

SECTION D: FISCAL MANAGEMENT

DB	Annual Budget
DBB	Fiscal Year
DBC	Budget Implementation
DBL	Business Manager Authorized to Bill Schools for Services
DFA	Revenues from Investments
DG	Depository of Funds
DGA	Authorized Signatures
DGD	Credit Card Use Policy
DH	Bonded Employees and Officers
DI	Fiscal Accounting and Reporting
DIA	Basis of Accounting
DIA-1	Internal Control Procedures
DIB	Types of Funds
DIC	Financial Reports and Statements
DID	Inventories
DIE	Audits
DJ	Purchasing
DJB	Petty Cash Accounts
DJBA	Incidental Accounts
DJC	Bidding Requirements
DJC-E	Bidding Requirements - form
DJF	Purchasing Procedures

ANNUAL BUDGET

Under law, the cooperative is required to adopt an annual budget setting forth revenues and expenditures. This annual budget is the financial outline of the cooperative's educational plan.

Like public school budgeting, cooperative agency budgeting is also regulated and controlled by legislation, state regulations and Governing Board requirements. The annual operating budget for the cooperative will be prepared and presented in line with state policy and will be developed and refined in accordance with these same requirements.

The cooperative budget will be prepared by the business manager, with the assistance of the Director, and presented to the Governing Board for review. The Director will establish a time line for the preparation of the budget.

A. BUDGET PLANNING:

Budget planning for the cooperative will be an integral part of program planning so that the annual operating budget may effectively express and implement all programs and activities of the cooperative.

The business manager, in cooperation with the Director, will have overall responsibility for budget preparation, including the construction of, and adherence to, a budget calendar.

The Governing Board will give careful consideration to budget requests, review allocations for fairness and for their consistency with educational priorities of the cooperative schools.

B. BUDGET ADOPTION

Adoption of the budget is solely the responsibility of the Governing Board. The Governing Board will adopt the budget following the public hearing for the proposed budget. The proposed budget will be published in the official newspaper at the time notice of the budget hearing is given.

If, as a result of the public hearing, it should be determined that certain changes in the budget are necessary, these changes will be made before the budget is adopted. Adoption of the budget by the Governing Board will be by roll call vote.

C. BUDGET DEADLINES and SCHEDULES

Preparation of the annual budget will be scheduled in stages throughout the school year with attention to certain deadlines established by law and Board policy.

The following will serve as a guideline in the scheduling of the budget:

Date	Description
January	Budget preparation begins.
March	Annual audit is requested. Review of proposed budget

May	The proposed budget for the next fiscal year will be considered at the regular Board meeting
July 15	Deadline for publishing proposed budget and notice of hearing in the official newspaper
July 31	Deadline for budget hearing
September 30	Deadline for Board approval of budget for the anticipated obligations of each fund (except Trust and Agency for the fiscal year. By resolution the School Board will adopt a budget.

In accordance with law, any changes in the proposed budget incorporated into the final budget, will be published in the minutes within thirty days after the final adoption of the budget.

Subsequent to final adoption of the budget, the cooperative board may supplement the budget upon adoption of a resolution setting forth the source of funds and the intended purpose for their use, and amend the budget pursuant to SDCL 13-11-3.2 utilizing available unobligated resources.

D. BUDGET TRANSFER AUTHORITY

Transfer of surplus funds among the major classifications of the budget or within a major classification of the budget will be subject to Board approval.

In accordance with law, funds may not be transferred from the capital outlay fund or the special education fund. The cooperative is restricted from transferring any funds exclusive of federal funds from the general fund to the capital outlay fund.

Contingency funds may be transferred to any budget category, except capital outlay, with Board approval.

The unused portion of money that has been transferred into the special education fund may be transferred from the special education fund within the current fiscal year to the fund from which it originated.

All or any part of any cooperative fund may be loaned to any other cooperative fund for a period not to exceed twenty-four months.

Legal Reference

SDCL 13-11-2

SDCL 13-16-3

SDCL 13-11-2.1

SDCL 13-11-3.2

Description

Adoption of annual school budget

General fund defined

Contingency line item in budget

Amendment of budget to utilize unobligated resources

SDCL 13-16-26

Transfers between school district funds

Policy Reference

DBDA

Description

GENERAL FUND BALANCE

Adopted: 7/19/2018

FISCAL YEAR

The fiscal year for all funds will be July 1 through June 30. Financial reports for all funds will be presented for Governing Board approval at the July meeting.

State Reference

SDCL 13-26-1

Description

School fiscal year

Adopted: 8/3/2017

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FILE: DBH

BUDGET ADOPTION PROCEDURES

BUDGET IMPLEMENTATION

The cooperative budget serves as the control to direct and limit expenditures. Overall responsibility for this control rests with the Director and business manager, who will establish the procedures for budget control and reporting throughout the cooperative.

The Director and business manager are authorized to spend money called for in the budget classification without further approval of the Board. The Governing Board, as well as the Superintendent Advisory Board, will be notified prior to purchases exceeding \$2,000. Governing Board approval must be secured to expend money in excess of major budget classification.

Adopted: 8/3/2017
Revised: 7/19/2018

Adopted: 8/3/2017

BILLING FOR SERVICES

The business manager is authorized to bill both member and nonmember schools for services provided by the cooperative and for membership assessments. Rates shall be set by the Governing Board.

Bills to member schools shall be presented to each school by the last Friday of the month, so that the bill can be presented to the local school board for payment. Bills for services may be presented the month following the services, in order to facilitate this billing procedure.

