

FINANCIAL MANAGEMENT AND INTERNAL CONTROLS

The District's internal financial controls consist of a combination of policies, procedures, systems, communication/education initiatives, and monitoring activities. Internal controls exist for a variety of reasons, including to demonstrate accountability for the District's receipt, holding, and expenditure of public funds for authorized and appropriate public purposes. More specifically, internal controls help the District demonstrate and provide reasonable assurance of (1) effectiveness and efficiency of operations; (2) reliability of reporting for both internal and external uses; (3) adequate safeguards for protected personally-identifiable and other sensitive or confidential information; and (4) compliance with applicable laws, regulations, and contracts.

In terms of internal controls surrounding expenditures and procurement, the controls shall be a means of assuring that District expenditures are sufficiently necessary, reasonable, authorized, allocable (e.g., to the appropriate accounting funds, budget line items, and/or revenue sources), and documented.

The District Administrator and Bookkeeper have primary and overall administrative responsibility to ensure that reasonable and sufficient internal financial controls are identified, implemented, monitored, and enforced. The School Board expects the District's internal controls to be regularly assessed for their adequacy, effectiveness, and efficiency. When deficiencies or areas for improvement are identified through an internal review, an audit finding, or some other source, the Board expects appropriate changes to be promptly implemented or promptly recommended to the Board (i.e., when Board approval for a specific change is sought or required).

Responsibilities and Controls Related to Federal Programs and Awards

To the extent permitted by law, the District Administrator or his/her administrative-level designee(s) are authorized and directed to act on behalf of the Board in applying for federal funding/awards and in preparing and submitting reports related to such funding/awards. District accounting procedures shall identify all federal funds received and expended and the specific federal programs under which they were received.

The District Administrator and Bookkeeper responsibilities related to internal controls include administrative supervision of the District's internal control over compliance requirements for federal awards. The Board's expectation is that District processes related to such federal compliance will be sufficient to provide reasonable assurance that:

1. Transactions related to federal awards are executed in compliance with applicable federal statutes and regulations and any specific terms and conditions of a federal award.
2. Transactions related to federal awards are properly recorded and accounted for, in order to:
 - a. Permit the preparation of reliable financial statements and federal reports;
 - b. Adequately demonstrate the specific source and application of federal funds;
 - c. Maintain accountability over assets; and
 - d. Demonstrate compliance with federal statutes, regulations, and the terms and conditions of each specific federal award.
3. The District maintains effective control over funds, property, and other assets that are subject to federal requirements, including safeguarding such assets from loss and ensuring that the assets are used solely for authorized purposes.
4. The District maintains adequate written procedures governing procurement, payment, and allowability of costs.

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Examples of specific federal compliance issues that the District Administrator and Bookkeeper and their administrative-level designees are charged with oversight of: (1) verifying and ensuring that the District appropriately documents that all claimed costs under federal awards are allowable costs; (2) developing and overseeing procedures associated with tracking, allocating, and certifying staff time and compensation to particular federal awards; (3) developing and overseeing procedures associated with documenting the District's maintenance of effort requirements in connection with specific federal awards; (4) ensuring that the District uses appropriate procurement methods and procedures for federally-supported transactions, including maintaining records sufficient to detail the history of such transactions; (5) maintaining adequate oversight of the performance of District vendors and contractors connected to federal awards; and (6) providing adequate training for employees whose work and work procedures are directly affected by the compliance requirements for federal awards.

LEGAL REFERENCES:

Wisconsin Statutes

Section 115.28(13) [uniform financial accounting system for school districts]
Section 120.13(6) [school board power to apply for and receive federal aid]
Section 120.14 [annual school district audit required]

State Guidance

- Department of Public Instruction School District Audit Manual Index
- Wisconsin Uniform Financial Accounting Requirements (WUFAR)

Federal Law

2 C.F.R. §200.61 [definition of "internal controls" under the federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)]
2 C.F.R. §200.62 [definition of "internal control over compliance requirements for Federal awards" under the Uniform Guidance]
2 C.F.R. §200.302 [school district financial management requirements established under the federal Uniform Guidance; note various cross-references in this section]
2 C.F.R. §200.303 [school district internal control requirements established under the federal Uniform Guidance]
2 C.F.R. part 200 subpt. E [cost principles and allowable costs under the federal Uniform Guidance]
2 C.F.R. part 200 subpt. F [audit requirements under the federal Uniform Guidance]
34 C.F.R. part 75 [U.S. Department of Education regulations for direct grant programs]
34 C.F.R. part 76 [U.S. Department of Education regulations for state-administered programs]
34 C.F.R. part 77 [definitions applicable to federal Education Department General Administrative Regulations (EDGAR)]

CROSS REFERENCES:

RLSD Federal Funds Procedure Manual

ADOPTED: February 9, 2017