



Tier II Training

As required by ACA 6-20-2204
(Act 730 of Regular Session, 2005)

Presented by Robyn Keene

February 23 & 25, 2010

PDC

Lakeview Ruling

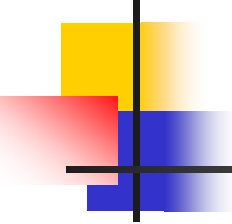
November 21, 2002

- The Lakeview Ruling was the turning point regarding the Legislative interest in the financial account coding at the school district level. More detailed, accurate and uniform expenditure data from school districts is now expected at the state level. An accurate accounting of expenditures is the best measure of whether available funds are being efficiently applied to education.



Lakeview Ruling

- The state “must take necessary steps to effect a more accurate accounting of expenditures.”



Concepts of the Arkansas Uniform Accounting and Reporting System

- The basic purpose of any accounting system is to provide an organized and consistent method for managing funds.
- Consistency is important when comparing financial data across multiple accounting periods and when comparing to similar entities.



Reasons for “Standard” Chart of Accounts

- Provides consistent method of reporting financial information across fiscal years
- Aids with the budgeting process
- Allows for valid comparison of financial information between entities
 - Schools
 - Districts
 - States
- Improves the value of statewide financial information used by policy makers and other public education stakeholders



Financial Coding Decision Process for Expenditures

- Every expenditure transaction must be coded with a 16-digit Budget Unit plus a 5-digit object code.
 - Fund
 - Function
 - Location
 - Program
 - Subject Area
 - Object code

Expenditure "Fund" Code

2000-2510-000-000-00-66100

- Operating Fund – 2XXX
- Federal Funds – 6XXX
- Activity Funds - 7XXX
- Food Service Fund - 8000

Expenditure "Function" Code

2000-**2570**-000-000-00-66100

- The "function" is the four-digit code that describes the activity being performed when a good or service is received
 - Function codes are grouped into five broad categories:
 - Instruction (1000-1999)
 - Support Services (2000-2999)
 - Operation of Non-Instructional Services (3000-3999)
 - Facilities Acquisition and Construction (4000-4999)
 - Other Uses (5000-5999)

Expenditure "Location" Code

2006-1120-**006**-000-00-66100

- The "Location" code is the three-digit code that matches the state assigned LEA number for a campus.
 - 006 Caldwell
 - 007 Angie Grant
 - 008 Howard Perrin
 - 009 Ringgold
 - 010 BJH
 - 011 BMS
 - 012 BHS

Expenditure "Program" Code

7100-1150-000-**115**-00-66100

- The Program code is the code that tracks all expenditures related to a specific program across all funds, source of funds, functions, and locations.
 - Required Program Codes
 - All NSLA Expenditures (001-016)
 - Pre-school (110)
 - Extracurricular – Activity (116)
 - Athletics (115)
 - Special Education (200)
 - Gifted and Talented (270)
 - Alternative Education (438)
 - State Academic Facilities Projects (07X)

Expenditure "Subject Area" Code

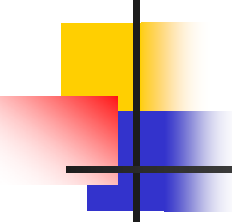
2007-1120-007-000-**21**-66100

- The Subject Area code is the final two-digits of the budget unit
- Not currently required by state
- Can be used to identify:
 - Courses (science, art, music, etc.)
 - Sports (football, basketball, track, etc.)
 - Person responsible for budget

Expenditure Object Codes

2012-2410-012-000-00-**66100**

- The Object code is the five-digit code that describes the good or service being purchased.
 - Salaries (61000-61999)
 - Employee Benefits (62000-62999)
 - Purchased Professional/Technical Services (63000-63999)
 - Purchased Property Services (64000-64999)
 - Other Purchased Services (65000-65999)
 - Supplies and Materials (66000-66999)
 - Property & Equipment (67000-67999)
 - Other Expenditures (68000-68999)
 - Other Uses of Funds (69000-69999)



How many questions must be answered in order to code an expenditure?