Reference

Cooperative Agreement/Bylaws 4.2.7

Adopted: 8/3/2017

REVENUES FROM INVESTMENTS

Cooperative funds not in use will be invested in savings accounts, time deposits or in bonds or securities issued and guaranteed by the United State government. Interest earned on such investment will be credited to the respective fund or to the general fund.

In the accordance with law, money in any bond redemption fund, may be invested in any of the above-mentioned securities, providing the bonds become due and payable before the payment date of the bonds.

The Board will approve the investment of all funds, and this approval will be filed and recorded by the business manager.

<u>STATE REFERENCE</u>	<u>DESCRIPTION</u>
SDCL 13-16-18	Deposits and investment of fund accumulations
SDCL 4-5-11	Supplemental authority for investment of public funds
SDCL 4-5-5	Investment of political subdivision funds
SDCL 4-5-8	Investment policies for local funds
SDCL 4-5-9	Custody or deposit of investments

Adopted: 3/8/2018

DEPOSITORY OF FUNDS

As provided by law, the Governing Board will designate a bank depository or depositories for the funds of the cooperative. It will be the responsibility of the business manager to deposit the money belonging to the cooperative in the designated bank depository or depositories.

<u>State Reference</u>	<u>Description</u>
SDCL 13-16-15	Designation of depositories for school district
SDCL 13-16-15.1	Savings and loan associations as depositories
SDCL 13-16-18	Deposit and investment of fund accumulations
SDCL 13-8-10	Meetings of board
SDCL 4-6A	Insurance of Public Deposits

Adopted: 3/8/2018

AUTHORIZED SIGNATURES

The business manager will draw and sign all checks or warrants for the payment of verified vouchers approved for payment by the Governing Board. Every check or warrant will be countersigned by the president or any Board member designated by the Board. The check or warrant will specify the person, firm or corporation to whom paid.

No check or warrant will be drawn by the business manager except for the indebtedness incurred prior to its issue and upon the presentation of an itemized invoice, duly verified. The invoice and verification will be retained by the business manager and placed on file in his/her office.

<u>State Reference</u>	<u>Description</u>
SDCL 13-18-2	Contents and signing of checks and warrants
SDCL 13-18-8	Business manager's check register
SDCL 13-8-26	Duties of president of school board

Adopted: 8/3/2017

CREDIT CARD AND ELECTRONIC TRANSACTIONS

The Cooperative is committed to using its financial resources wisely. The board recognizes that credit cards and electronic transactions may provide cooperative employees with a convenient payment option and may also improve business office efficiency.

Credit Cards: The board authorizes the use of credit card or electronic payment for official cooperative purchases and acquisitions. The business manager is responsible for authorization and control of the use of credit cards, subject to the final Governing Board approval of payments.

Authorized use of the credit card is limited to the person in whose name the card is issued and may not be loaned to another person.

The credit card is for business-related purposes only. It may not be used for personal purchases. The credit card is Core Educational Cooperative property and should be used only for authorized cooperative purchases. Only the Business Manager is authorized to use the credit card when scheduling travel by cooperative employees and/or consultants retained by the cooperative as speakers, presenters, etc., including registration fees, lodging and airline tickets. The Business Manager is authorized to use a cooperative credit card to purchase items online that cannot be reasonably purchased elsewhere or when purchasing or paying for items online results in significant savings. The Business Manager is also authorized to use the credit card for prepayment of items/services when required by a vendor or in instances of savings to the cooperative.

The items listed below are Governing Board authorized purchases. All other credit card purchases require prior approval from the Business Manager.

Authorized Credit Card Purchases:

Maintenance/repair/operations, facilities maintenance expenses, office supplies, stationery, forms, printing, books, periodicals, subscriptions, DVD'S, CD's, computer supplies and maintenance, safety equipment or supplies, catering or small dining services, medical supplies, screen printing, repetitive/consistent purchases, lodging, mileage, car rentals (mileage, lodging and car rentals must be pre-approved by the employee's supervisor and Business Manager)

The card users shall submit charge card receipts to the Business Manager no later than the date established by the Business Manager.

The Business Manager shall audit the charge card receipts, reconcile the charge card statement and process the charges for payment.

Cardholders, with the exception of the Business Manager, are not allowed to use the credit card for purchases greater than \$1000 without prior cooperative board authorization. The Business Manager is not authorized to use the credit card for purchases greater than \$5,000 each.

Any cardholder benefits or revenue generated from the use of district-issued credit or purchase cards shall be for the exclusive use of the cooperative. Employees shall reimburse the cooperative for any charges that are disallowed by the employee's supervisor, the Business Manager or the Governing Board. Employees must return the credit card to the Business Manager or Governing Board upon being directed to do so by the Business Manager or Governing Board.

An itemized credit card statement will be presented to the Governing Board at a regular board meeting for authorization of payment of any credit card bill. The business manager will keep detailed receipts of all purchases to augment credit card statements and will make those receipts available to the Governing Board and to the Superintendents Advisory Board for inspection.

Electronic Transfers: The Business Manager is authorized to electronically transfer funds for such purposes as may be specifically authorized by the Board.

State Reference
SDCL 4-3-27

Description
Credit card use for purchases

Adopted: 3/8/2018

BONDED EMPLOYEES AND OFFICERS

School district and cooperative business managers must be bonded for an amount determined by the Governing Board. The bond of the business manager will not be less than the amount that may come into his or her/her possession at any one time during the fiscal year.

