



**ROUGH ROCK COMMUNITY
SCHOOL, INC.**

BUSINESS POLICIES & PROCEDURES

BOARD APPROVED 07/22/2021

928-728-3701

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ADOPTED: July 22, 2021

Issue Date: July 22, 2021

Certification

We, hereby, certify that Rough Rock Community School, Inc. Business Policies & Procedures Manual was considered at a duly called School Board Meeting, which a quorum was present and that the same passed by a vote of 3 in favor 0 and 0 abstention on this 22nd day of July, 2021.

Motion by: Perry Begay Seconded by: Crystalyn Curley

Rena Mann

Rena Mann, President
RRCS SCHOOL BOARD

ARTICLE I PROCUREMENT

SECTION 1.01 DUTY TO BE INFORMED OF RULES AND REGULATIONS

RRCS abides by Rough Rock School Board, Inc. procurement regulations and policies. RRCS Administration, department heads and all personnel performing under the policies and procedures of this Article shall familiarize themselves with the rules and regulations associated with RRCS's funding contract, applicable rules and regulations of the Navajo Nation and federal government and provisions and procedures. Said individuals shall comply with the above-noted rules and regulations, policies and procedures in performing their tasks and duties.

SECTION 1.02 COMPLIANCE WITH THE MANUAL

Every, procurement shall comply with the terms of the contractor grant which funds the procurement and the terms and conditions contained in this Manual. In all events, procurements shall comply with the requirements of 25 CFR 276 *et seq.*, Appendix A to 25 CFR 276, and OMB Super Circular.

SECTION 1.03 PROHIBITED CONTRACTS

Procurement contracts providing for an aggregate value based on cost plus a percentage of the costs are prohibited and may not be awarded. Time and materials contracts must be restricted to those circumstances when no other contract type is available, and such contracts must contain a clause which limits the aggregate value to a definite amount.

SECTION 1.04 PROHIBITED PURCHASES

Personal items purchased by employees or others may not be delivered to RRCS's address. RRCS will not be held responsible in any way for any personal items delivered to RRCS. RRCS will not be held responsible for any personal packages delivered to the school.

SECTION 1.05 PROCUREMENT RECORDS

Procurement records, including, but not limited to, solicitations, purchase orders, contracts, payment histories and records applicable of significant decisions must be retained for three (3) years after RRCS or RRCS's agents, subcontractors or obligors make the final payment and all other pending matters are closed.

SECTION 1.06 PROPERTY MANAGEMENT RECORDS

Property management records of real and personal property, as required herein, must be retained for three (3) years from the date of disposition, replacement, or transfer.

SECTION 1.07 PROCUREMENT STANDARDS

- A. RRCS employees with responsibilities for procurement shall ensure that RRCS' vendors, contractors and / or subcontractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.
- B. General standards of conduct of RRCS employees who award and administer contracts are as follows:
 - 1. No employee, officer, elected official or agent of RRCS shall participate in the selection, award or administration of a procurement if a conflict of interest, real or apparent, would be involved. Conflict of Interest waiver agreements shall be in place between staff, administrators, board members, and vendors.
 - 2. An employee, officer, elected official or agent of RRCS is not allowed to solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to sub-agreements with the following exemption; a financial interest that is not substantial and that is disclosed to RRCS and waived by RRCS, a gift that is an unsolicited item of nominal value.
 - 3. A violation of these standards will be the basis for disciplinary action, up to and including termination.
- C. RRCS employees responsible for procurement shall review proposed procurements to avoid buying unnecessary or duplicative items to ensure the reasonableness of the price of items purchased. Consolidating or breaking up procurement to obtain more economical purchases should be considered. Where appropriate, leasing and purchasing alternatives should be compared to determine which is more economical.
- D. RRCS shall conduct all major procurement transactions by providing full and open competition, to the extent necessary, to assure efficient expenditure of funds and, to the extent feasible, in the local area. As provided herein, Navajo preference and Indian preference shall be applied in procurement awards. Mohave Educational Services Cooperative shall be considered in procurement awards.
- E. RRCS shall make procurement awards only to responsible entities that have the ability to perform successfully under the terms and conditions of the proposed procurement. In making this judgment, RRCS shall consider such matters as the contractor's integrity, its compliance with public policy, its record of past performance, and its financial and technical resources. RRCS shall conduct debarment checks for all vendors whose aggregate value exceeds \$25,000.00, including but not limited to pass-through entities.
- F. RRCS shall maintain records on the significant history of all major procurement transactions. These records may include, but are not limited to, the rationale for the method of procurement, the selection of contract type, the contract selection or rejection, and the basis for the contract price.

- G. RRCS employees shall use good administrative practice and sound business judgment for processing and settling all contractual and administrative issues arising out of the procurement. These issues include, but are not limited to, source evaluation, protests, disputes and claims.

SECTION 1.08 CONTRACT STANDARDS

- A. All contracts in which RRCS is a party shall, at a minimum:
1. Be in writing.
 2. Identify the interested parties in the contract and their authority and / or agency;
 3. Clearly state the purpose of the contract;
 4. State the work to be performed under their contract; and
 5. State the terms and conditions of the contract, the time and manner of payments and the process for making any claims.
- B. All contracts should contain a provision informing the recipient that their award is funded with Indian Self-Determination Act/Tribally Controlled Schools Act funds and that the recipient is responsible for identifying and ensuring compliance with applicable federal laws, regulations, and Executive Orders.
- C. Documents to include but not limited to Consultant Contract Agreements for payment.

SECTION 1.09 NAVAJO AND INDIAN PREFERENCE

To the greatest extent possible, consistent with the law, Navajo and Indian preferences shall be observed and implemented in the advertisement, negotiation, procurement and award of goods and services. Notwithstanding this policy of preference, RRCS employees shall comply with all policies stated herein in the procurement of goods and services and are free to act in whatever way best serves the needs of RRCS.

SECTION 1.10 PURCHASING PROCEDURES FOR PURCHASES LESS THAN \$75,000

- A. Purchase Orders:

Purchase orders must be prepared for all RRCS expenditures, including promotional items, but excepting salaries and related costs and otherwise documented travel expenditures and direct payment requisitions such as payroll off sets. Blanket purchase orders may only be used as specifically set forth herein and in the United States Federal Regulations, USFR.

1. **Unauthorized purchases: any employee violating procurement policies and procedures set here in as defined as Unauthorized Purchase shall be grounds for disciplinary action up to and including termination of employment.**

B. Definitions:

1. Aggregate Value: The total cost or dollar value of a procurement contract.
2. Procurement: The process for the acquisition of goods and/ or services.
3. Purchase: A purchase for the purpose of these policies and procedures is defined as the payment, with RRCS funds, for any goods, services, or other expense.
4. Unauthorized Purchases: An unauthorized purchase is any purchase which is not legally and appropriately approved within RRCS budget or by other RRCS action allowed by these policies and procedures, or which does not substantially comply with these policies and procedures. RRCS may decline payment of any unauthorized purchase. RRCS assumes no responsibility for payment of unauthorized purchases, and any person initiating, causing, making or otherwise executing an unauthorized purchase is solely responsible for payment thereof. All authorized purchases shall be legally budgeted or approved within an appropriate fund account, or within the appropriate line item as approved by RRCS. Purchases which are not within the authorized budget, or otherwise not properly approved by RRCS, are unauthorized purchases. All purchases shall be allowable, allocable and reasonable within the guidelines of the OMB Super Circular unless otherwise stipulated by a grant.

C. Requisition Process:

All purchases for or on behalf of RRCS or for which RRCS pays shall be done pursuant to requisition and this requisition process unless such purchase or procurement requires bidding.

