

## SERVICES and OPERATIONS

### Section 4 Funds Management

#### A. System of Accounting

Uniform accounting methods shall be used for all ESU #13 funds so as to conform to best business practice and existing guides from the Nebraska Department of Education. Monthly financial statements of the general fund accounts will be made available at each regular board meeting.

The administrator shall be responsible for the proper use of the budget. The administrator shall establish and operate budget controls for all departments and shall ensure administration of the budget such that funds are expended for the purposes appropriated and in conformity with legal requirements as well as the policies and actions of the Board.

Legal Reference:	
Date of Adoption:	December 17, 2019
Updated:	

#### B. Borrowing

ESU #13 may borrow money in amounts not to exceed the limits established by law and may execute and deliver in evidence thereof its promissory notes which it is hereby authorized and empowered to make and negotiate, bearing a rate of interest set by the ESU #13 Board and maturing not more than two fiscal years from the date thereof. Such notes, before they are negotiated, shall be presented to the ESU #13 Treasurer and registered with ESU #13's records by the Treasurer. Such notes shall be payable out of the funds collected by ESU #13 in the order of their registry after the payment of prior registered warrants but prior to the payment of any warrant subsequently registered, except that if both warrants and notes are registered, the total of such registered notes and warrants shall not exceed one hundred percent of the unexpended balance of the total anticipated receipts of the general fund of ESU #13 for the current fiscal year and the following fiscal year. For the purpose of making such calculation, such total anticipated receipts shall not include any anticipated receipts against which ESU #13 has borrowed and issued notes pursuant to this section in either the current or the immediately preceding fiscal year.

In addition, ESU #13 may accept interest-free or low-interest loans from the state or federal government and may execute and deliver in evidence thereof its promissory notes maturing not more than twenty years from the date of execution.

Further, ESU #13 may enter into loan agreements for the purpose of borrowing money from financial institutions, including banks, in amounts not to exceed the limits established

by law. As evidence of such borrowing, ESU #13 may execute and deliver one or more written loan agreements but shall not be required to execute and deliver separate promissory notes for each borrowing under such agreements. Money borrowed pursuant to such agreements shall bear interest at such rate or rates and shall become due and be repaid as provided in such agreements. Any such agreement shall provide for repayment in full at least once each fiscal year and shall be for a term not exceeding one fiscal year. Any such agreement shall be registered upon books kept by the ESU #13 Treasurer, and money borrowed pursuant to such agreement shall be paid out of funds collected upon the current existing levy prior to the payment of any warrant or note registered subsequent to any such loan agreement. If ESU #13 has any such loan agreement or agreements outstanding and has warrants or notes registered, the total amount shall not exceed the limits established by law.

All such borrowings shall require approval of the ESU #13 Board.

Legal Reference:	Nebraska Statute: 79-1244
Date of Adoption:	December 17, 2019
Updated:	

C. Depositories of Funds

The Board shall annually in January re-authorize the depository banks or other institutions or investments in which the treasurer and officials of ESU #13 are authorized to deposit or invest funds of ESU #13. The treasurer and the administrator or designee may use non-designated banks or institutions for deposit or investment when it is determined that such is required by financial exigencies or the sound protection of ESU #13 funds; provided a report of such is made at the next following regular meeting of the Board.

The treasurer and the administrator or designee shall be responsible for ensuring that deposits in excess of the limits of the Federal Deposit Insurance Guaranty are secured by securities, bonds, or other means as required by law.

Legal Reference:	
Date of Adoption:	December 17, 2019
Updated:	

D. Bonds

The treasurer for the Board of ESU #13 and employees of the Board of ESU #13 who handle money of a substantial nature shall be bonded. Extent of bonding and coverage shall be determined annually.

Legal Reference:	
Date of Adoption:	December 17, 2019
Updated:	

E. Disbursement of Funds

Checks written on the treasury of ESU #13 shall be signed by the president, or in his/her absence the vice president, the secretary and the treasurer. Use of facsimile signature is authorized.

The administrator and the treasurer are authorized to sign checks written on an ESU #13 account with said account not to exceed five hundred dollars (\$500). Authorization is to be reviewed annually by the Board of ESU #13.

Legal Reference:	
Date of Adoption:	December 17, 2019
Updated:	

F. Administrative Authorization to Pay Claims

The Board must approve all claims for payment except the administrator may approve payment of claims, including credit card invoices, payment of utilities, payment of approved payroll and related taxes as they become due, prior to presentation to the Board. To avoid interest charges, payment for credit card purchases shall be made on or before the balance due date. Any such approval of payment by the administrator must be presented to the Board for ratification at the next regular board meeting.