Cooperative personnel authorized to be in charge of trust and agency funds must also be bonded. When several cooperative personnel need to be bonded, the Board will approve a blanket bond.

<u>State Reference</u>	<u>Description</u>
SDCL 13-16-19	Stewardship of agency funds
SDCL 13-16-20	Disbursements authorized
SDCL 13-8-18	Amount of business manager's bond
SDCL 13-8-19	Approval and filing of bonds
SDCL 13-8-20	New or additional bond required
SDCL 13-8-21	Action on bond after default
SDCL 3-1-5	Oath of office for civil officers
SDCL 3-1-8	Acting as officer without qualifying – misdemeanor
SDCL 3-19-1	Payment or indemnity allowed for claims against officers
SDCL 3-19-2	Maximum payment or indemnity
SDCL 3-19-3	Determination of payment

Adopted: 8/3/2017

FISCAL ACCOUNTING AND REPORTING

The Business Manager will be designated by the Governing Board to be responsible for receiving and properly accounting for all funds of the district.

The uniform financial accounting system for South Dakota school districts will be used to record receipts and disbursements of the district.

All funds, accounts, and line items within those funds will be tracked and managed by the business manager utilizing one Governing Board approved software program, which is state supported, and which is the same program used by member schools.

The Business Manager will report all financial information to the state as required. The Board will receive monthly financial reports from the business manager that will include a statement of operating receipts and expenditures, and balance on hand in the several funds, a budget position report, and any other financial information that should be brought to the Board's attention.

<u>State Reference</u>	<u>Description</u>
SDCL 13-16-19	Stewardship of agency funds
SDCL 4-11-6	Accounting manual

Ref:
Cooperative Agreement/Bylaws 4.2.8

Adopted: 8/3/2017

BASIS OF ACCOUNTING

The employees responsible for accounting and record keeping must fully disclose and record all assets, liabilities or both and must exercise diligence in enforcing these requirements.

Employees must not make or engage in any false record or communication of any kind including false expense, attendance, financial or similar reports and statements.

| Adopted: 8/3/2017

INTERNAL CONTROL PROCEDURES

The Core Educational Cooperative has established procedures to maintain internal control over assets. The purpose of establishing internal controls is to provide a reasonable assurance that the cooperative will accomplish its objectives of safeguarding assets, providing reliable financial information, promotion operational efficiency and ensuring compliance with laws, regulations and established cooperative policies and procedures.

CONTROL FRAMEWORK

The Core Educational Cooperative has implemented an internal control system and framework based on its internal and external needs. It is the policy of the cooperative to ensure that its control framework provides for strong administrative governance. The cooperative's internal control system is a relevant evaluation tool for internal control over financial reporting.

ETHICS STATEMENT

The Core Educational Cooperative makes every effort to set an honest and ethical tone for the cooperative that is demonstrated at every level. The cooperative operations reflect the overall attitude, awareness and actions of the board, management and others concerning the importance of how the cooperative views internal controls and the management of these controls.

COMMUNICATION AND TRAINING

The Core Educational Cooperative makes every effort to maintain communication with all employees regarding the policies and procedures of the district including, but not limited to, periodic training for personnel, both at school sites and central office, and regular meetings of the cooperative board. The cooperative's Board Policies and meeting agendas are maintained on the district web site along with other information necessary to the requirements for safekeeping of various assets and transparency of financial operations for both employees and taxpayers. Supervisory hierarchies are maintained to insure proper approvals and processes are in place.

PERSONNEL

The requirement of competent, honest individuals is administered through the services of the Director and the Governing Board. The training of staff regarding the established policies and procedures governing all financial transactions is administered through the Director and the Business manager.

- Segregation of Duties. The assignment of duties to staff members who have access to the Financial Management System is done with the intent of limiting their ability to cause and conceal errors or irregularities. Working within certain limitations, including staff size, incompatible functions are not assigned to any staff member. Details of incompatible staff assignments are specifically addressed for focal points, such as accounts payable and receiving, or posting cash receipts and reconciling the bank accounts. Continued monitoring and oversight must take place daily to ensure secure business operations.
- Transaction Authorization. The budget is allocated to each program area and the authorization or expending of funds is assigned to the Director for monitoring. The

cooperative requires all purchase orders to be processed with all necessary signatures including the staff member, director and business manager.

- **Transaction Recording.** Transactions are recorded at the time of payment. The business office staff is responsible for verifying the amounts, the classification to the appropriate account codes, and the proper authorization of all transactions prior to posting to the cooperative accounting system. All source documents used to record transactions are official cooperative forms and are sequentially numbered by the accounting system or on pre-numbered forms for accountability. All voided check warrants are marked VOID and kept on file for the auditor's review. All voided Purchase Orders are marked VOID and are kept on file in the business office.
- **Safekeeping Assets.** The business manager is responsible for monitoring the access of building, vehicles, cash and other assets.
- **Record Reconciliation.** The business office administers the comparison of actual assets on hand with the amounts recorded in the cooperative accounting system. Monthly reconciliation of bank statements and other financial records are prepared and verified during the monthly closing process. All discrepancies found during the reconciliation process are researched and corrected at the time they are detected. These closeout procedures are administered as a joint effort by the Business manager and Director/Assistant Director. Reconciliation of the bank accounts is handled by the business manager and verified by the Director. Members of the budget/finance committee will also verify the reconciliation of bank statements on a monthly basis. The fixed asset listing is maintained by the Business Manager and verified by the Director. The Director and Business Manager will meet on at least a quarterly basis to reconcile all deposits and expenditures with the bank statements.