- Which Fund and source of fund?
- Which Function?
- Which Location?
- Which Program?
- Which Subject Area?
- Which Object?



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases.
 - (a) (1) All purchases of commodities by any school district, except those specifically exempted by § 6-21-305, shall be made as follows:
 - (A) In each instance in which the estimated purchase price shall equal or exceed ten thousand dollars (\$10,000), the commodity shall be procured by soliciting bids, provided that the purchasing official may reject all bids and may purchase the commodity by negotiating a contract. If the purchasing official, after rejecting all bids, determines that the purchase should be made by negotiation, then each responsible bidder who submitted a bid shall be notified of the determination and shall be given a reasonable opportunity to negotiate;
 - (B) Open market purchases may be made where the purchase price is less than ten thousand dollars (\$10,000); and
 - (C) No purchasing official shall parcel or split any item or items with the intent or purpose to enable the purchase to be made under a less restrictive procedure.



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
 - 2)(A) In soliciting bids for the purchase of a commodity, a school district or a person or organization acting on behalf of a school district shall not impose qualifications or specifications that **unreasonably restrict** competition for the purchase of a commodity.
 - (B)(i) As used in this subdivision, "specifications" means a technical description or other description of the physical or functional characteristics of a commodity.
 - (ii) Specifications shall not include the name or identity of any **specific vendor**.
 - (3)(A) A school district shall notify in writing all actual or prospective bidders, offerors, or contractors who make a written request to the school district for notification of opportunities to bid.
 - (B) Notice under subdivision (a)(3)(A) of this section shall be provided in sufficient time to allow actual or prospective bidders, offerors, or contractors to submit a bid or otherwise appropriate response.
 - (4)(A) Any competitive bid submitted to a school district in response to a solicitation for bids for the purchase of a commodity shall be accompanied by a form substantially similar to the following that is signed and notarized by the agent of the bidder:



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).

"NAME OF SCHOOL DISTRICT

NAME OF COUNTY

I, _____, hereby state:

- (1) I am the duly authorized agent of _____, the bidder submitting the competitive bid which is attached to this statement, for the purpose of certifying the facts pertaining to the existence of collusion among and between bidders and state officials, as well as facts pertaining to the giving or offering of things of value to government personnel in return for special consideration in the awarding of any contract pursuant to the bid to which this statement is attached.
- (2) I am fully aware of the facts and circumstances surrounding the making of the bid to which this statement is attached and have been personally and directly involved in the proceedings leading to the submission of the bid.
- (3) Neither the bidder nor anyone subject to the bidder's direction or control has been a party:
 - (A) To any collusion among bidders in restraint of freedom of competition by agreement to bid at a fixed price or to refrain from bidding;
 - (B) To any collusion with any state official or employee as to quantity, quality or price in the prospective contract, or as to any other terms of the prospective contract; or



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
 - (C) In any discussions between bidders and any state official concerning exchange of money or other thing of value for special consideration in the awarding of a contract.
 - (4) I hereby guarantee that the specifications outlined in the bid shall be followed as specified and that deviations from the specifications shall occur only as part of a formal change process approved by the Board of Directors of the school district.

Signature

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public"



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
 - (B) Any person determined to have made a false statement on the form prescribed by subdivision (a)(4)(A) of this section or any bidder who acts contrary to the provisions of the form after its agent has executed the form shall be guilty of a Class C misdemeanor.
 - (5)(A) Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a school district contract may protest to the superintendent of the school district in accordance with procedures established by the board of directors of the school district.
 - (B) Protest procedures shall include, at a minimum, provisions addressing the following:



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
 - (i) The superintendent's authority to settle and resolve a protest of an aggrieved person concerning the solicitation or award of a contract;
 - (ii) Submission of a protest in writing within seven (7) calendar days after the aggrieved person knows or should have known of the facts giving rise to the protest;
 - (iii) The provision of reasonable notice to all persons involved and reasonable opportunity for those persons to respond to the protest issues;
 - (iv) The issuance of a prompt decision in writing that states the reasons for the action taken which is provided to all interested parties;
 - (v) The impact of a protest on continuing with the solicitation or award of the school district contract pending the resolution of the protest; and
 - (vi) The award of costs with regard to successful protests.
 - (C) A decision on a protest under this section shall be final and conclusive.