The requisition process is as follows:

1. The requesting party shall:
 - a. Prepare a complete requisition pursuant to RRCS's Requisition Form and Instructions which may be obtained from the Business Office. All information required by the requisition must be provided. An incomplete requisition shall be rejected and returned to the person submitting the requisition without approval.
 - 1) Requester shall obtain a completed W-9 form for all new vendors and or vendors who have changed their organization information such as addresses to meet the procurement standard of debarment checks

- b. Sign and date the requisition and submit said requisition to the appropriate approving authority (Executive Director, supervisor, etc.) for that person's signature.
 - c. Submit a completed requisition to the Business Manager.
2. The requestor, under the supervision of the Business Manager shall:
- a. Verify that the items requested are not in Department Supply. If the items are in Department Supply, notify the requestor and initiate delivery of the items from Department Supply. The procedures for, Inventory, as found in the USFR and amendments thereto, are then to be followed in processing the requisition and maintaining inventory control.
 - b. The requestor will work with the Business Manager to verify the sufficient budget capacity exists to make expenditures requested and verify the sufficient cash balances available to make expenditures and ensure that all account codes are correct.
 - c. Sign and date the requisition if sufficient budget capacity or cash balance is not available and return requisition to the requestor with a copy kept with the Business Manager.
 - d. Select the proper purchase procedure, depending on the expected purchase amount.
 - e. Follow the guidelines concerning bids or quotes.
 - f. Attempt to ensure that all purchases are made at the best possible price and quality in accordance with the following provisions.
 - g. Follow the Guideline for Competitive Purchasing Below the Dollar Limits Required for Sealed Bids. Specific guidelines are as follows:
 - 1) Purchases below the Micro-Purchase Threshold as outlined in 48 CFR 2.1010 and modified pursuant to M-18-18. (\$10,000 as of June 20, 2018) (Procurement by micro-purchase): Purchase shall be made according to the best obtainable price.
 - 2) Purchases for more than \$10,000 or the Micro-Purchase Threshold and up to \$24,999.99: Purchase shall be made according to the best obtainable price, based on sufficient oral quotes from at least three (3) different vendors. The purchases are required to be documented on the requisition form, including at least the following information: Person contacted, time, date, phone number and price quote.

- 3) Purchases of at least \$25,000.00 but less than \$49,999.99: Purchase shall be made according to the best obtainable price, provided at least three (3) documented telephone or oral quotes from different vendors have been obtained for such purchases. The purchases are required to be documented on the requisition form, including at least the following information: Person contacted; time; date; and phone number and price quote.
 - 4) Purchases of at least \$50,000.00, but no more than \$99,999.99: Purchases shall be made according to the best obtainable price, provided at least three (3) bona fide written quotes are obtained and include the signature of the authorized person to bind the vendors.
 - 5) Purchases over \$100,000. All purchases over \$100,000 require formal bid procedures through Request for Proposal (RFP), after receiving Board approval to advertise for bid. Such purchases must be approved in the current budget.
 - 6) Emergency Purchases: Emergency purchases are authorized purchases only in cases which are justifiably necessary and cannot be delayed until the standard purchasing procedures can be utilized. Purchases which could have been reasonably preplanned or anticipated shall not be considered as an emergency purchase. An emergency purchase is permissible when there is an existing condition which creates a threat to public health, welfare or safety. The existence of an emergency condition creates an immediate and serious need for the purchase of items or services or construction that cannot be met through normal purchasing methods and the lack of which would seriously threaten the functioning of RRCS, the preservation or protection of property, or the health, safety or welfare of any person. An emergency condition must be determined by the Executive Director. Written documentation of the basis for the emergency shall be maintained in RRCS files. Even under emergency conditions, price competition should be sought if it will not unduly delay the correction of the condition requiring emergency procedures. If emergency purchases are made without price competition, a complete written description of the circumstances should be maintained on file in RRCS Procurement files.
- h. Re-verifies budget capacity and cash balance, as applicable, if the actual cost exceeds the estimated cost recorded on the requisition. Prepare a numbered purchase order. RRCS should issue purchase orders in numerical sequential order for accountability. Those initiated, but not issued, should be voided or liquidated to prevent re-use and retained in the numeric purchase order file. Purchase orders must be signed by the Business Manager or designated signatories.
 - i. Submit the requisition to the Business Office in a timely manner to ensure that enough time is given to the Business Office to process the requisitions; at least

10 working days. Last minute submittals will be delayed or rejected until the next Purchase Order processing day.

3. The Business Manager shall:

- a. Review and double-check the requisition for accuracy.
- b. Notify the requestor and department if the requisition is rejected with reasons therefore and appropriate recommendations.
- c. Verify that all parties have followed the bidding quotation rules, regulations and procedures.
- d. Submit all requisitions to the Executive Director for review and approval.
- e. After the foregoing has been completed, and upon return of the requisition from the Executive Director, submit the approved requisition to the Business Office for the preparation of a purchase order.

4. The Executive Director shall:

- a. Review, approve or deny all requisitions for purchases.
 - 1) If denied, return requisitions to the requestor with an explanation for the denial.
 - 2) If approved, forward the requisition to the Business Office for processing the purchase order.

D. Purchase Order Process:

1. A requisition approved as set forth above shall be forwarded to the Business Office, where a purchase order will then be prepared.
2. The Business Office shall prepare purchase orders according to the following guidelines.
 - a. The purchase orders shall be sequentially numbered.
 - b. It is the Business Manager's responsibility to numerically account for all purchase orders.
 - c. Each purchase order is accounted for by number in a purchase order log.
 - d. Purchase orders initiated, but not used, must be marked "void", liquidated in the accounting software and recorded in the purchase order log and retained in the numeric purchase order file.

- e. Purchase orders shall be properly safeguarded.
- f. Purchase orders shall be in four-part form and distributed as follows:
 - 1) Copy 1 - (original) - vendor: (1) hand-carry; (2) mail; (3) Fax (4) email
 - 2) Copy 2 - Placed in the vendor file.
 - 3) Copy 3 - Distributed to receiving department.
 - 4) Copy 4- Distributed to the requestor.
- g. Prepare the purchase order according to the information provided on the requisition.
- h. Submit the purchase order to the Business Manager or designee for the proper authorizing signature.
- i. Ensure that purchase orders are prepared and sent within ten (10) business days or less of receiving the completed requisition.
- j. Business Office will place orders with vendors as requested.
- k. Business Office shall provide information regarding the purchase order upon the vendor's request.

E. Receiving Process for Goods Procured:

- 1. The Inventory/Property Clerk shall:
 - a. Maintain copies of purchase orders on file prior to receiving the goods.
 - b. Upon arrival, inspect the goods for visible damage and document in the carrier's presence. Damaged goods shall not be accepted and must be returned to the vendor.
 - 1) In cases where no visible damage exists until after initial operation of a product reveals that damage exists, the Receiving/Property Clerk and Business Manager shall be notified.
 - c. Complete the receiving report indicating the quantity received (count, weight or measure of goods as applicable to determine the quantity received), the date received, condition of goods, and signature of employee receiving the goods. If a copy of the purchase order is used as a receiving report, the quantity ordered

should have been blocked out and the quantity received should be recorded next to the description of each item.

- d. If partial shipments are received, a partial shipment report shall be forwarded to the Business Office, keeping a copy in the warehouse for their records.
 - e. Tag all assets (fixed assets greater than \$500.00 and capital assets greater than \$5,000.00) as required and maintain the log of tags and inventory log of the purchase order number associated with the asset, model, location, department codes, name, serial number, price of equipment and date equipment is received. All information shall be entered into an inventory list or capital assets listing.
 - f. Inform the requestor that the goods have been received and inventoried and are present in the warehouse via email. Determine, with the requestor, the method of delivery of goods and secure proof of delivery by requiring the recipient to initial and date the receiving report or acknowledgment via email.
 - g. Maintain detailed records of the delivery of goods in the warehouse, indicating the department where the goods and materials and equipment will be transferred.
 - h. Submit the completed receiving copy **IMMEDIATELY** to the Accounts Payable Technician, along with the tagging information, shipping documents, such as bills, original receipts, packing slips or freight bills attached.
 - 1) All software purchases which are downloaded shall be verified by the Receiving/Property Clerk and Information Technology Coordinator.
 - i. Reconcile all purchase orders which have been encumbered for more than twenty (20) days with the Accounts Payable Technician on a weekly basis.
2. The accounts payable/payroll technician shall:
- a. Enter purchase orders into the Accounting software.
 - b. Stamp "ENCUMBERED" on the purchase orders.
 - c. Arrange encumbered purchase orders by vendors in alphabetical order. All vendors, suppliers, contractors and related persons will be paid upon completion of all items received and or services rendered.
 - d. Compare the receiving report with the copy of the purchase order on file. Ensure that the purchase order satisfactorily notes items received and status of purchase order (complete, partial, etc.).