RISK ASSESSMENT

The Core Educational Cooperative analyzes all processes and applies a risk assessment evaluation to determine inherent risks in each of its accounting processes. Emphasis is on communication to ensure that each employee is aware of necessary processes to meet certain objectives. Staff meetings are held several times a year to ensure that employees involved with the acquisition and disposal of assets are thoroughly trained and informed of proper procedures. At the same time, the cooperative must weigh the costs of certain requirements to make sure that the benefits derived do not outweigh the cost of implementing, maintaining and monitoring the system.

CONTROL ACTIVITIES

Budget

The Core Educational Cooperative prepares and adopts an annual budget in accordance with South Dakota Codified law requirements. The budget is prepared by the business manager under the supervision of the Director. A budget committee, consisting of superintendents and board members is formed and makes recommendations regarding budgetary issues. The Director monitors all staffing. The budget committee is designed to ensure representation from school districts and administrative perspectives. These decisions are reviewed by the Director and Business Manager before finalized by the entire cooperative board. The budget is then presented to the board for approval and adoption at the September board meeting. Upon approval, the budget is entered into the cooperative accounting software. South Dakota

Codified Law allows schools to expend funds for the new fiscal year beginning July 1 prior to the approval and adopting of the official budget.

Final Cash Balances

Upon completion of the final close for each fiscal year, the cooperative determines the actual cash balances and fund balances for all funds and reports them to the Cooperative Board. The budget is then adjusted by the adoption of a Supplemental Budget. Upon approval by the Cooperative Board the district will adjust the budget and incorporate the changes into the cooperative accounting system.

Budget Maintenance

The budget is maintained in the Business Office using the cooperative accounting system to ensure that all spending is in accordance with budget authority. While budget objects and functions may be overspent, overall budget funds may not be overspent.

All budget increases, decreases and adjustments are presented to the Cooperative Board for approval. Budget adjustments, which do not alter the total amount of the budget, are processed as follows:

Intra-budget transfers - Transfers between expenditures account codes within the same function are prepared and presented to the Cooperative board for approval at the monthly scheduled board meetings. Once approved, the adjustments are recorded into the cooperative accounting system.

Inter-budget transfers – Transfers between expenditure account codes outside of the same function are presented to the Cooperative Board for approval. Once the approvals are in place, the change is recorded to the cooperative accounting system as an adjustment to the budget.

PAYROLL

Sick Leave

Employees must notify the Director/Assistant Director when requesting sick leave. An absence form must be completed either before the leave is taken or immediately upon the employees return to work for accurate recording of leave taken.

Other Types of Leave:

Other types of leave which require prior approval must be submitted on an Absence Form which can be found in the Business Office or on the website. The form should be signed by the Director/Assistant Director. The forms, which are turned into the business office, are used to verify absences. They are also used to make deductions for leave and are used to dock pay when leave is taken with an insufficient leave balance. The pay docks are deducted from the employee's pay on the next scheduled check.

The Director/Assistant Director is responsible for monitoring time worked and appropriate data for his/her hourly employees. Any hourly employee falsifying data is subject to dismissal.

The business manager is responsible for maintenance of employee insurance, tax sheltered annuities and other voluntary and mandatory payroll deductions. After the payroll data is

entered into the cooperative accounting system, a pro forma payroll is run to verify data for accuracy. A payroll register generated from the accounting software is used for the verification process prior to the generation of the payroll checks. The information systems department backs up the cooperative accounting system nightly.

A payroll check register is generated to document all payments made for each payroll run. Additional reports are available for review and verification and for audit purposes. A payroll summary sheet is produced from the cooperative accounting software and is reviewed by the business manager before processing the checks, direct deposits and federal tax payments.

All blank check stock is stored in a locked cabinet in the office of the business manager. Access to this office and locked cabinet is limited. All payroll checks are sequentially pre-numbered and direct deposit stubs are numbered sequentially by the cooperative accounting system. Payroll checks have an original signature by the business manager and a signature by the Cooperative Board President.

All certified contract employees are paid once a month.

The Business Office maintains all employee earnings, deduction and leave records according to the regulations. Monthly, quarterly and annual payroll tax-benefit reports required by the Federal, State and local governmental agencies are prepared by the business manager and are verified monthly by the Director.

Purchasing

The Director and business manager are responsible for assuring that all purchases against budgets are appropriate and necessary. Requisitions are the initial document submitted to the Director. Once approved by the Director and business manager the business manager assigns the document a number and places the order.

Receiving

The merchandise ordered is delivered directly to the cooperative unless approval is received by the Business Manager and Director to deliver goods to staff member. (ie: Ink for printers.) The Business Manager, Director/Assistant Director or Administrative Assistant verifies each receipt and indicates this on a copy of the Purchase Order. Once this document has been received by the business manager, payment can be made to the vendor.

Accounts Payable

All vendor invoices are mailed to the business office. The vendor invoice is matched to the receiving copy of the Purchase Order. The Business Manager checks each invoice carefully to verify amounts due, shipping and handling costs and any other applicable discounts, etc. After these verifications are in place, payment can be processed.