Legal Reference:	
Date of Adoption:	December 17, 2019
Updated:	

G. Coffee Act Policy (Reimbursable Expenses)

1. Workshops. Board members, employees, and volunteers of ESU #13 are expected to maintain effectiveness by being well informed on educational and related issues and are encouraged to diligently perform their required duties, attend educational workshops, conferences, training programs, official functions, hearings or meetings which are necessary to perform required duties, sponsored by ESU #13 or state and national educational organizations or which are otherwise in the best interests of ESU #13.
  - a. Approval to Attend. Board members are hereby given prior approval by the ESU #13 Board to attend such functions within the state which are sponsored by ESU #13, the Nebraska Association of School Boards, the Nebraska Council of School Administrators, the Nebraska Rural Community Schools Association, and similar organizations, without additional or further approval by the Board unless otherwise so determined. Upon approval by the Board or, in the case of in-state functions, by the administrator or the administrator's designee, Board members are further authorized to attend other similar functions.

Employees and volunteers are authorized to attend such functions upon prior approval by the administrator or the administrator's designee.

- b. Reimbursement of Expenses. ESU #13 will pay the registration costs, tuition costs, fees or charges for attendance by Board members at such approved functions. ESU #13 will pay mileage at the rate allowed by law (that is, the rate established by the Department of Administrative Services) or actual travel expense if travel is authorized by commercial or charter means. ESU #13 will pay meals and lodging at a rate not exceeding the applicable federal rate unless a fully itemized claim is submitted substantiating the costs actually incurred in excess of such rate and such additional expenses are expressly approved by the Board.

For employees and volunteers, ESU #13 will pay costs and make reimbursements in the same manner as provided above for Board member attendance, unless otherwise established by policy, Board action, contract, or negotiated agreement. Itemized receipts will be required for the reimbursement of the above listed travel expenses.

- c. Recognition. The Board hereby authorizes the president, administrator or the administrator's designee to determine when and to whom plaques, certificates of achievement, flowers or other items of value should be granted to recognize service by Board members, employees and volunteers. The maximum value of any such item to be awarded shall not exceed \$150.00. The Board may alter such maximum, but not more than once in any twelve-month period.
2. Meeting Refreshments. Non-alcoholic beverages may be provided to individuals attending public meetings. Meals may be provided to Board members, employees and volunteers attending joint meetings with other governing bodies. When the president or administrator determines it to be in the best interests of ESU #13 and not in the form of a perquisite, because of timing or duration of a meeting or ESU #13 activity, or other factors, the Board authorizes other nutritional refreshments to be provided to persons attending public meetings or in other appropriate or necessary situations.
  3. Participants in Board Approved Activities. Non-alcoholic beverages and meals may be provided for individuals while performing or immediately after performing relief, assistance or support activities in emergency situations (including, but not limited to, tornado, severe storm, fire, or accident) and to volunteers during or immediately following their participation in any activity approved by the Board (including, but not limited to, mowing, picking up litter, removing graffiti, or snow removal).
  4. Annual Recognition Dinner. One recognition dinner each fiscal year may be held for Board members, employees or volunteers. Such annual dinner may

be held separately for Board members, employees of each department and volunteers, or in any combination. The maximum cost per person for such recognition dinner is hereby established at \$50.00.

5. Spouses. This policy does not authorize the expenditure of public funds to pay for any expenses incurred by a spouse of a Board member, employee, or volunteer unless the spouse is also a Board member, employee or volunteer or unless the expenditure is otherwise permitted by law.
6. General. Payment or reimbursement for expenses incurred by Board members, employees or volunteers may be allowed to the extent otherwise specifically permitted by law. The authority necessary to carry out the provisions of this policy should be and is hereby delegated from the Board to the designated officials as indicated herein.