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
 - (b)(1) The local school board shall have exclusive jurisdiction for the purchase of Types A, B, C, and D school buses.
 - (2) The Department of Education shall have responsibility for drawing up the minimum specifications for all school buses.
 - (3) An advisory committee made up of ten (10) school administrators representing all sizes of schools and all areas of the state shall assist the department in drawing up specifications for school buses.
 - (4)(A) A local school board may request the State Purchasing Director to solicit bids for school buses on its behalf.
 - (B) If a request is made, the Office of State Purchasing shall take bids from all school bus body and chassis manufacturers doing business in Arkansas.



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).

- (5) If a local school board chooses to purchase school buses other than through the office, the board shall forward no later than twenty (20) days after the bid award the following documents to the office:
 - (A) A copy of all the bid specifications;
 - (B) A list of invited bidders;
 - (C) Copies of all correspondence sent out by the school district to bidders and all correspondence received by the school district from bidders;
 - (D) A complete bid tabulation; and
 - (E) A copy of the bid award.



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
- (c) For the purposes of this section:
 - (1) A "Type A school bus" is a conversion or body constructed upon a van-type compact truck or a front-section vehicle with a gross weight rating of ten thousand pounds (10,000 lbs.) or less and designed for carrying more than ten (10) persons;
 - (2) A "Type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis or stripped chassis with a vehicle weight rating of more than ten thousand pounds (10,000 lbs.) and designed for carrying more than ten (10) persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels;



Purchasing Laws and Practices

- 6-21-304. Manner of making purchases (Cont.).
 - (c) For the purposes of this section (Cont):
 - (3) A "Type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than ten thousand pounds (10,000 lbs.) and designed for carrying more than ten (10) persons. All of the engine is in front of the windshield. The entrance door is behind the front wheels; and
 - (4) A "Type D school bus" is a body installed upon a chassis with the engine mounted in the front, midship, or rear with a gross vehicle weight rating of more than ten thousand pounds (10,000 lbs.) and designed for carrying more than ten (10) persons. The engine may be behind the windshield and beside the driver's seat, at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels.



Purchasing Laws and Practices

- 6-21-305. Exemptions from bidding requirements.
 - (a) The following commodities may be purchased without soliciting bids:
 - (1)(A) Commodities in instances of an unforeseen and unavoidable emergency.
 - (B) Provided, no emergency purchase shall be approved by the superintendent unless a statement in writing shall be attached to the purchase order describing the emergency necessitating the purchase of the commodity without competitive bidding;
 - (2) Commodities available only from the federal government;



Purchasing Laws and Practices

- 6-21-305. Exemptions from bidding requirements (Cont.).
 - (3) Utility services, the rates for which are subject to regulation by a state agency or a federal regulatory agency;
 - (4) With the exception of used school buses, used equipment and machinery; and
 - (5) Commodities available only from a single source.
 - (b) However, the purchasing official must determine in writing that it is not practicable to use other than the required or designated commodity or service, and a copy of this statement shall be attached to the purchase order.



Purchasing Laws and Practices

- There are special rules for purchasing buses and for construction regarding bidding process.



Ethics - Disclosure

- Before doing any business with a board member, administrator, and/or employee of the Benton School District or their family member, please contact the Accounting office regarding contract disclosures. No business transaction can be done prior to disclosure and board resolution.



Ethical Guidelines and Prohibitions

- 6-24-101. General policy.
 - (a) It is the policy of the state to promote and balance the objective of protecting integrity and facilitating the recruitment and retention of personnel needed by public educational entities.
 - (b) All board members, administrators, and employees, as defined herein, shall carry out all official duties for the benefit of the people of the community and the State of Arkansas and shall abide by the provisions of this chapter.
 - (c) It is the specific intent of this chapter to prohibit self-dealing in transactions between public educational entities and board members, administrators, or employees.



Ethical Guidelines and Prohibitions

- 6-24-102. Definitions.