The business manager generates a detailed invoice listing and schedule of checks to be written to verify the accuracy before checks are written. Once checks have been printed, they are signed by the business manager. A listing of all checks written is created from the cooperative accounting system and is presented to the cooperative board for approval. Once approved, the cooperative board president signs all checks. (Authorized signature cards reside at each banking institution handling cooperative accounts.) Payment vouchers are also

generated from the cooperative accounting software and signed by the business manager, Director and a board member. These include vendor name, check number, date and account number(s) to which the item is expensed. Vouchers are attached to the corresponding invoice.

Record Reconciliations

All bank accounts are reconciled on a monthly basis. The Director/Assistant Director approves the bank reconciliation and approves any adjustments necessary to the general ledger. The business manager cancels all checks as the checks clear the bank (as indicated on each bank statement) in the bank reconciliation option of the cooperative accounting software and locates any discrepancies in the balances, and makes any journal entries necessary for correction. The monthly check registers, transaction journals, and general ledgers are generated monthly and are stored in the Business Office and may be accessed from the cooperative accounting software for review by the Director and other interested parties. All journal entries needed for correction are detailed on the Manual Journal Entries report from the cooperative accounting software.

The business office administers the comparison of actual assets on hand with the amounts recorded in the cooperative accounting system. Monthly reconciliation of bank statements and other financial records are prepared and verified during the monthly closing process. All discrepancies found during the reconciliation process are researched and corrected at the time they are detected. These closeout procedures are administered as a joint effort by the Business Manager and Director/Assistant Director. Reconciliation of the bank accounts is handled by the business manager and verified by the Director. Members of the budget/finance committee will also verify the reconciliation of bank statements on a monthly basis. The fixed asset listing is maintained by the Business Manager and verified by the Director/Assistant Director. The Director and Business Manager will meet on at least a quarterly basis to reconcile all deposits and expenditures with the bank statements.

PER DIEM & MILEAGE

Employees and Board members of the cooperative are entitled to reimbursement of registration fees, mileage, per diem, and other costs associated with authorized trips for official cooperative business.

In-State Travel – All in state trips must have administrative approval, prior to traveling. This approval is requested on the leave request form. The business purpose of the trip must be justified and all costs associated with the trip must be itemized, if reimbursement is expected. The business office will process the reimbursement travel form only with sufficient approvals and required documentation such as invoices attached to the reimbursement request.

Out-of-State Travel – All out of state travel requires prior approval by the Director and the Cooperative Board. The travel reimbursement form will be processed with sufficient documentation only and personnel will follow the same procedures as listed with in-state travel. If, in the event, personal vehicles are utilized, proof of insurance will be required and submitted to the business office prior to the trip. All receipts for out-of-pocket expenditures for transportation, registration, and miscellaneous expenses are required for reimbursement. Any meals and/or lodging costs included in the registration fee will not be reimbursed.

All district employees are eligible for reimbursement of travel related expenses upon return from their approved trip, but must submit reimbursement requests within 60 days of returning from the trip. Any requests for reimbursement not made within this timeframe are forfeited. The cooperative board must approve actual expenses.

Cash Receipts

All operational monies received are receipted in the business office. All monies are receipted using pre numbered receipts and are deposited into the district bank account. The Director/Assistant Director verifies all receipts posted as being deposited as part of the reconciliation of the bank account.

The business manager records all funds received in the business office to the cooperative accounting system. Each receipt has a description of payment and has sufficient documentation for review by the independent auditor. These entries include the source, date, amount, fund, receipt number and description of the payment. For monies received by mail, cooperative office staff collects the mail and delivers it to the Director/Assistant Director, the Director/Assistant Director reviews the incoming mail and delivers the monies to the business manager who receiptes the funds and records the amount to the appropriate fund. For monies received by ACH transfer and/or electronically, the same process is utilized, but the accompanying documents are generated by the bank and/or electronic notification from sender and attached as appropriate. The receipts are posted and recorded into the cooperative accounting software. The Business Manager will record all deposits, which will then be deposited in to recognized financial institution by office personnel. Following deposit, the Director will review and initial all bank deposits.

ACCOUNTS RECEIVABLE

The accounts receivable system is maintained centrally. Each department is responsible for forwarding all information about receivables to the business office on a timely basis. The responsibility for the collections rests with the Business Office under the supervision of the Director.

Investments

The Core Educational Cooperative accounts for all monies placed in interest bearing accounts by fund. Excess cash balances in the bank accounts generate interest which is credited by the financial institution on a monthly basis. The amount of interest earned is receipted and recorded to the cooperative accounting system when the credit is received. Investments are made by issuing a check or by ACH transfer. A paper trail is automatically produced with this procedure and the transaction is entered into the cooperative accounting software through the Accounts Payable System by the business manager. An investment register is maintained by the business manager and updated monthly. The register itemizes the type of investment, investment date, maturity date, investment institution and the amount of investment. Correspondence with each banking institution is documented periodically and available for review. When investing cooperative funds, the business manager utilizes the investment procedure outlined in Cooperative Board Policy, DFAA Investment Policy.

Inventory

All cooperative equipment and items of tangible value are identified in a permanent way using bar-coded tags. It is the responsibility of each staff member to ensure that all equipment delivered to them is appropriately marked.

The Business Manager maintains faxed asset inventory records in the Business Office. The inventory database includes the inventory tag number, a description of the item, the serial number, the acquisition date, the location and the site code.

Annually, cooperative staff are required to conduct an inventory of personal property and file it with the business manager by July 10th.