Legal Reference:	Nebraska Statutes: 13-2201 to 13-2204; 81-1176 (mileage rate)
Date of Adoption: Updated:	December 17, 2019

H. Gifts

1. Gifts to ESU #13. The Board welcomes monetary and material contributions or other types of citizen contributions to ESU #13. Material contributions may be rejected where not suitable to efficient use by ESU #13. All donations become the property of ESU #13 and will be used in the interests of ESU #13. The gift shall not promote a political cause or a religious view.
2. Gifts to Employees. Students and patrons shall not be encouraged or coerced to give personal gifts to ESU #13 employees in their position as employees. In the event an employee receives such a gift with a monetary value in excess of \$50, the employee is to inform the administrator, who is then authorized to require that the employee disburse the gift to ESU #13 or equitably among other ESU #13 staff serving the person making the gift.
3. Gifts by ESU #13 Employees. ESU #13 employees are not to give gifts to students who they serve in their employment. Exceptions are allowed for a homebound or seriously ill child, and in other cases where administrative approval is given.

Legal Reference:	
Date of Adoption: Updated:	December 17, 2019

I. Internal Controls

ESU #13 will develop and maintain internal control procedures as required by law and in accordance with sound fiscal monitoring practices that will ensure appropriate oversight

of state and federal funds. The following internal control procedures will be utilized for all federal grants:

Generally: If ESU #13 receives federal awards, grants, or other funds, ESU #13 will:

1. Establish and maintain effective internal control over the federal award that provides reasonable assurance that ESU #13 manages the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. ESU #13 will endeavor to develop and maintain these internal controls consistent with the "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
2. Comply with the U.S. Constitution, federal statutes, regulations, and the terms and conditions of the federal award;
3. Evaluate and monitor the ESU 's compliance with statutes, regulations and the terms and conditions of federal award;
4. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; and
5. Take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency, or pass-through entity, designates as "sensitive" or ESU #13 considers sensitive, consistent with applicable federal, state, and local laws regarding privacy and responsibility over confidentiality.

Legal Reference: 2 C.F.R. § 200.303.

Management requirements: ESU #13 will manage equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until ESU #13 disposes of such equipment. ESU #13 will, as a minimum, meet the following requirements:

1. Maintain property records of the equipment (including equipment description, serial number or other identification number, source of funding, acquisition date, and the like);
2. Maintain a physical inventory procedure, with an inventory occurring at a minimum of every two years;
3. Implement a Control System procedure;
4. Continue to develop and implement adequate maintenance procedures for the equipment;
5. Continue to develop and implement sales procedures for the equipment; and

6. Continue to develop and implement disposition procedure for the equipment.

Legal Reference: 2 C.F.R. §§ 200.313 & 200.33.

Procurement: ESU #13 will use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the requirement standards imposed by law, including:

1. A procedure for micro-purchases (Under \$10,000);
2. A procedure for small purchases (between \$10,000 to \$250,000);
3. A procedure for sealed bids;
4. A procedure for competitive proposals; and
5. A procedure for noncompetitive bids.

Legal Reference: 2 C.F.R. §§ 200.317 through 200.326.

Cross-Reference: Policies 3130 & 3131.

Record Retention: Financial records, supporting documents, statistical records, and all other related records pertinent to a federal award will be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the federal awarding agency or pass-through entity in the case of a sub-recipient.

For all other records, ESU #13 will retain such records for the length of time as required by law.

Legal Reference: 2 C.F.R. § 200.333.

Suspension and Debarment: ESU #13 will not contract with any entity or individual who has been debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. Before entering into a contract regarding a federal award, ESU #13 will verify that a vendor has not been debarred, suspended or otherwise excluded, and ESU #13 will maintain a copy of said verification.

Legal Reference: 2 C.F.R. § 200.213.

Financial Management: ESU #13 will maintain financial management systems to account for the federal funds, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award. These records will be sufficient to permit ESU #13 to prepare reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. The financial management system will provide for the following:

1. Identifying all of the federal awards received and expended and the federal programs under which they were received;
2. Ensuring that accurate, current, and complete disclosure of the financial results of each federal award or program are maintained in accordance with reporting requirements;
3. Identifying adequately the source and application of funds for federally-funded activities;
4. Ensuring effective controls over and accountability for all funds, property, and other assets;
5. Comparing actual expenditures with budget amounts for each federal award;
6. Ensuring payments of federal funds are made in accordance with applicable law, including 2 CFR § 200.305; and
7. Determining the allowability of costs in accordance with applicable law and the conditions of the federal award.

Legal Reference: 2 C.F.R. § 200.302.

Program Income: ESU #13 will consult with the federal awarding agency and refer to the applicable law and federal program terms and conditions to determine how to account for, deduct and otherwise handle income from federal programs.

Legal Reference: 2 C.F.R. § 200.307.