- e. Attach receiving report with all pertinent documents to a copy of the purchase order and requisition, and file alphabetically in the vendor file until a receipt of invoice.
 - f. Receive vendor invoice and record date of receipt on invoice.
 - g. Review vendor's invoice for mathematical accuracy and indicate evidence of such review on the invoice.
 - h. Compare terms, quantities and prices on the purchase order, vendor's invoice and receiving report. Differences or open credit memorandum should be resolved before payment is made. If a partial shipment was received, the vendor should be paid only for the goods received. If invoice exceeds purchase order amount, an approved amended requisition shall be submitted to the Business Office.
 - i. Calculate cash discounts, if applicable.
 - j. Prepare checks for payment. Check to ensure the remittance address is correct and that the amount on the check agrees with requisition, purchase order, invoice, and is the appropriate amount owed. Submit and approved amended requisition for any overages.
 - k. Submit the prepared checks for payment for proper signatures by authorized signatories.
 - l. Obtain a copy or lower portion of check and keep in file with copies of requisition, purchase order and invoices.
 - m. Properly record all fully executed expenditures.
3. The Business Manager shall:
- a. Review all checks and payments.
 - b. Execute checks for payment through posting process.
 - c. Submit checks for payment to the appropriate authorized signatories for signatures. All checks shall contain two authorized signatures.

**SECTION 1.11 ADVERTISED PROCUREMENT PROCEDURES FOR
PURCHASES IN EXCESS OF \$75,000**

A. General Statement of Process:

There shall be two general types of advertised procurement procedures:

1. Advertised procurement by sealed bid requires that bids are publicly solicited and a firm fixed price contract providing for either a lump sum or unit price is awarded to the qualified vendor/bidder whose bid conforms to all the material terms and conditions of the invitation for bids. To utilize this process, the following conditions should exist:
 - a. A complete, adequate, and realistic specification or description of the item or items to be procured is available.
 - b. Two or more responsible and qualified bidders are willing and able to compete effectively for the contract award.
 - c. The procurement lends itself to a firm fixed price contract and the selection of the successful bidder shall be recommended on the basis of price to the School Board for approval.
 - d. Competitive proposal procurement is used when procurement by sealed bids is not appropriate because one or more of the above conditions do not exist which would, if present, justify the use of the sealed bid process.

B. Advertised Procurement by Sealed Bids:

Advertised procurement by sealed bids shall conform to the following requirements:

1. The invitation for bids will be publicly advertised and bids shall also be solicited from an adequate number of known vendors.
2. A reasonable and sufficient time shall be provided between the time of advertisement and the time when all bids must be received by RRCS.
3. The invitation for bids, which will include all specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond.
4. All bids will be publicly opened at the time and place designated in the invitation for bids.
5. A firm fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in the invitation, such factors as discounts, transportation costs, and maintenance costs may be considered in determining which bid is lowest. Debarment checks shall be conducted. Lowest bidder may not always be feasible, depending on quality. Refer to section 13.10, part 2, letter f.
6. Any or all bids may be rejected if the cause, therefore, is reasonable, in the best interest of RRCS, consistent with this Manual, and is fully documented. The procurement may thereafter be re-advertised for additional bids or, if consistent with law and this Manual, be procured by other means.

C. Procurement by Competitive Proposals

The process of procurement by competitive proposals requires that more than one source or vendor submit an offer of either a fixed-price or cost-reimbursable contract to RRCS for the goods or services to be procured. Such procurement shall be conducted as follows:

1. Requests for proposals shall be advertised in and about the Navajo Nation and in metropolitan areas where such goods or services may be available and shall identify all evaluation factors by which the proposals will be evaluated and their relative importance in addition to a full description of the goods or services to be procured.
2. Proposals shall also be solicited from an adequate number of qualified sources previously known for their business with RRCS.
3. As a part of the process, criteria will be promulgated which afford a means of objectively evaluating all qualified proposals submitted. The criteria will be retained as a part of the documentation of the procurement. Such criteria may include such elements as bond ability, experience, and history of providing like goods or services, qualifications of management and staff to be involved in providing the goods or services, price and pricing procedures, procedures and mechanisms for resolving disputes and such other evaluation criteria as may be appropriate to the particular procurement.
4. Award of a procurement contract will be made on the basis of the ranking of the proposals submitted based on the criteria established, price, and the advantage to the program to be served by the procurement. All such procurement contracts shall be approved by the School Board.

SECTION 1.12 EMERGENCY PROCUREMENT BY NON-COMPETITIVE PROPOSAL

Procurement by non-competitive proposal shall be used only when the award of a contract is not feasible under small purchase procedures, competitive proposals or advertised procurement by sealed bids and one or more of the following circumstances exist:

- A. The material and or services is available only from a single source.
 1. Sole Source form shall be completed and approved by the School Board.
- B. The exigency or emergency, including but not limited to a pandemic, necessitating the procurement will not permit a delay resulting from competitive solicitation including by not limited to emergencies recognized by the NN.

- C. The funding source authorizes non-competitive procurement.
- D. After solicitation of at least three sources, competition is determined to be inadequate.

If one or more of the above circumstances are found to exist, then RRCS may solicit a proposal from one qualified vendor without competition

- A. Conditions for use. Procurements shall be conducted competitively to the maximum extent possible. Procurement by non-competitive proposals may be used only when the award of a contract is not feasible using small purchase procedures, sealed bids, or competitive proposals, and one of the following applies:
 - 1. An emergency exists that seriously threatens the public health, welfare, or safety, or endangers property, or would otherwise cause serious injury to the school, as may arise by reason of a flood, earthquake, pandemic, riot, equipment failure, or similar event including but not limited to events related to Emergency Navajo Nation Executive Orders. In such cases, there must be an immediate and serious need for supplies, services, or construction such that the need cannot be met through any other procurement methods, and the emergency procurement shall be limited to those supplies, services, or construction necessary to meet the emergency; or
 - 2. Only one source is available, and the requester so certifies in writing or by utilizing the RRCS Sole Source justification form.
 - 3. The funding source authorizes non-competitive procurement.
 - 4. After solicitation of a number of sources, competition is determined inadequate.

SECTION 1.13 RETURN POLICY FOR MERCHANDISE

Only the Department Supervisor with authorization from the Business Manager is authorized to process merchandise refunds and returns at retail stores on behalf of RRCS. Any violation of this return policy by any employee is grounds for termination.

All retail or vendor merchandise purchased with RRCS funds or RRCS money must be communicated to the Business Manager whenever it becomes necessary to return such items. Upon communication of the items to the Business Manager, the Business Manager or Business Manager's designee shall enter into a Refund/Return Log the following information:

- A. Employee's Name, Department, and Contact Number;
- B. A description of the item;
- C. The estimated value of the item;

D. The retail establishment where the item was originally purchased or vendor from which purchase was made; and

E. Any other information necessary to process the refund or return.

**SECTION 1.14 CONSTRUCTION AND FACILITY IMPROVEMENT
PROCUREMENT/ACCEPTANCE OF REGULATION**

For all construction and facility improvement contracts or subcontracts exceeding an aggregate value of \$250,000.00, RRCS hereby accepts the bonding policy and requirements of the agency or authority of the funding source or awarding agency and such other requirements established in the OMB Super Circular.

SECTION 1.15 PROCUREMENT OTHER THAN THROUGH PURCHASE

In addition to purchase, personal property may be procured by a variety of other means, including securing assignment or gift of excess property from a federal agency, contractor, receipt of donations, loans and appropriation of resources from Navajo or other agencies and /or Indian and public lands. Such procurement may be an asset or liability to RRCS; therefore, all such acquisitions must receive prior approval of the Board or the Executive Director as authorized by the Board. Any such property shall be treated as other property obtained under these procurement provisions.

ARTICLE II ACCOUNTING PROCEDURES

SECTION 2.01 GENERAL ACCOUNTING POLICY

RRCS abides by accounting procedures, regulations and policies governing grant schools under P.L. 100-297.

SECTION 2.02 JOURNAL ENTRY POLICY

A. Overview of Journal Entries

A journal entry is an internal accounting transaction used to make a transfer or an adjustment. The entry indicates the two aspects of the transaction, the 'debit' and the 'credit', as well as the ledger accounts to be charged. The total value of the debit components must equal the total value of the credit components. A journal entry incorporates a 'narration' (a brief meaningful explanation of the entry) and is also substantiated by relevant supporting documentation.

RRCS creates journal entries to effect transfers and adjustments in and between various accounts within the ledger. Where goods and / or services or items or equipment are transferred, the correct method of processing is by journal entry. Journal entries are also created to action and document a wide range of accounting adjustments, including for example the dissection of some multi charge transactions, the approved reversal of ledger postings, period-end accruals, and adjustments to asset and liability accounts.

Care should be exercised when generating journal input to ensure the resultant postings do not give a distorted view of the ledger. In particular, postings should be consistent with and not contravene generally accepted accounting practice, grant regulations and RRCS policy. Staff should not be permitted to process journal entries until they understand the structure of the ledger record in which they are operating. They should have a general sense of the overall ledger structure and its relationship with the overall RRCS financial system.