Reporting

Monthly reports are prepared and maintained by the cooperative. The Director/Assistant Director reviews bank statements and a monthly reconciliation is performed by the business manager. Each fund's activities are then reconciled on a year to date basis to determine if all adjustments have been made to the cooperative accounting system correctly. The Director is responsible for ensuring the reports are prepared accurately and timely. Any discrepancies are reported immediately to the Business Manager for correction. Access to the cooperative accounting system is limited and initiated by a password procedure established by the business manager. This limited access was established in an effort to ensure records will not be altered and accountability can be maintained. Reports are then filed and maintained as per the Schedule of Retention and Disposition of records. A copy of the district's audit report is forwarded to the South Dakota Department of Legislative Audie. The Director, the Cooperative Board and the business manager receive hard copies of this report. This report can also be accessed through the South Dakota Department of Legislative's webpage at <http://legislativeaudit.sd.gov/default.aspx>.

Journal Entries

The cooperative limits access for journal adjustments outside of the automated cooperative accounting system adjustments to selected personnel who have adequate training in the operation of complex financial software for fund and allocation accounting. All journal entries are jointly approved by at least two authorized individuals.

Adopted: 3/8/2018

Revised: 10/6/2022

TYPES OF FUNDS

Cooperative funds are all moneys received by the cooperative as a result of an activity carried on by the cooperative.

All cooperative funds received will be dispensed among the following funds: general fund, special education fund and enterprise funds.

As per state law, the cooperative will have no power to levy taxes or issue bonds; and therefore, shall be financed by the member districts assessments, fees for services to member and non-member schools, and state and federal grant awards or reimbursements.

<u>State Reference</u>	<u>Description</u>
SDCL 13-16-1	Sources of school district funds
SDCL 13-16-2	Types of funds enumerated
SDCL 13-16-3	General fund defined
SDCL 13-16-4	Lease payments from general fund in federally affected areas

Reference:

Cooperative bylaws 4.2.1

Adopted: 3/8/2018

FINANCIAL REPORTS AND STATEMENTS

It will be the responsibility of the business manager to prepare monthly financial reports for the Governing Board's review. Reports will include budget, trust and agency funds, and special accounts.

The cooperative (specifically the responsibility of the business manager and the director) will provide each Governing Board member with a report of its current financial status on a monthly basis in a regular board meeting, and that report will also be presented to the Superintendents Advisory Board. All such reports will be generated by the Governing Board approved software program, which shall be the same program commonly used in member school districts. All expenditure and revenue reports presented to the Governing Board, as well as the annual report will be generated using this same software program.

An annual report will be filed with the Department of Education.

<u>State Reference</u>	<u>Description</u>
SDCL 13-16-21	Monthly and annual reports on funds
SDCL 13-8-47	Annual report to department
SDCL 6-9-1	Filing of annual fiscal reports

Reference:
Cooperative bylaws 4.2.4

Adopted: 8/3/2017

FILE: DID

INVENTORIES

The cooperative shall annually cause an inventory of cooperative personal property to be made and placed on file with the business manager by July 10. Cooperative personal property with an original value greater than \$1,000 shall be included in the inventory.

Employees who bring their own personal property (office equipment, etc.) for use at work or house such property at their place of work do so with an assumed risk of loss. Employees are encouraged to keep an inventory of such property for their own records.

General fixed assets are divided into five main classes: land, buildings, improvements (other than buildings), equipment, and construction work in progress. Fixed assets may be marked by a permanent method of identification. Periodic inventories should be taken by personnel designated by the Director. Equipment with an initial cost in excess of \$5,000.00 and an

expected life exceeding one year shall be included on the cooperative's capital assets inventory listing for depreciation purposes. Buildings, building improvements and improvements other than buildings shall be recorded as capital asset when the initial cost exceeds \$25,000.00.

<u>State Reference</u>	<u>Description</u>
ARSD 10:02:01:01	Public personal property requiring inventory
SDCL 5-24-1	Annual inventory of personal property
SDCL 5-24-3	Place of filing of duplicate inventories

Adopted: 8/3/2017

AUDITS

For any necessary reason an audit of the books of the cooperative may be called at any time by the Governing Board.

The Cooperative shall have financial and compliance audits performed annually. The audits may be done by the Department of Legislative Audit or by a private firm authorized by law to audit financial records of school districts.

Trust and agency funds of the coop may be internally audited annually by a person selected by the Board.

<u>State Reference</u>	<u>Description</u>
SDCL 13-16-28	Audit of school district books called by state
SDCL 4-11-12	Publication of notice
SDCL 4-11-13	Copies of audit reports received in evidence
SDCL 4-11-14	Civil action to recover misappropriated funds
SDCL 4-11-15	Notice to attorney general of civil actions
SDCL 4-11-16	Attorney general to oversee civil actions
SDCL 4-11-17	Attorney general to assist and supervise prosecutions
SDCL 4-11-18	Costs of audits
SDCL 4-11-19	Deposit and crediting of reimbursed amounts
SDCL 4-11-7.1	School district audit by private auditing firm
SDCL 4-11-7.2	Publication of school district audit results
SDCL 4-11-9	Reports of audits

Adopted: 8/3/2017

PURCHASING

All contracts must be approved by the Board in order to be binding on the cooperative.

The Business Manager will serve as the purchasing agent. The Business Manager will develop and administer the purchasing program for the cooperative with the assistance of the Director within the legal requirements and the adopted budget.

Purchases will be made only on official purchase orders approved for issuance by the appropriate unit head and signed by the Director and Business Manager, with such exceptions as may be made by the latter for emergency purchases and those made with petty cash funds.

