed using the standard forms (if applicable) and specified method of delivery.
- Regardless of the method of report delivery, a copy of the submitted report will be retained along with any supporting documentation. The report will evidence the date of submission in order to document compliance with timeliness requirements.
- Financial reports will always be prepared based on the general ledger using the required basis of accounting. In cases where financial data is tracked outside of the general accounting system, this information will be reconciled to the general ledger prior to report submission.
- Any report with financial related data will either be prepared or reviewed by the Executive Director of Business.
- Preparation of grant financial reports will be the responsibility of the Grant Accountant. Preparation of grant program reports will be the responsibility of the Director of Curriculum and Instruction. All reports must be reviewed by a knowledgeable administrator prior to submission.
- Copies of submitted reports will be filed with supporting documentation and any follow up correspondence from the grantor or pass-through agency. Copies of all such reports will be made available to school administration, auditors, and grantor agencies, as requested.

## OMB COMPLIANCE SUPPLEMENT SPECIAL TESTS AND PROVISIONS

The requirements for special tests and provisions can be found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- The Grant Accountant will be assigned the responsibility for identifying financial related compliance requirements for special tests and provisions, determining approved methods for compliance, and retaining any necessary documentation. Program related compliance requirements will be the responsibility of the department administering the grant.
- In any given year that the District's Title I award is more than \$500,000, an amount equal to at least 1% of the grant award will be set-aside for parent involvement activities. Of this amount, at least 95% will be distributed to schools. The District will use separate general ledger account(s) to track the expenditure of such funds.

- Annually, the District will offer participation in its Title I program to private schools within the District's eligible attendance area. Correspondence will be made by the Office of Curriculum and Instruction and copies will be retained. The District will request that the private school respond in writing whether the offer is accepted or rejected. This documentation will also be retained.
- Teachers need to meet state standards for certification. Instructional paraprofessionals will meet the definition of "highly qualified." Documentation to support highly qualified status will be retained in the employee's personnel file and made available to auditors or grantor agencies upon request. The Director of Curriculum and Instruction shall be responsible for ensuring that all teachers and instructional paraprofessionals in Title I classrooms meet these standards and have adequate documentation on file.

## OTHER POLICIES AND PROCEDURES CONFLICT OF INTEREST & EMPLOYEE CONDUCT

Transactions involving Federal awards are subject to all conflict of interest policies as applicable.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

### CONFLICT OF INTEREST (BOE POLICY 3110)

- Staff members will perform their official duties in a manner free from conflict of interest.
- In an effort to assure that conflicts of interest do not occur, the following guidelines should be followed.
  - An employee will not engage in or have financial interest in any activity that conflicts or raises a reasonable question of conflict with their duties and responsibilities of the District.
  - If a staff member determines that the possibility of a personal conflict of interest exists, they must disclose their interest to the Board of Education or Administration. Such disclosure will be recorded.
  - An employee will not use their position to benefit themselves or any other individual or agency apart from the total interest of the District.
  - Board members will disclose any conflict of interest (whether in fact or in appearance). When a member of the Board determines that the possibility of a personal interest conflict exists, he/she shall, prior to the matter being considered, disclose his/her interest in a public meeting (which will be noted in the official meeting minutes). The individual shall abstain from discussing or voting on this matter.
- Any related party transactions will be disclosed as part of the annual audit.
- Board members and employees will not accept money or gifts from current or potential vendors of the District if such items are valued in excess of the threshold published by the State of Michigan.
- District employees are prohibited from using District equipment, materials and supplies for personal benefit.

### STANDARDS OF CONDUCT (BOE POLICY 3220)

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



The performance of employees is evaluated on at least an annual basis by the Administrator responsible for the employee. The Superintendent establishes and implements a rigorous, transparent, and fair performance evaluation system as directed by the Board of Education. An evaluation is completed and signed by the employee and Administrator. A copy is maintained by the employee and Administrator and the original is sent to the Superintendent for review and filed with personnel.

#### WHISTLEBLOWER PROTECTION (BOE POLICY 3211)

The Board of Education expects all its employees to be honest and ethical in their conduct, and to comply with applicable State and Federal law, Board policies and administrative guidelines. The Board encourages and requires staff to report possible violations of these Board expectations. Parents, volunteers, contractors and concerned citizens are encouraged to report possible violations, when done in good faith.