The Business Manager is responsible to establish journal entry review and approval procedures within RRCS. Adequacy and propriety of journal entry documentation will periodically be evaluated by Internal Audit and are also subject to review by RRCS's financial consultants and external auditors.

The responsibility for compliance with Federal and RRCS regulations, requirements and guidelines and generally accepted accounting standards for journal entries, maintaining supporting documentation and for transfers/adjustments is in the RRCS finance department and ultimately the Business Manager. Journal entries should be created and or adjusted in compliance with the following criteria that govern all such transactions:

1. Allowability: The entry or adjustment must be allowable under the terms and conditions of the award, including the authorized budget and applicable regulations.

2. Allocability: The goods or services must benefit the account charged. Goods or services shared by more than one project are allocable in proportions that can be approximated through actual use. Example: If you are charging Project A for 50% of an item purchased, Project A must receive half the benefit or use of the item.
3. Reasonableness: A cost may be considered reasonable if the nature of the goods or service acquired and the amount paid reflect the action that a prudent person would have taken at the time the decision to incur the cost was made.
4. Consistency: The application of costs must be given consistent treatment within established RRCS policies and procedures including Generally Accepted Accounting Principles and Cost Accounting Standards as issued by the Federal Cost Accounting Standards Board.
5. Timeliness: All adjustments should be made within 120 days. Exceptions require full documentation of reason for delay. Any audit-derived disallowed costs will be borne by the departments that caused them and shall be grounds for disciplinary action for any staff person involved in the process.

B. Initiation and Creation of Journal Entries:

1. A journal entry is an entry for a transaction used in the RRCS general ledger to book amounts for assets, liabilities, expenses, and revenues for RRCS.
2. Journal entries are initiated by the Accountant/Business Manager and given to the Executive Director for review and approval.
3. Journal entries shall be initiated and completed on a timely basis to ensure an up to date ledger, time for review, early detection of errors or problems and in order to maintain a current, up to date financial picture of RRCS.
4. Journal entries reviewed and approved by the Business Manager shall contain:
 - a. An explanation (separate from the line description) describing the purpose of the entry. The description should be detailed enough to allow others to understand the purpose of the entry without examining the supporting detail.
 - b. Adequate supporting documentation which must be in place to support the entry and be retained for 5 years.
5. The Business Manager, in reviewing and approving a journal entry shall verify the following journal elements:
 - a. The correct naming convention is used.
 - b. The posting date and fiscal period are correct.

- c. The correct category has been chosen.
- d. Required entries for deposit journals are present,
 - 1) the category is Receipts
 - 2) bank deposit date is in journal header's description field
 - 3) deposit control number is in Description field of debit and credit line
 - i. No errors in account references or account transactions have been made
 - ii. The debit and credit totals have been entered
 - iii. Control totals are entered at the journal (not batch) level
 - iv. The appropriate documentation is attached or filed
- 6. Upon ensuring all required mentioned journal entry elements are present and appropriate, The Business Manager shall post the journal entries.
- 7. The Business Manager is responsible for ensuring that general journal entry input conforms to this policy and accepted accounting practices. The Business Manager shall also ensure that the staff involved in this process is adequately trained so that they understand the effect and proper procedures for processing financial information and records. The Executive Director shall ensure that there is a proper separation of duties/functions between initiating a request, processing a request and approval and where such separation is not possible, to ensure sufficient oversight for adequate checks and balances.

C. Journal Entry Adjustments:

- 1. Appropriate types of transfers - Once an entry has been recorded in the general ledger, cost transfers may be made only in the following situations:
 - a. To correct an erroneous recording when the original source document or subsequent interim transaction (e.g. PO, Payroll transaction, Recharge journal, etc.) contained an incorrect account string or amount.
 - b. To distribute/allocate certain high numerical, but small individual charges, such as copy machine costs, mailing charges, telephone charges, office supplies, or meal charges billed to a department, but may be proportionally applied to other activities, projects or funds under the jurisdiction of the department.

- c. To record a change in use of goods or services, for example a case of beakers originally ordered for and charged to a teaching program, but subsequently required by and transferred to a research project.

D. Criteria for cost transfers:

1. The transfer must relate to a specific item of cost incurred by the account. The quantity and goods or services must be specified.
2. Each transfer must be in proportion to the benefits received from the goods and services.
3. Transfers must be in the same amount as the original charge unless a portion of the expense is to be transferred. If only a portion is transferred, a clear explanation needs to be given as to the basis for the division of the cost.
4. All expenditures must comply with RRCS policies and the requirements of the funding source.
5. The methodology adopted to prepare any allocations as discussed above, must be in accordance with applicable regulations and be reasonable, allowable, allocable and consistent. In addition, the Business Manager must maintain the appropriate records and usage logs to substantiate all charges redistributed.
6. All adjustments should be made within 120 days of the latter of the original charge or the date of the redistribution. Accurate and timely reporting of expenditures impacts the production of financial reports and invoices in meeting RRCS and funding agency requirements. If due to unavoidable circumstances, such as a pandemic, the adjustment is made after 120 days a full written explanation of the late adjustment must be documented.

E. Procedure:

1. All journal entry adjustments must be initiated by the Business Manager who shall include a full explanation of the basis and justification for the journal entry adjustment in writing. This proposed adjustment shall be submitted to the Executive Director for review and approval.
2. The Business Manager shall ensure that all documentation and explanations are in place and that the journal entry adjustment proposed is appropriate and correct and in compliance with generally accepted accounting principles, grant regulations and RRCS policies. The Business Manager shall then forward the proposed entry adjustment to the Executive Director for final review and approval.

SECTION 2.03 RECONCILIATIONS

The Business Manager/Accountant shall reconcile all accounts at least monthly and within fifteen business days of receipt of a bank statement regarding any account. Bank reconciliation shall be done according to the following procedure, the Business Manager/Accountant shall:

- A. Prepare written reconciliations for each bank account within fifteen days of the bank statement date.
- B. Identify all reconciling items with references to supporting documentation.
- C. Propose correcting entries or request the bank to make any necessary corrections for all errors detected in the reconciliation process.
- D. Require the Executive Director to review and approve each reconciliation and the resulting correcting entries.
- E. Investigate all outstanding checks and other reconciling items outstanding for more than six months and take appropriate action to eliminate the reconciling item.

The Business Manager shall act to provide checks and balances in the above procedures and maintain compliance.

The Business Manager/Accountant shall reconcile all bank statements with general ledger balances to ensure agreement between the two amounts and or quick resolution of any discrepancies. Failure to perform the above policy shall be grounds for severe disciplinary action up to and including termination.

The Executive Director shall be responsible for ensuring the above described policy is carried out. The Executive Director shall take immediate disciplinary action should the Business Manager fail to strictly adhere to the above described policy. Should the Business Manager fail to closely monitor the implementation of this policy and take appropriate action in ensuring the timely reconciliations monthly, the Executive Director shall be subject to discipline with sanctions up to and including termination.

SECTION 2.04 INVESTMENT POLICY

PURPOSE

The Board considers an investment program a critical ingredient of sound fiscal management. The Board authorizes the Executive Director and his/her Board approved designee to manage all activities with the investment program in such a manner as to accomplish the objective of this policy.

OBJECTIVE

The objectives of the investment program are to secure a maximum yield on investments in order to supplement other revenues for the support of RRCS; safeguard and invest funds in accordance with Federal and State laws, as well as grantor

requirements; and to maintain the liquidity necessary to meet RRCS's cash requirements.

A. RRCS may invest only in securities that are backed by the full faith and credit of the United States Government and in compliance with 25 U.S.C. § 2506(b) (2002). Permissible investments include:

1. Only obligations of the United States, or in obligations or securities that are guaranteed or insured by the United States, or mutual "or other" funds registered with the Securities and Exchange Commission and which only invest in obligations of the United States or securities that are guaranteed or insured by the United States;
2. Or investments deposited only into accounts that are insured by an agency or instrumentality of the United States or are fully collateralized to ensure protection of the funds, even in the event of bank failure. Said deposits or certificates of deposits should be fully insured by the Federal Savings and Loan Insurance Corporation (FSLIC) or Federal Deposit Insurance Corporation (FDIC).

B. Responsibilities:

Board of Directors (RRCS Board):

The Board of Directors establishes the investment policy.

Executive Director

The Executive Director and his/her designee as approved by the Board shall manage all activities associated with the investment program in such a manner as to accomplish the objectives of this policy.

The Executive Director and his / her Board approved designee shall prepare a written report each month that lists all investment in beginning inventory, all transactions during the month and all investments on hand at the end of the month. The report shall include the stated interest rate, the interest earned (on a cash basis), the profit or loss on each transaction, and the market value of each investment.