State Reference

SDCL 13-16-24

SDCL 13-20-1

SDCL 13-20-3

Description

Unlawful contracts and warrants void

Board approval required for contracts

Contracts let in accordance with public agency procurement law

Adopted: 3/8/2018

PETTY CASH ACCOUNTS

In accordance with law, the Board may establish petty cash accounts for the CORE Educational Cooperative, not to exceed the amount of \$500 in each account. This account may be used to facilitate refunds and minor purchases of the cooperative.

Expenditures against this account must be itemized, documented with receipts, and will be charged to the applicable fund. After a budget item is exhausted, no expenditures against the item may be made from petty cash.

Quarterly reconciliation of this account will be completed with the Business Manager and Program Supervisor. If a claim, or any part thereof, is not approved by the Director, Assistant Director, or Business Manager, the Program Supervisor of the petty cash fund will be personally responsible for the difference.

The Board will authorize the Business Manager and Program Supervisor to be accountable for the petty cash account. Disbursements from the account will not require Board approval or the signature of the Board president or the business manager.

<u>State Reference</u>	<u>Description</u>
SDCL 13-18-16	Petty cash account

Adopted: 3/8/2018
Revised: 10/6/2022

INCIDENTAL ACCOUNTS

In accordance with law, the Board may establish an incidental account in an amount determined by the board by setting aside, on an imprest basis, money from the general fund. This fund may be used for advanced payment or for claims requiring immediate payment, not to exceed the amount established by the board.

Expenditures against this account must be itemized, documented with receipts, and will be charged to the applicable fund. After the budget item is exhausted, no expenditures against the item may be made from the incidental account. The board will authorize an employee to be accountable for the incidental account.

All expenditures from this account shall be listed with other bills in the regular Governing Board proceedings.

State Reference

SDCL 13-18-17

Description

Incidental account

Adopted: 3/8/2018

BIDDING REQUIREMENTS

In accordance with state bidding laws, bidding is required when a purchase or contract equal to or exceeding \$25,000 is anticipated, or if the contract is for the construction of a public improvement in excess of \$50,000. However, state bid laws do not apply to the following and the following type contracts are exempt from bidding:

1. any contract for services provided by individuals or firms for consultants, audits, legal services, ambulance services, architectural services and engineering, insurance, real estate services, or auction services.
2. purchases of less than \$25,000.
3. any purchase of equipment involving the expenditure of less than fifty thousand dollars.
4. purchases from the lowest bidder of an item contained on the state price list. The cooperative may also purchase items from any vendor, if less than or equal to the state price list, but must be the exact same item.
5. purchases of surplus property from another South Dakota political subdivision or the State of South Dakota.
6. equipment repair contracts.
7. communications technologies, computer hardware and software, peripheral equipment, and related connectivity.
8. published books, maps, periodicals and technical pamphlets; laboratory apparatus and appliances.
9. any purchase of supplies or services, other than professional services, from any active contract that has been awarded by any government entity by competitive sealed bids or competitive sealed proposals or from any contract that was competitively solicited and awarded within the previous twelve months. The purchase utilizing another entity's bid must mirror the purchase from a contract that was "awarded" by the original bidding entity. Contracts may be utilized from any government entity, including those that are out-of-state, provided the contract was awarded by competitive sealed bids or competitive sealed proposals. A bid accepted by another governmental entity may not be utilized if the original bid specifications included a trade-in allowance.
10. amendment of change order to an existing contract for construction, reconstruction or remodeling, provided that (1) the contract contains unit prices for the same type or class of work; (2) the change or extra work is necessitated by circumstances related to soils, utilities, or unknown conditions directly affecting the performance of the work that were not reasonably foreseeable at the time the underlying contract was let and the change or extra work is necessary to the completion of the public improvement; or (3) the sum of the proposed amendment or change order plus the sum of all other prior unbid amendments or change orders, exclusive of change orders issued under

subdivisions (1) and (2) of this section, does not exceed the following: (a) for contracts not more than five hundred thousand dollars, the greater of twenty-five thousand dollars or fifteen percent of the base contract; (b) for contracts exceeding five hundred thousand dollars but not more than two million five hundred thousand dollars, the greater of seventy-five thousand dollars or ten percent of the base contract; and (c) for contracts exceeding two million five hundred thousand dollars, the greater of two hundred fifty thousand dollars or five percent of the base contract.

11. purchases of material, supplies or equipment made at public sale or auction if the following conditions are met: (i) if purchases are made at substantial savings, (2) competitive quotations are obtained from at least three suppliers of identical or similar material, supplies, (3) purchases are made at less than 80% of the average of the quotations received, and (4) a record of the names of the suppliers, quotations received and the procurement procedures used in purchasing shall be documented, indicated in the minutes and retained on file.
12. if, after advertising for bids, no firm bids are received, the cooperative may negotiate a contract for the purchase of the supplies, services, or public improvement projects at the most advantageous price, if the specifications of the original bid are met.
13. if the cooperative board determines that the supplies or services are of such a unique nature that the contractor selected is clearly and justifiably the only practicable source to provide the supplies or services. The determination shall be recorded in the minutes. The determination that the contractor selected is justifiably the sole source shall be based on either the uniqueness of the supplies or services or the sole availability at the location required. In such cases, the cooperative shall conduct negotiations, including price, delivery, and quantity to obtain the most advantageous price and shall include the written verification of the sole source in the contract file. This provision does not apply to construction services or construction equipment.
14. the cooperative may enter into agreements with governmental entities in this or any other state or the United States government, under which any of the parties may agree to participate in, administer, sponsor, or conduct purchasing transactions under a joint agreement or contract for the purchase of supplies or contractual services. The cooperative may cooperate with purchasing agencies and other interested parties in any other state or the United States government to develop uniform purchasing specifications on a regional or national level to facilitate cooperative interstate purchasing transactions.
15. any contract for the purchase of supplies from the United States or its agencies or any contract issued by the General Services Administration.
16. any contract for asbestos removal in emergency response actions.
17. purchases of real property having a particular use or benefit.
18. guaranteed energy savings contracts.
19. purchase of utility services such as electric power, lights, water or gas.
20. raw materials used in construction or manufacture of products for resale.