- Unless otherwise specifically stated herein, the term:
 - (1) "Administrator" means any superintendent, assistant superintendent or their equivalent, school district treasurer, business manager, or other individual directly responsible for entity-wide purchasing;
 - (2) "Board" means a local school board or other governing body of a public educational entity;
 - (3) "Board member" means any board member, director, or other member of a governing body of a public educational entity;
 - (4) "Board of Education" means the State Board of Education;
 - (5) "Commodities" means all supplies, goods, material, equipment, computers, software, machinery, facilities, personal property, and services, other than personal and professional services, purchased for or on behalf of a public educational entity;

Ethical Guidelines and Prohibitions



- 6-24-102. Definitions (Cont.)

- (6) "Contract" means any transaction or agreement for the purchase, lease, transfer, or use of real property or personal property and personal or professional services, including, but not limited to, motor vehicles, equipment, commodities, materials, services, computers or other electronics, construction, capital improvements, deposits, and investments;
- (7) "Directly" or "directly interested" means receiving compensation or other benefits personally or to a business or other entity in which the individual has a financial interest;
- (8) "Director" means the Director of the Department of Education or his or her designee;
- (9) "Emergency purchase" means purchases mandated by unforeseen and unavoidable circumstances in which human life, health, or public property is in immediate jeopardy and the expenditure is necessary to preserve life, health, or public property;
- (10) "Employee" means a full-time employee or part-time employee of a public educational entity;

Ethical Guidelines and Prohibitions

- 6-24-102. Definitions.

- (11) "Family" or "family members" means:
 - (A) An individual's spouse;
 - (B) Children of the individual or spouse;
 - (C) A child's spouse;
 - (D) Parents of the individual or the spouse;
 - (E) Brothers and sisters of the individual;
 - (F) Anyone living or residing in the same residence or household with the individual or the spouse;
or
 - (G) Anyone acting or serving as an agent of the individual;
- (12)(A) "Financial interest" in a business or other entity means:
 - (i) Ownership of more than a five percent (5%) interest;
 - (ii) Holding a position as an officer, director, trustee, partner, or other top level management; or
 - (iii) Being an employee, agent, independent contractor, or other arrangement where the individual's compensation is based in whole or in part on transactions with the public educational entity.



Ethical Guidelines and Prohibitions

- 6-24-105. School boards.
- (a) **General Prohibition.** Except as otherwise provided, it is a breach of the ethical standards of this chapter for a board member to contract with the public educational entity the member serves if the board member has knowledge that he or she is directly or indirectly interested in the contract.
- (b) **Family Members.** This chapter does not prohibit family members of board members from being employed by the public educational entity the board member serves if the board determines that the employment is in the best interest of the public educational entity.
- (c) **Exceptions.**
 - (1) **Board Approval.**
 - (A) In unusual and limited circumstances, a public educational entity's board may approve a contract between the public educational entity and the board member or the member's family if the board determines that the contract is in the best interest of the public educational entity.



Ethical Guidelines and Prohibitions

- 6-24-105. School boards (Cont.).
 - (B) The approval by the public educational entity's board shall be documented by written resolution after fully **disclosing** the reasons justifying the contract in an open meeting. The **resolution** shall state the unusual circumstances necessitating the contract and shall document the restrictions and limitations of the contract.
 - (C) Any board member directly or indirectly interested in the proposed contract shall leave the meeting until the voting on the issue is concluded, and the absent member shall not be counted as having voted.

- (2) **Independent Approval.**
 - (A) If it appears the total transactions with the board member or a family member for a fiscal year total, or will total, five thousand dollars (\$5,000) or more, the superintendent or other chief administrator of the public educational entity shall forward the resolution along with all relevant data to the Director of the Department of Education for independent review and approval. The resolution and other relevant data shall be furnished by certified mail with return receipt requested or other method approved by the State Board of Education to assure adequate notice of receipt by the Department of Education and to provide a record for the school sending the approval request.



Ethical Guidelines and Prohibitions

6-24-105. School boards (Cont.).