The Executive Director and his/her Board approved designee shall also prepare an annual review and assessment of RRCS's investment program.

C. Use of Funds:

The Board shall determine in an open regularly scheduled RRCS Board meeting, the use of funds for students' educational programs which are deemed necessary and critical to the mission of RRCS. The use of interest funds shall not be used to supplement regular education funds and/or balance the budget for RRCS year.

SECTION 2.05 RETENTION OF RECORDS

The Sarbanes-Oxley Act makes it a crime to alter, coverup, falsify or destroy any document with the intent of impeding or obstructing any official proceeding. This policy provides for the systematic review, retention and destruction of documents received or created by Rough Rock Community School, Inc. (RRCS). This policy covers all records and documents, regardless of physical form and it contains guidelines for how long documents should be kept; and how records should be destroyed (unless under a legal hold as hereinafter defined). It is designed to ensure compliance with federal and state laws and regulations; to eliminate accidental or innocent destruction of records; and to facilitate operations by promoting efficiency and freeing up valuable storage space.

A. Document Retention Procedure

1. RRCS follows the document retention procedures outlined in the Appendix. Documents that are not listed but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

B. Electronic Document and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one or the document types outlined in the Appendix will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an e-mail message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods must be tested on a regular basis.

C. Emergency Planning Procedure

RRCS’s records will be stored in a safe, secure, and accessible manner. Documents and financial files that are essential to keeping RRCS operating in an emergency will be duplicated or backed up in a separate location or forwarded to be maintained at the office of RRCS legal counsel.

D. Document Destruction Procedure

The Executive Director or designee is responsible for the ongoing process of identifying its records which have met the required retention period and overseeing their destruction. Destruction of retained documents will be accomplished by shredding. Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

E. Compliance

Failure on the part of the Executive Director or designee to follow this policy can result in possible civil and criminal sanctions against RRCS and possible disciplinary action

against responsible individuals. RRCS will periodically review these procedures to ensure that they are in compliance with new or revised regulations.

SECTION 2.06 APPLICABLE REGULATIONS

RRCS shall expend and account for contract funds and funds from any other revenue source in accordance with all applicable funding source and Navajo Nation laws, regulations and procedures.

SECTION 2.07 MINIMUM GENERAL STANDARDS

The physical control and accounting procedures of RRCS shall be sufficient to:

- A. Permit preparation of reports required by any funding source; and
- B. Permit the tracing of any funding to a level of expenditure adequate to establish that said funding has not been used in violation of any restrictions or prohibitions contained in any agreement with a funding source, the Navajo Nation or federal government. RRCS's financial and accounting systems shall include provisions for the following elements:
 - 1. Financial Reports. The accounting system shall provide for accurate, current, and complete disclosure of the financial results of RRCS activities. This includes providing the BIE a completed Financial Status Report, SF 425 and the activities and reports required by GASB-34.
 - 2. Accounting Records. The accounting system shall maintain records sufficiently detailed to identify the source and application of all funds received by RRCS. The system shall contain sufficient information to identify contract awards, obligations and unobligated balances, assets, liabilities, outlays or expenditures and income.
 - 3. Internal Controls. The accounting system shall maintain effective control and accountability for all RRCS funding received and for all real property, personal property and other assets furnished for use by RRCS.
 - 4. Budget Controls. The financial management system shall permit the comparison of actual expenditures or outlays with the amounts budgeted by RRCS.
 - 5. Allowable Costs. The accounting system shall be sufficient to determine the reasonableness and allocability of RRCS costs based upon the terms of any funding agreement, the laws of the Navajo Nation and federal government. The accounting system of the costs should be consistent with OMB Super Circular, "Cost Principles for State, Local Governments and Indian Tribes."
 - 6. Source Documentation. The accounting system shall contain the accounting records supported by source documentation, e.g., cancelled checks, paid bills, payroll

records, time and attendance records, contract award documents, purchase orders, and other primary records that support all RRCS expenditures.

7. Cash Management. The accounting system shall provide for accurate, current, and complete disclosure of cash revenues, disbursements, cash-on hand balances and obligations by source and application for all RRCS transactions.

SECTION 2.08 CASH RECEIPT POLICY

PURPOSE

The Cash Receipt Policy provides procedures and guidelines to encourage an effective administration and internal control of cash handling operations in the Business Office at Rough Rock Community School, Inc., herein after RRCS.

Note: The term, "cash," includes currency, coins, personal checks, money orders, and cashier's checks.

A. BASIC GUIDELINES

1. Checks must be properly endorsed and a receipt issued immediately.
2. Currency (coins/dollars) must be dual counted and a receipt issued immediately using the Cash Receipts Form.
3. Cash shall never be left unsecured.
4. During hours of operation, areas where cash is handled shall be restricted.
5. During all other times, cash shall be kept in a secured device/safe until deposited.
 - a. Cash, coins, checks shall be secured in tamper proof bag while in transit to deposit.
6. Under no circumstances should an individual keep RRCS funds with their own personal funds, deposit funds in a personal bank or take funds home.

B. SEGREGATION OF DUTIES

Cash handling operations must be subject to daily supervisory review and management. To minimize the potential for mistakes or misappropriation of cash, the components of cash handling, collection, deposit preparation, and reconciliation shall be separated among different individuals. **At times when the separation of duties is not feasible, strict individual accountability and thorough management supervision and reconciliation review is required.**

C. MAINTAINING CURRENT AND ACCURATE RECORDS OF THE FUNDS

Records should provide clear documentation of cash receipts from the time of collection to the time of deposit. This information should always be readily available for internal and external audit review. All receipt numbers (including voids) utilized must be accounted for. Check stubs, invoices or other supporting documentation pertaining to the receipt is to be held with the Business Office.

D. RECONCILIATION OF CASH RECEIPTS AND PREPARING THE DEPOSIT

On a weekly basis, collections are to be counted and reconciled with cash receipt records and local bank account deposit slips. All currency and checks should be accurately counted before completing the deposit. Any differences between the deposits and records of receipts are to be investigated and resolved immediately.

E. CASH RECEIPT PROCEDURES

1. Receipts

Receipts or receipt books shall be sequentially pre-numbered and in triplicate form. Receipts should be pre-numbered and provide for the following information: revenue account, department code and general ledger code for reimbursements to RRCS, date of payment, purpose of payment, amount of payment, mode of payment, payer's name and the initials of the person preparing the receipt.

Receipts are to be issued in numeric sequence and the numeric sequence is to be strictly controlled. Receipt books must be stored in a secured area and used in sequential order. All receipts including those that are voided must be accounted for. Receipts are to be issued for each transaction and receipt copies are to be distributed as listed below:

- a. Original copy - customer receipt.
- b. Second copy - retained by department and stored with any backup information
- c. Third copy – shall remain in the receipt book for reference purposes.

2. Checks

- a. Checks should be reviewed for authenticity.
- b. All checks must be stamped with RRCS deposit stamp immediately upon receipt.
- c. No third-party checks will be accepted.

3. Currency

Currency (coins and dollars) shall be dual counted immediately upon receipt. Once the dollar amounts are confirmed between both counters, the currency should be secured in a tamper proof deposit bag and sealed with both counters' initials on the deposit bag with the date they dual counted the currency.

F. RECONCILIATIONS AND DEPOSITS

1. BUSINESS OFFICE CLERK:

- a. Reconciles cash to receipts.
- b. All receipts must be entered into accounting software; report generated and filed.
- c. All reports shall have supporting documentation.
- d. Prepares deposit slip and seals funds in tamper proof deposit bag to make ready for deposit.
- e. Files bank deposit receipt.

2. BUSINESS MANAGER:

- a. Reviews and approves reconciliation and deposit slip before deposit at the bank.
- b. Posts Cash Receipts Deposit report to reflect in accounting software.
- c. Deposits or assigns designee to deposit funds and return bank deposit receipt to Business Office Clerk.
- d. RRCS shall not accept personal checks. Money order or Cashier's check will be accepted

SECTION 2.09 YEAR END CLOSING AND AUDIT

YEAR END CLOSING

RRCS closes the books on a fiscal year-end basis; fiscal year July 1st to June 30th. It is RRCS's policy to perform all the work necessary to close the books and compute the year-end balances for the annual audit beginning the last week of April. The goals of the closing are to:

- A. Identify material discrepancies.
- B. Review accuracy of data
- C. Verify completeness of data.
- D. Correct classification of data

During the closing process, the Business Office will notify each department of the deadlines for submitting any outstanding invoices or documents. The reconciliation of balance sheet accounts and year-end financial reports will be prepared after the closing of accounts payable, accounts receivable and payroll.