State Reference

SD Dept of Legislative
Audit
SDCL 1-33B-9
SDCL 13-16-6.1
SDCL 13-20
SDCL 5-18A
SDCL 5-18B
SDCL 5-18C
SDCL 5-18D

Description

Bid Booklet
Contracts not subject to Chap 5-18A
Bidders agreement to state rate and schedule
School district purchases and contracts
Public Agency Procurement
Procurement of Public Improvements
Procurement by Local Government Units
Procurement by State Agencies

Policy Reference

FEFB

Description

CONTRACTORS AFFIDAVITS AND GUARANTEES

Adopted: 3/8/2018

BIDDING REQUIREMENTS

Bid Procedure Checklist

Bids are required when a purchase or contract equal to or exceeding \$25,000 is anticipated, or if the contract is for the construction of a public improvement in excess of \$50,000. (SDCL 5-18-3 and Board Policy DJC)

1. Recommended item of _____
2. Item specifications (SDCL 5-19-2) _____
3. Desired installation date _____
4. Fund from which to be paid (SDCL 13-16-6) _____
5. Approximate cost _____
6. Recommended public hearing date (SDCL 13-16-9.3) _____

Motion made by _____

Seconded by _____

Board meeting date _____

7. First bid request publication of bid request (s)

Motion made by _____

Seconded by _____

Board meeting date _____

8. Date bid due to business manager _____

9. Bid opening date _____

Accept bid of _____

Motion made by _____

Seconded by _____

Board meeting date _____

PURCHASING PROCEDURES

All materials to be ordered by the cooperative staff must be requisitioned through the Director or Business Manager's office for processing by the business office. The business office will maintain a central record system for the purpose of combining orders, avoiding duplication of purchases, taking full advantage of lowered prices for bulk purchasing, to follow up on delayed orders of delivery and to reconcile deliveries to orders before payment is made. This delivery control will be applied to all purchases, regardless of point of delivery.

The requisition for capital purchases and leases must be identified in the capital budget. Any capital purchases and leases in excess of \$5,000.00 not specified through the capital budget, must be approved by the board prior to purchase.

The Director or department heads will examine carefully all requisitions submitted by employees for supplies, equipment and services. They will be responsible for verifying that items requested are needed before signing the requisition and sending it to the Business Manager.

All orders must include the name and address of the supplier as well as the purchase price. If the exact price is unavailable, an estimate of the cost will be given.

If any person orders materials other than through the Business Manager's office, the person ordering the materials will be individually responsible for the payment of the materials.

Adopted: 8/3/2017

SURPLUS PROPERTY

The cooperative Board may sell property of the school district that it considers no longer necessary, useful or suitable for cooperative purposes. This property will be offered to member districts with a random drawing determining ownership if more than one district expressed interest. Testing materials will be destroyed or returned to the publisher. No board action is required to sell, trade, destroy or dispose of consumable school supplies, printed text, or subscriptions. . All personal property must be appraised by two real property owners of the cooperative school districts unless that property is to be traded for other property, destroyed, transferred to another political subdivision, was created as result of an education program, or is to be sold at public auction. The governing board may employ a person or persons licensed by the state to do fee appraisals in lieu of property owners.

All property will initially be offered to cooperative member school districts.

Property appraised for less than \$500 will be given to the district expressing interest in writing. If more than one district expresses interest, ownership of surplus property will be determined by random drawing.

Property appraised for more than \$500 will be offered to member districts and districts will submit sealed bids. The cooperative Board will sell to the highest bidder.

If member districts are not interested, the property will be advertised for sale in the official newspaper for two consecutive weeks, the first publication may not be less than 10 days before the sale. The notice of sale will describe the property to be sold and the time when the Board or its representative will open bids. Sealed bids will be filed with the business manager and opened at the Board meeting as specified in the notice.

In lieu of the acceptance of bids, cooperative property may be sold at public auction. The auction will be advertised by posting notices and newspaper advertising as described above. Personal property sold at public auction need not be appraised. The Board may establish auction minimum sale prices.

Real Estate:

The cooperative may sell real property through sealed bids, at public auction or by listing the property with one or more licensed real estate brokers. The Board may accept any offer for purchase of real property. If the cooperative sells real property by public auction or through a real estate broker, the Board shall give notice of the sale of the real property and the appraised value of the real property from the appraisal report on file with the Business Manager.

Transfer of Property to another Political Subdivision:

Pursuant to SCL Ch. 6-5, the Board may exchange or transfer property to another political subdivision without offering the property for sale and without requiring the political subdivision or nonprofit corporation to pay for the property. The governing boards of the respective jurisdictions will determine the terms and conditions of this exchange or transfer.

Adopted: 9/10/2020