### **OTHER POLICIES AND PROCEDURES RECORDS RETENTION & INFORMATION ACCESS**

The District has developed policies and procedures regarding the retention of financial and other grant related records. Transactions involving Federal awards are subject to all such policies, as applicable. In addition, the District frequently identified the efficiencies and risks associated with the increased reliance on information technology. As such, policies and procedures have been adopted to govern the use of technology.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- Access to records is approved by the Executive Director and maintained by the accountants for records retained on the computer system.
- Unique log in and passwords are assigned to individuals for access to the records housed on our secure web based financial software. The log in and password information provided to authorized personnel is to be kept confidential and not to be used by unauthorized individuals.
- All payroll and personnel records are kept by the payroll accountant, Human Resources and Superintendent's Administrative Assistant in locked cabinets in the Central Administrative Offices. Access to these records are limited to authorized personnel only.
- District personnel must follow the schedule for the Retention and Disposal of Records for Michigan Public Schools for the minimum amount of time required, as published by the State of Michigan. Records that are no longer needed are destroyed in a manner that prevents inappropriate release of information. Information and records are destroyed only by authorized personnel. The Business Office coordinates the pick up of all records to be destroyed off site by a certified company.

## OTHER POLICIES AND PROCEDURES SUPPLIES

The District utilizes various supplies in its daily operations. The following procedures will govern the purchase, use and recording of such items.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- The purchase of supplies will be subject to the same purchasing and procurement requirements as general District expenditures.
- Supplies will be recorded as expenditures when purchased. Once per year, in conjunction with the annual audit, department heads will inventory unused supplies, if material. Certain supplies on hand at year end (i.e. office supplies) will be deemed immaterial and not inventoried or recorded in year end financial statements.
- The District will maintain accurate and complete records with respect to the receipt, distribution, and inventory of USDA donated foods, including end products processed from donated foods. These records will be reconciled to the year end inventory and corrective action will be taken immediately for discrepancies. The District will not sell USDA foods or purchase from a source other than the approved USDA consortia with available products.
- It will be the responsibility of building principals and department heads to determine the appropriate access to supplies, based on cost versus benefit considerations.

## OTHER POLICIES AND PROCEDURES COPYRIGHTS

All employees, administrators, and students of the District are subject to the provisions of the Copyright Act of 1976. As such, the District's Board has adopted the following guidelines. These policies are deemed to be applicable to printed materials, internet materials, computer software, audio visual materials, and sheet music.

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy. Board Policy 2531

- Unlawful copies of copyrighted materials will not be produced using District-owned equipment, nor will such materials be distributed.
- Teachers and administrators are responsible for the determination of whether photocopies are legal. The District will not be responsible for any fees imposed on its employees or administrators for misuse of copyrighted materials, nor will legal representation be provided in the event of wrongdoing.
- The Director of Curriculum and Instruction will be responsible for communicating copyright guidelines to District employees and students and monitoring compliance with these guidelines.

These procedures are deemed applicable to all transactions, including those with Federal funds.

## OTHER POLICIES AND PROCEDURES CREDIT CARD PURCHASES

The District may choose to use credit cards and/or purchasing cards. Gift cards will not be issued, as it is difficult to monitor proper usage. However, in the event that a gift card is donated by a company or grantor for District use, itemized receipts will be required to be submitted with the expended gift card justifying all purchases.

**Board Policy:** 6424, 6423

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

- The Purchase Card policy and procedures applies to all faculty and staff members to ensure appropriate purchase card use in the event a purchase is made on a purchase card rather than through a purchase order.
- Faculty and staff members can request a purchase card by completing an application process and receiving approval by their direct supervisor. Once received the application is reviewed by the Executive Director and either approved or denied. If approved, the requesting employee must complete an enrollment packet and once received by the Business Office, a card is requested.
- Faculty and staff members are required to obtain their supervisor's approval prior to purchasing merchandise with a purchase card. The purchase card user is required to determine if there is adequate budget available to cover the purchase and that the item/service being purchased is allowable and reasonable.
- At the end of the normal monthly billing cycle, the cardholder is required to complete an online Expense Report reconciling all items purchased, entering detailed descriptions of items purchased and expense account numbers, and shall attach all associated detailed receipts to the report. The Expense Report must also be signed and dated by the cardholder.
- The Expense Report must then be signed and dated by the cardholder's supervisor.
- The Expense Report is due to the Business Office no later than the 1st of each month following the purchase cycle. For example: if the normal cycle ends on the 26th of May, the Expense Report is due to the Business Office before June 1st.
- All Expense Reports are reviewed for accuracy by the accountant and then downloaded by the accountant and imported into the financial software.
- The Business Office shall reconcile the credit card statements to the invoices relating to the credit card transactions. Any charges appearing on the statement that are missing invoices or itemized receipts will be investigated by the Business Office. The Business Office will notify the credit card issuing company of any suspected fraudulent transactions appearing on the statement. Credit card balances are paid within sixty (60) days of the initial statement date.
- It is the responsibility of the card holder to guarantee secure storage of their assigned purchase card at all times. If a District card is lost or stolen, the person to whom the card is