AUDIT

The Single Audit Act, as amended, establishes requirements for audits of States, local governments, Indian tribes, institutions of higher education (public or private nonprofit colleges and universities), and nonprofit organizations that expend a certain amount in Federal awards during its fiscal year (currently set at \$750,000). The Single Audit Act amendments are implemented through Subpart F—Audit Requirements of Title 2 of C.F.R., Chapter II, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). Single audits are performed by independent auditing firms/auditors and encompass both financial and compliance components. The Compliance Supplement is based on the requirements of the 1996 Single Audit Act Amendments and 2 CFR part 200, subpart F, which provide for the issuance of a compliance supplement to assist auditors in performing the required audits.

In December of 2014, the OMB issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements, which combines what had been previously contained in eight separate OMB Circulars related to grants into a single set of rules known as the Uniform Guidance. Prior to the issuance of the Uniform Guidance, OMB Circular A-133 governed the audit requirements under the Single Audit Act. Subpart F of the Uniform Guidance replaces Circular A-133 with the Single Audit compliance supplement contained in Appendix XI of the Uniform Guidance. Subpart F, Audit Requirements, applies to audits of non-Federal entity fiscal years beginning on or after December 26, 2014.

A. PREPARATION FOR ANNUAL AUDIT

RRCS shall be actively involved in planning for and assisting with RRCS's independent auditing firm to ensure a smooth and timely audit of its financial statements. In that regard, the Business Office and Human Resources shall aid the independent auditing firm/auditors in the following areas:

- a. Planning – The Executive Director is responsible for delegating the assignments and responsibilities to Business Office staff and Human Resources in preparation for the audit. Assignments shall be based on the list of requested schedules and information provided by the independent auditing firm/auditors.
- b. Involvement – RRCS will do as much work as possible to assist the auditors thereby

reducing the cost of the audit; this process starts at the beginning of the fiscal year, July 1st. All financial statements and schedules will be prepared by the Business Office. Throughout the audit process, RRCS will make every effort to provide schedules, documents and information requested by the auditors in a timely manner. Financial documents include but not limited to General Ledgers, Trial Balances, Fund Balance, Leave Liability reports, payroll reports, etc. Human Resource documents include but not limited to employee related files, e.g. character and criminal history background checks, personnel action forms and employment contracts, etc.

A. CONCLUDE THE AUDIT

1. RRCS and the independent auditing firm/auditors will review the draft of the financial statements, footnotes, and required audit letters consisting of the following procedures:
 - a. Carefully read the entire report for typographical errors
 - b. Trace and agree to each number in the financial statements and the accompanying footnotes to the accounting records and/or internal financial statements of RRCS.
 - c. Review each footnote for accuracy and completeness.
2. Any questions or errors noted as part of this review shall be communicated to the independent auditing firm/auditors in a timely manner and resolved to the satisfaction of the Executive Director.
3. It shall be the responsibility of the Executive Director to review and respond in writing to all auditors' letters or other internal control and compliance report findings and recommendations made by the independent auditing firm/auditors.
4. Audited financial statements, including the auditor's opinion will be submitted and presented to the School Board by the independent auditing firm upon completion of the audit, after the financial statements have been reviewed and approved by the Executive Director. The Board will review and accept the audited financial statement to conclude the audit.
5. The single audit report shall be submitted to the Federal Clearinghouse on or before the Single Audit deadline of March 31st.

ARTICLE III FUND BALANCE POLICY IN ACCORDANCE WITH GASB NO. 54

PURPOSE

The purpose of this policy is to create new fund balance classifications to allow for more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB).

SECTION 3.01 GENERAL STATEMENT OF POLICY

The policy of the School is to comply with GASB Statement No. 54. To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54, the GASB Statement shall prevail. This policy shall be implemented at the School.

SECTION 3.02 DEFINITIONS

- A. "Assigned" fund balance amounts are comprised of unrestricted funds constrained by the school's intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school's intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
- B. "Committed" fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the applicable Board and that remain binding unless removed by that Board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.
- C. "Enabling legislation" means legislation that authorizes the School to assess, levy, charge, or otherwise mandate payment of resources from external providers (i.e., P.L. 100-297 grants) and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.
- D. "Fund balance" means the arithmetic difference between the assets and liabilities reported in a school finance fund.
- E. "Non-spendable" fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently not spendable, such as, but

- not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- F. "Restricted" fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
 - G. "Unassigned" fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance shall be the total of non-spendable, restricted, and committed fund balances exceed the total net resources of that fund.
 - H. "Unrestricted" fund balance is the amount of fund balance left after determining both non-spendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.
 - I. "Encumbrance Reporting" means encumbering amounts for specific purposes for which resources have already been restricted, committed or assigned should not result in separate display of encumbered amounts. Encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned, will be classified as committed or assigned, as appropriate, based on the definitions and criteria set forth in GASB Statement No. 54.

SECTION 3.03 CLASSIFYING FUND BALANCE AMOUNTS

Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, or assigned, or any combination of those classifications. The general fund may also include an unassigned amount.

SECTION 3.04 MINIMUM FUND BALANCE

The School will strive to maintain a minimum unassigned general fund balance of 1.5 months of operating expenses.

SECTION 3.05 ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the School will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned.

SECTION 3.06 COMMITTING FUND BALANCE

A majority vote of the Board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the Board.

SECTION 3.07 ASSIGNING FUND BALANCE

The Board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The Board also delegates the power to assign fund balances to the Executive Director. Assignments so made shall be reported to the Board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the School Board.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

SECTION 3.08 REVIEW

The applicable Board will conduct an annual review of the sufficiency of the minimum unassigned general fund balance level.

ARTICLE IV MANAGEMENT AND DISBURSEMENT OF PROPERTY

SECTION 4.01 PROPERTY MANAGEMENT

RRCS abides by property management regulations and policies governing grant schools under P.L. 100-297. All property shall be inventoried, reported, documented and disposed of in compliance with GASB-34 and any other applicable regulations.

SECTION 4.02 CONFLICTS IN REGULATIONS

The rules, regulations and laws of the Navajo Nation and federal government shall always prevail on all matters pertaining to the management and disbursement of property.

A. Applicability

All property, other than food or other perishable supplies, must be processed through the Property/Receiving Clerk or their designee, who shall be responsible for tagging where necessary and tracking said property.

SECTION 4.03 INVENTORY

A physical inventory shall be conducted annually, every year. The results of the inventory shall be reconciled with RRCS's internal property and accounting records and reported in compliance with GASB-34. The Receiving/Property Clerk shall be responsible for said inventory.

SECTION 4.04 GENERAL PURPOSE OF THE PROPERTY MANAGEMENT SYSTEM

The general purpose of RRCS's policies regarding property management is to account for all of RRCS's property, including property transferred by the Bureau of Indian Affairs (BIA), (hereinafter "BIA") for use under a self-determination contract or acquired with contract funds, and to establish requirements and procedures for the use, care, maintenance and disposition of all such property.

SECTION 4.05 TYPE OF PROPERTY TO BE TAGGED AND MANAGED

The property management system of RRCS shall manage:

- A. Sensitive personal property, which is all personal property that is subject to theft and pilferage.

- B. Personal property with an acquisition value in excess of \$300.00 per item and or,
- C. All mobile technology devices
- D. Real property provided by the BIA for use under the contract.

SECTION 4.06 RECORDS AND INTERNAL CONTROLS

The property management system shall maintain records that accurately describe the property, including any serial number, tag number or other identification number. The records shall also contain the following information: Source of the property, titleholder, acquisition date, warranty, cost, share of federal participation in the cost, location, use and condition of the property and the date of disposal and sale price, if any.

Internal controls shall include procedures:

- A. For the conduct of periodic inventories,
- B. To prevent loss or damage to property, and
- C. To ensure that property is used for RRCS until the property is properly declared to be more than or insufficient for the needs of RRCS.

SECTION 4.07 MAINTENANCE

All RRCS property shall be properly maintained. Required maintenance includes the performance of actions necessary to keep the property in good working condition, the procedures recommended by equipment manufacturers and the steps necessary to protect the interest of RRCS and funding entities and any express warranties or guaranties covering the property.

SECTION 4.08 FEDERAL PROPERTY

Additional requirements for federal property (i.e., property which RRCS chooses not to take title are as follows:

- A. Within ninety (90) days following the end of an annual funding agreement, RRCS shall certify and submit to the BIA an annual inventory of all federally-owned real and personal property used in RRCS' program.
- B. Said inventory shall report an increase or decrease of \$5,000.00 or more in value of any item of real property. Such property shall be disposed of as follows:
 - 1. RRCS shall report to the BIA, in writing, any federally owned personal property that is worn out, lost, stolen, damaged beyond repair or no longer needed by RRCS.