- (B)
 - (i) Upon review of the submitted data, the director shall, within ten (10) days of receipt of the resolution and other relevant data, approve or disapprove in writing the board's request.
 - (ii) The director may request additional information or testimony before ruling on a request. If additional data is needed for a proper determination, the director shall approve or disapprove the contract within ten (10) days of receipt of the additional requested data.
 - (iii) If the director does not respond to the public educational entity within the ten-day period or request additional time or data for a proper review of the contract, the contract shall be deemed to be approved by the director.

- (C) If approved, the director shall issue an approval letter stating all relevant facts and circumstances considered and any restrictions or limitations pertaining to the approval. The director may grant the approval for a particular transaction or a series of related transactions. However, no approval shall be granted for a period greater than two (2) years.



Ethical Guidelines and Prohibitions

6-24-105. School boards (Cont.).

- (D) No contract subject to the director's review and approval shall be valid or enforceable until an approval letter has been issued by the director or the director fails to respond to the public educational entity within the time periods specified in this section.

- (d) **Records.** The department and the public educational entity shall maintain a record and copy of all documentation relating to transactions with board members or members of their family.

- (e) **Providing false or incomplete information.** Any board member or other person knowingly furnishing false information or knowingly not fully disclosing relevant information necessary for a proper determination by the public educational entity or the director shall be guilty of violating the provisions of this chapter.



Ethical Guidelines and Prohibitions

- 6-24-109. Emergency purchases.
 - (a) The provisions of this chapter do not apply to emergency purchases.
 - (b) Emergency purchases shall only be used for the preservation of life, health, or public property, and shall not be used to substantially improve the condition of an asset prior to the emergency.
 - (c) Each public educational entity shall maintain records and copies of all documentation relating to and supporting a determination that transactions qualify as emergency purchases.
 - (d) Any person using emergency purchases to avoid the intent of this chapter shall be guilty of violating the provisions of this chapter.



Ethical Guidelines and Prohibitions

- 6-24-111. Restrictions on employment of present and former administrators.
- (a) (1) Unless written approval is granted by the Director of the Department of Education, it is a breach of the ethical standards of this chapter for administrators to be or become the employee, agent, or independent contractor of any party contracting with the public educational entity they serve.
(2) The director's approval letter shall be filed with and maintained by the public educational entity employing the administrator.
- (b) Unless written approval is granted by the director, it is a breach of the ethical standards of this chapter for administrators to engage in selling or attempting to sell commodities or services to the public educational entity they served or were employed by for one (1) year following the date employment or service ceased.



Ethical Guidelines and Prohibitions

6-24-112. Gratuities and kickbacks.

- (a) It is a breach of the ethical standards for any person to offer, give, or agree to give any board member, administrator, or employee a gratuity or an offer of employment in connection with any contract or transaction of a public educational entity.
- (b) It is a breach of the ethical standards for any board member, administrator, or employee to solicit, demand, accept, or agree to accept from another person or entity a gratuity or an offer of employment in connection with any contract or transaction of a public educational entity.
- (c) It is a breach of the ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a person or entity as an inducement for the award of a contract or transaction with a public educational entity.
- (d) The State Board of Education shall issue specific rules and regulations regarding educational or work-related travel, conventions, seminars, and other benefits provided by vendors.



Ethical Guidelines and Prohibitions

6-24-114. Administrative remedies applicable to administrators and employees.

- (a) (1) The Department of Education may review alleged violations of this chapter. If the department reviews the allegations and the Director of the Department of Education determines that there is adequate evidence of a violation, the director may refer the allegations to the State Board of Education for review.
(2) Upon the state board's approval to review the alleged violation and after reasonable notice in writing to all parties, the board may schedule a hearing to determine whether an administrator or employee has knowingly violated the provisions of this chapter.
(3) After presentation of all evidence, if the state board determines that the administrator or employee knowingly violated the provisions of this chapter, the state board may provide any or all of the following administrative remedies:
 - (A) Issue a letter of reprimand; or
 - (B) Suspend or revoke the administrator's or teacher's Arkansas teaching license for a definite period, or permanently.