issued shall immediately notify the AP Accountant. The Business Office will notify the issuing company to cancel the card if necessary.

- The staff member to whom a credit card or purchase 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.
- A purchase card may only be used to purchase fuel when fueling school vehicles. The card cannot be used to purchase fuel for personal vehicles used for school business.

## OTHER POLICIES AND PROCEDURES TRAINING

**Business Office Procedures:** The following procedures will be applied, to the extent that they do not conflict with or contradict Board policy.

All new federal employees or grant coordinators are given proper training for the procedures itemized in this handbook by existing, experienced staff members. The length of training is commensurate with the amount of prior experience of the new employee and is adequate so he or she fully understands the financial procedures of the District. Employees receive refresher training as needed. Further, District accounting and finance personnel, and program administrators of Federal awards will be provided the necessary training through various external means, such as:

- Reviewing monthly State Aid Financial Status Report Updates, accompanying State aid payments,
- Consulting with the District's auditors as needed for clarification,
- Participating in various training opportunities, such as those offered by appropriate professional organizations and State departments,
- Reviewing daily legislative updates from multiple sources,
- Membership and participation in monthly meetings of the Michigan School Business Officials,
- Certification of respective positions by the Michigan Business Officials, and
- Coordination and collaboration with individuals performing similar job functions at similar school districts or others within the District.

## OTHER POLICIES AND PROCEDURES SANCTIONS AND NON-COMPLIANCE

All applicable employees are instructed to follow the procedures contained herein. Compliance failures, whether noted internally by administration or through the external audit process, will be addressed immediately by reviewing the reason for the failure with responsible personnel and devising an improved process to encourage compliance in the future. Any employee who does not follow these procedures as instructed may be disciplined in a progressive manner as described in the District's Board policy and/or related collective bargaining agreements.

## OTHER POLICIES AND PROCEDURES TRAVEL

Lodging and subsistence costs incurred by employees for travel will comply with the non-Federal entities' written travel policies (§200.474(b0)).

- Travel must receive pre-approval for conferences and meetings outside of the state.
- Superintendent or Designee must sign off on conference forms if out of state. Immediate supervisors must sign off on local conference forms.
- Reimbursements will follow district guidelines.

## ADDITIONAL RESOURCES

Additional information regarding Federal Uniform Guidance Regulations can be found at:  
[www.gpo.gov](http://www.gpo.gov)

Title: Subpart E - Cost Principles  
Context: Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. CHAPTER II - OFFICE OF MANAGEMENT AND BUDGET GUIDANCE. - Reserved. PART 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS.  
<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/xml/CFR-2014-title2-vol1-part200-subpartE.xml>

This manual can be found on the internal District resource website under the Business tab.  
[https://www.charlottenet.org/teacher\\_place/teacher\\_place.html](https://www.charlottenet.org/teacher_place/teacher_place.html)

*This District manual will be reviewed minimally on an annual basis to integrate changes to State and Federal guidance, GASB rules, and GAAP.*



## RECEIPT OF HANDBOOK

I have received a copy of the **Charlotte Public Schools** *Accounting Procedures Manual*. This handbook is the property of **Charlotte Public Schools**. I understand this handbook is designed to acquaint me with the current procedures of **Charlotte Public Schools** in regards to its accounting procedures and grant guidelines. I understand that **Charlotte Public Schools** reserves the right to interpret, modify, or eliminate any of these procedures at any time. As a recipient of this handbook, I understand that I am responsible for knowing its content and any updates.

\_\_\_\_\_  
Employee Name (Printed)

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director of Business Services

\_\_\_\_\_  
Date