2. RRCS shall state whether RRCS wants to dispose of or return the property.
3. If the BIA does not respond within sixty (60) days, RRCS may return the property to the BIA, who shall accept transfer, custody, control and responsibility for the property (together with all associated costs).

SECTION 4.09 PROPERTY RECEIVING

All school property, other than food or other perishable supplies, must be processed by the Property Receiving Clerk before use by any department or employee in accordance with safety guidelines or any active health or emergency orders.

- A. The Property Receiving Clerk shall inspect the school property so delivered to confirm whether the purchase order has been filled by the delivery and to identify those items that are subject to inventory.
 1. The Property Receiving Clerk shall identify those items that were ordered and were not delivered and so notify the ordering department and the Business Office.
 2. The Property Receiving Clerk shall, after confirmation of receipt, deliver all shipping and billing documents to the Business Office.
 - a. All intangible items such as software shall be inventoried and verified by the IT Coordinator or designee.
 3. The Property Receiving Clerk shall cause items that are subject to inventory to be tagged and included in the property inventory of RRCS.
 4. The Property Receiving Clerk shall cause all remaining items to be delivered to the department that ordered the property.
 5. Items or quantities of items that are too large to be accommodated in the office of the Receiving Clerk shall be taken directly to the department purchasing them, and the supervisor shall be immediately notified of the delivery. Property Receiving Clerk shall immediately thereafter go to that department and conduct his or her responsibilities as provided in this Section. No property so delivered shall be placed in use until the functions of the Property Receiving Clerk have been completed.
- B. The Property Receiving Clerk shall tag and enter the inventory into record all property subject to inventory. A *Master List* shall be completed for each item of property subject to inventory. No such property shall be released to any person until such person has accepted custody of the property and signed the Master List acknowledging that custodial responsibility.

SECTION 4.10 FOOD AND PERISHABLE PROPERTY

- A. All deliveries of food shall be delivered to the cafeteria and properly and safely maintained in an appropriate storage area. All such property shall be inventoried upon receipt and properly used in an approved menu.
- B. All perishable property shall be delivered directly to the department ordering such property.
- C. All shipping and billing documents accompanying food or perishable property, together with the signed certificate of the receiving authority attesting to the receipt of all such property, shall be delivered to the Business Office by the department receiving such property.

SECTION 4.11 HAZARDOUS PROPERTY

- A. The department ordering hazardous property shall notify the Facility Manager of the order before delivery is made. The notice shall identify the nature and hazard of the property, the name of the supplier and the approximate date of the intended delivery.
- B. At the time of delivery, such property shall be placed in a secure location accessible only to authorized persons. Such locations shall be clearly identified as having restricted access and as containing hazardous substances and equipment. The Facility Manager shall be immediately notified of the delivery so that he / she may perform their function with regard to the property prior to any use thereof.
- C. Hazardous property shall not be removed from that secure location except by persons properly authorized and trained to operate, handle and transport that property.

SECTION 4.12 INVENTORY SYSTEM

An inventory system of all property subject to inventory and belonging to RRCS shall be maintained by the Receiving Clerk. The inventory system shall be comprised of the following elements:

- A. All RRCS property to be tagged shall follow Section 16.05 guidelines and identified as the property of RRCS, Inc.
- B. A Master List shall be prepared for each item of RRCS property subject to inventory. The Master List shall identify the item of property, its property, serial or identification number, if any, the model and make of the property and contain such notations as will fully describe the property. Master List shall also provide for a record of the delivery of the property to a custodian by date, department, name of custodian, signature of custodian and the date upon which the item of property was returned to the Property Receiving Clerk. Each subsequent delivery of the item of property to a custodian shall be entered on the Master List Master List shall also contain the following information: Source (where property was acquired); cost; source of funds for cost; use; condition; date of disposal and sale price, if any.

- C. A computer program shall be maintained in which each item of RRCS property that has been inventoried has been entered. Each entry shall identify the property, its property number, the department to which the property is assigned, the name of the custodian and the purchase cost of the property.

SECTION 4.13 ANNUAL INVENTORY

An annual inventory shall be conducted not later than the 15th day of May in every year. The inventory shall be conducted by the Property Receiving Clerk and such other assistants as designated by the Business Manager. The inventory shall consist of a physical inspection of each item of school property for which a Master List has been prepared.

- A. The physical inspection shall confirm the following:
 - 1. That the item of school property is the property described on the Master List.
 - 2. That the item is in the custody of the named custodian.
 - 3. That the item is in proper operating condition.
 - 4. That the item is in current use or remains useful to the custodian for the purpose and function for which it is intended.
- B. When the Property Receiving Clerk determines from the physical inspection that the item is not as it is described on the Master List, a notation shall be made on the Master List to that effect and the discrepancy shall be resolved at the earliest reasonable time by the Property Receiving Clerk.
- C. When the Property Receiving Clerk determines that the item is not in the custody of the person named on the Master List, the item shall be removed to a central storage facility and not returned until a proper transfer form has been completed.
- D. When the Property Receiving Clerk determines that the item is not in proper operating condition, the item shall be removed to a central storage facility until repairs can be made to bring the item into operating condition or until proper disposition can be arranged.
- E. When the Property Receiving Clerk determines that the item is no longer in current use or no longer remains useful for the purpose or function for which it was intended by the custodian, then the property shall be removed to a central storage facility, advertised in all departments of RRCS to determine further usage, or until proper disposition can be arranged.

- F. When the Property Receiving Clerk determines that an item cannot be produced by the custodian for inventory, such fact shall be immediately reported to the Business Manager for further action consistent with the terms of this Manual.

SECTION 4.14 DUTIES OF CUSTODIAN

A custodian of property subject to inventory or items determined to be of a sensitive nature shall have the following duties concerning that property:

- A. To take all reasonable and prudent precautions to protect the property from loss, theft, unauthorized use, and damage.
- B. To report immediately any loss, theft, unauthorized use or damage of the property to the appropriate department supervisor and to the Business Manager.
- C. To take all reasonable and prudent actions to recover or repair the property at the earliest reasonable opportunity.
- D. To surrender custody and deliver the property to the Property Receiving Clerk upon the expiration of the need and proper use of the property or upon the expiration of employment.
- E. To cooperate and assist in the inventory of such property.
- F. To use the property only for the use or uses intended by the grant of custody and the mission of the department or program and to report immediately to the Property Receiving Clerk when such property is no longer of use to the custodian.
- G. To pay the reasonable value or cost of repair of property to RRCS, when said property is lost, stolen or damaged due to the negligence, or failure to perform the duties required, of the custodian.

SECTION 4.15 RESPONSIBILITY OF DEPARTMENT SUPERVISOR

Every department supervisor should provide a secure space in which custodians of property may keep and store items of RRCS property as necessary to fulfill their duty as a custodian of property.

SECTION 4.16 DETERMINATION OF VALUE OR COST OF REPAIR OF LOST, STOLEN OR DAMAGED PROPERTY

The Executive Director, after full and prudent inquiry, shall determine the responsibility of a custodian for the loss, theft or damage to property in his or her custody and the reasonable and proper value or cost of the repair of the property. Such decisions shall be final and such amounts as are determined to be due from the custodian shall be deducted from any money owing by RRCS to the custodian.

SECTION 4.17 DUTIES OF DEPARTMENT SUPERVISOR

Every department supervisor shall, before the annual inventory of RRCS property, cause, a survey of the property in the custody of his or her department to be made. Such surveys shall determine and identify, as to each such item of property, the following:

- A. All property that is fully functional and of continuing use and benefit to the department in the accomplishment of the duties and responsibilities of the department.
- B. All property that needs repair and, if repaired, would be of continuing use and benefit to the department in the accomplishment of the duties and responsibilities of the department.
- C. All property that needs repair and which, if repaired, would no longer be of use and benefit to the department.
- D. All property that is fully functional, but which is no longer of use and benefit to the department.