Cost Sharing or Matching: For all federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of ESU #13's cost sharing or matching, when such contributions meet all of the following criteria:

1. Are verifiable from ESU #13's records;
2. Are not included as contributions for any other Federal award;
3. Are necessary and reasonable for accomplishment of project or program objectives;
4. Are allowable under the applicable Cost Principles requirements;
5. Are not paid by the Federal Government under another Federal award, except where the federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
6. Are provided for in the approved budget when required by the federal awarding agency; and
7. Conform to other provisions of the law or terms and conditions of the federal award, as applicable.

Legal Reference: 2 C.F.R. § 200.306.

Compensation: Compensation for personal services includes all remuneration for services of employees rendered during the period of performance under the federal award, including, but not limited to wages, salaries, and fringe benefits. Costs of

compensation may be allowable under federal law and the federal grant to the extent that they satisfy the following requirements:

1. Is reasonable for the services rendered; and
2. Conforms to the established written expectations of ESU #13, as applied consistently to both Federal and non-Federal activities.

If ESU #13 intends to charge compensation to federal awards, such charges will be based on records that accurately reflect the work performed, and will:

1. Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Be incorporated into the official records of ESU #13;
3. Reasonably reflect the total activity for which the employee is compensated by ESU #13, not exceeding 100% of compensated activities;
4. Encompass both federally-assisted and all other activities compensated by ESU #13 on an integrated basis, but may include the use of subsidiary records as defined in ESU #13's written procedures;
5. Comply with the established accounting policies and practices of ESU #13; and
6. Differentiate and account for the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Budget estimates will generally not be used to support for charges to Federal awards but may be used for interim accounting purposes.

Legal Reference: 2 C.F.R. §§ 200.430 & 200.431.

Federal Funds for Construction Projects: For all federal awards, the ESU will comply with all applicable legal requirements, including the Davis-Bacon Act.

Legal Reference: 34 C.F.R. § 75.600, et seq.

Capitalization and Depreciation: The ESU will follow the rules for selected items of cost at 2 C.F.R. Part 200, Subpart E, when charging these specific expenditures to a federal grant. When applicable, ESU staff will check costs against the selected items of cost requirements to ensure the cost is allowable. In addition, federal, state, or program-specific rules, including the terms and conditions of the award, may deem a cost as unallowable and ESU personnel shall follow those requirements. The following rules of allowability apply to equipment and other capital expenditures:

- A. Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the federal awarding agency or pass-through entity.

- B. Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the federal awarding agency or pass-through entity.
- C. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the federal awarding agency or pass-through entity.
- D. Allowability of depreciation on buildings, capital improvements, and equipment shall be in accordance with 2 CFR § 200.436 and 2 CFR § 200.465.
- E. When approved as a direct cost by the federal awarding agency or pass-through entity under Sections A - C, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the Federal awarding agency.
- F. If the ESU is instructed by the federal awarding agency to otherwise dispose of or transfer the equipment, the costs of such disposal or transfer are allowable.
- G. Any depreciation will be computed, charged, and recorded in a manner consistent with federal regulations and any requirements of the federal awarding agency.

Legal Reference: 2 C.F.R. §§200.436 & 200.439.

Maintaining Records: Financial records, supporting documents, statistical records, and all other ESU records pertinent to a federal award must be retained for the minimum period time as required by federal law or the terms of the federal awarding agency, whichever is longer in time.

Legal Reference: 2 C.F.R. § 200.334.

Conflict of Interest: Notwithstanding any other Board Policies or Procedures, the ESU shall ensure that it avoids any conflicts of interest regarding any federal awards. The ESU will disclose in writing any potential conflict of interest to the federal awarding agency or pass-through entity in accordance with applicable federal awarding agency policy.

Legal Reference: 2 C.F.R. § 200.112.

Unexpected or Extraordinary Circumstances: For all federal awards, if ESU #13 does not currently have in place a sufficient policy that addresses extraordinary circumstances, such as those caused by COVID-19, ESU #13 may amend or create a policy at a later date in order to put emergency contingencies in place for federal and non-federal similarly situated employees. If the conditions exist for charges to be made to the federal grant, then charges may also be made to any non-federal sources that are used by ESU #13 in order to meet a matching requirement. ESU #13 will take other steps to comply with federal award requirements in the event of unexpected or extraordinary circumstances.

Legal Reference: 2 C.F.R. §§ 200, et seq.