- (b) After reasonable notice and opportunity for a hearing, a board of a public educational entity may take appropriate administrative remedies against an administrator or employee that has allegedly violated the provisions of this chapter. If an administrator or employee of a public educational entity is charged by the prosecuting attorney for a possible violation of this chapter, the public educational entity's board may, after reasonable notice and opportunity for a hearing, place the individual charged on leave, with or without pay, dismiss the individual, or provide any other proper administrative remedy. If the individual is dismissed by the board due to charges being filed for an alleged violation of this chapter, any employment contracts with the public educational entity shall be deemed void from the date of the action of the board.



Ethical Guidelines and Prohibitions

- 6-24-117. Board position vacant upon conviction.
- If a board member is found guilty of violating the provisions of this chapter, the board member shall immediately cease to be a board member, the position is declared vacant, and a replacement shall be named as provided by law.



Reminders

- Make Timely Deposits
 - Policy 7.07-Cash in Classrooms
 - Teachers shall deposit daily to the principal's office all activity funds collected. No cash or checks are to be left in custody or classroom overnight.
 - Untimely Deposit Form
 - Cash Handling Procedures
 - Forms sent out beginning of year.

- *Do Not circumvent system by requesting checks be written to outside vendors for school sponsored programs.



Reminders

- Submit complete documentation – signatures, sufficient and required documentation for travel reimbursements and other accounts payable requests
- Requesting and approving person cannot be same person.
- Send receipt and deposit information to Accounting immediately. Do not wait to month end.



Reminders

- Some absences (Absent Report Form) not being turned in to the Accounting Department for exempt classified employees and administrators
 - Principals
 - Assistant Principals
 - Nurses
 - OT/PT



Absences Reported to Kelly Services

- Make sure backdated absences are reported to Central Office/Accounting as well as Kelly Services.



Personal Leave Dockings

- Accounting notifies employees and principals of personal day dockings by email. A prompt response from principal is required if correction is needed. This is especially important for May absences since June payrolls are the last ones for fiscal year.



Timesheets (Certified Staff)

- Make sure timesheets for extra duty certified staff are submitted for approval and to Accounting immediately. Monthly payroll is usually processed on tenth of each month depending on calendar and biweekly payrolls. Please check with Tracy Samples if questions.
 - Saturday School
 - Tutoring
 - Benchmark Academy



Time Certifications for Federally Paid Employees

- Title funds, Special Ed, and Food Service.
 - If paid 100% from a federal fund, complete time certification semi-annually
 - If paid from split funds, complete time certification monthly.
- These forms will be kept in Director's office and will be reviewed by auditor.



Out of State Trip Insurance

- Policy for out of state travel for students, employees. Not an option.
- Sponsor must submit Trip form to Central Office for C/O Administration approval.
- Insurance premium will be charged to Club/Athletic/Group budget. @\$330 per trip.



Deadlines

- Wal-Mart and Office Depot Charges – No charges after May 7, 2010. Tickets must be turned in immediately.
- Requisitions/Purchase Orders – May 7, 2010 will be cut off date for requisitions and purchase orders for the 2009-2010 school year.
- Year end spending – May 31, 2010 is the final date for year end spending. Receipts/invoices must be turned in to accounting immediately.



Miscellaneous Information

- Field Trip Transportation Charges - \$3.16 is 2009-2010 rate. Set aside enough money to cover student travel charges. I have done journal entry for July – September 2009 charges.
- Same rules apply to Activity funds as Operating funds.
- Teacher/Counselor Appreciation – Call it Professional Development
- Accounting Payment Voucher – Use 16-digit expenditure budget unit, not just fund number.



Accounting Staff

778-4574 office, 776-5794 fax

- Robyn Keene, Business Manager
 - rkeene@bentonschools.org
- Kathy King, Sr. Bookkeeper
 - kathy@bentonschools.org
- Tracy Samples, Payroll Bookkeeper
 - tsamples@bentonschools.org
- Angie Weaver, Purchasing and Fixed Assets Bookkeeper
 - aweaver@bentonschools.org
- Glenda Smith, Activity Funds Bookkeeper
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