SECTION 4.18 STORAGE AND DISPOSAL OF PROPERTY

- A. At the time of the annual inventory, inoperable items of property and items of property that are no longer of use and benefit to the department shall be removed to a central storage facility and:
 - 1. The Property Receiving Clerk shall release each item of such property from the custody of the custodian listed on the Master List for that item of property and show on such card its return to the central storage facility.
 - 2. The Property Receiving Clerk shall cause a list of all such items of property to be circulated among the departments of RRCS.
 - 3. Thereafter, any department having a need and use for such property so listed may request that such property be transferred from the central storage facility to the custody of an employee within the requesting department. Necessary repairs of such property shall thereafter be the responsibility of the department taking custody of the item of property.
- B. Any item of property that has remained in the central storage facility for five years or more, which has not been used or repaired during that time, shall be disposed of as follows:
 - 1. The Property Receiving Clerk shall cause a list of all such items of property to be circulated among the departments of RRCS. The list shall identify the items of

property intended for disposal within 30 days from the date the list is circulated unless a request for their custody and use is made prior thereto by any department.

2. All property not requested for use by a RRCS department shall be sold at a public auction (if that is economically feasible); properly disposed of as waste or disbursed in another reasonable manner after Board notification. The obvious outcome to avoid in any disposition is the appearance of impropriety, unfair personal gain or favoritism. The sale of property shall be accomplished in compliance with 25 CFR 276.11.
- C. The following technology equipment will be returned to the IT Department for proper disposal. All storage devices will be wiped clean of data and hard storage devices will be destroyed via magnetization or physical smashing.
1. Computers
 2. Monitors
 3. Tablets
 4. Cellphones
 5. Desktops
 6. Laptops

SECTION 4.19 DEVELOPMENT OF SPECIFIC PROCEDURES

Departments and functions which utilize specific property requiring more specific procedures than those which are contained herein, such as use of vehicles, tools or equipment, shall develop written procedures concerning such use or function and submit them to the Executive Director. The Executive Director shall, by memorandum, designate those departments and functions which must develop and provide such procedures. In addition to those procedures required by the Executive Director, a department or function may develop such property procedures as will assist in the operation of the department or function. All such additional procedures shall be consistent with the policies and procedures contained in this Manual.

SECTION 4.20 APPROVAL OF SPECIFIC PROCEDURES

Such specific procedures as are developed shall be reviewed by the department supervisor of the department promulgating the procedures and, if approved, then submitted to the Executive Director for his or her review. If approved by the Executive Director, such procedures shall become immediately effective and shall be identified by the date of approval and effect. The original of the procedures shall be returned to the Department

promulgating them and a copy shall be placed among the collected policies and procedures of RRCS.

SECTION 4.21 AMENDMENT OF SPECIFIC PROCEDURES

Any such procedure that has been approved may thereafter be amended from time to time by the action of the department or function promulgating them with the approval of the Executive Director. Such amended procedures shall be marked with the date of approval and effect and shall be placed among the collected policies and procedures of RRCS.

SECTION 4.22 CAPITAL ASSETS AND DEPRECIATION

Expenditures for land, building and equipment are recorded at cost. Donated assets and capitalized donated leases are recorded at their estimated fair market values at the date of donation. Depreciation expenses are calculated using the straight-line method and the following estimated useful lives:

Buildings and improvements	10-35 years
Furniture and Equipment	3-10 years
Vehicles	3-5 years

Maintenance and repairs, which materially add to the value of the property or appreciably prolong its life, are recorded as an increase to the appropriate asset account. Rough Rock Community School, Inc. capitalizes all capital assets with a cost greater than or equal to \$5,000 and a useful life of at least three (3) years, unless otherwise stipulated by a grant. When an asset is purchased through a grant, the grant's capitalization rules apply. RRCS will conduct a regular inventory of capital assets and maintain a central list of capital assets which included date of purchase, registration numbers, warranty information, original cost, condition, estimated life and location.

ARTICLE V FRAUD PREVENTION AND DETECTION POLICY

SECTION 5.01 BACKGROUND

The school's fraud policy is established to facilitate the development of controls which will aid in the detection and prevention of fraud against Rough Rock School Board, Inc. It is the intent of RRCS to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

SECTION 5.02 SCOPE OF POLICY

This policy applies to any irregularity, or suspected irregularity, involving employees as well as Board members, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with RRCS.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of services, position/title, or relationship to the School.

SECTION 5.03 POLICY

All employees are responsible for the detection and prevention of fraud, misappropriations, and other irregularities. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each employee will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication or irregularity.

Any employee or Board member who detects or suspects any irregularity must report it immediately to the Executive Director, or if it involves the Executive Director, to the Board. The Board coordinates all investigations. Any employee who has knowledge of actions constituting fraud and fails to report same to the Executive Director, or if it involves the Executive Director, to the Board, may be subject to disciplinary action, up to and including termination. Any employee or Board member who has knowledge of the actual commission of a federal felony and fails to appropriately report same may be subject to criminal prosecution under 18 U.S.C.S. §4.

SECTION 5.04 ACTIONS CONSTITUTING FRAUD

- A. The terms defalcation, misappropriation, and other fiscal wrongdoings refer to, but are not limited to:
 - 1. Any dishonest or fraudulent act

2. Misappropriation of funds, securities, supplies, or other assets
 3. Impropriety in handling or reporting of money or financial transactions
 4. Disclosing confidential and proprietary information to outside parties
 5. Accepting or seeking anything of material value from contractors, vendors or person providing service/material to the school. Exception: gifts less than \$50 in value.
 6. Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
 7. Any similar or related inappropriate conduct
- B. If there is any question as to whether an action constitutes fraud, contact the Executive Director, or if it involves the Executive Director, contact the Board for guidance.

SECTION 5.05 INVESTIGATION RESPONSIBILITIES

- A. The Executive Director, or if it involves the Executive Director, the Board, has the primary responsibility for the investigation of all suspected fraudulent acts as defined in the policy. If the investigation substantiates that fraudulent activities have occurred, the Executive Director will issue reports to the School Board. Pursuant to 2 C.F.R. §200.113, the School must disclose, in a timely manner, in writing to the BIE all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the School's Federal award.
- B. Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and the Executive Director, as will final decision of disposition of the case.

SECTION 5.06 CONFIDENTIALITY

- A. The Executive Director and the Board shall treat all information received confidentially to the extent practicable. Any employee who suspects dishonest or fraudulent activity will notify the Executive Director immediately, or if it involves the Executive Director, the Board, and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act (see REPORTING PROCEDURE section below).
- B. Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the

reputations or persons suspected but subsequently found innocent of wrongful conduct and to protect the school from potential civil liability.

SECTION 5.07 REPORTING PROCEDURES

- A. Great care must be taken in the investigation of suspected improprieties or wrongdoings so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.
- B. Any employee who discovers or suspects fraudulent activity will contact the Executive Director, or if it involves the Executive Director, the Board immediately. The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the Executive Director, or if it involves the Executive Director, the Board. Unless otherwise directed, no information concerning the status of an investigation will be given out. The typical proper response to any inquiries is: "I am not at liberty to discuss this matter." Under no circumstance shall any reference be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific reference.
- C. The reporting individual should be informed of the following:
 - 1. Do not contact the suspected individual in an effort to determine facts or demand restitution.
 - 2. Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by and the Executive Director, or if it involves the Executive Director, the Board.

SECTION 5.08 TERMINATION

If an investigation results in a recommendation to terminate, refer to Section 8.02 of the Personnel Policies and Procedures to proceed with recommendation for termination.

SECTION 5.09 ADMINISTRATION

The Executive Director, or if it involves the Executive Director, the Board is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed. If revisions or amendments are made, it will be forwarded to the Board for consideration.

ARTICLE VI OMB SUPER CIRCULAR SUBPART E – COST PRINCIPLES EXPENDITURES

SECTION 6.01 OMB SUPER CIRCULAR SUBPART E – COST PRINCIPLES

RRCS receives the majority of its funding from federal sources such as the Department of Interior and Department of Education to operate the education system providing instruction, transportation and residential services to students and staff. When contracting with the federal government for these types of services, RRCS is required to operate and use the OMB Super Circular Subpart E – Cost Principles as a general guide to determine allowability of costs. The applicable cost principles in determining allowability is from the OMB Super Circular Sub Part E.

SECTION 6.02 DISALLOWED COSTS

Federal Auditors are particularly sensitive to situations where costs are charged in an inconsistent manner when the intent is to maximize federal participation in activities. Disallowed costs often occur in categories of labor, travel, subcontracted projects, undocumented items, and entertainment.

ARTICLE VII BUDGET

PURPOSE

The overall budgeting is a vital part of managing RRCS, Inc program operations. It consists of management's estimates of the financial resources and expenditures for its operating activities for a future period. It is the output of a planning process based on management's goals and objectives and also a means of communicating future plans and a tool for monitoring operations and judging performance. Budgets are prepared either for short or long term. Long-term budgets may be prepared for five, ten, or twenty years. It provides for the plan of expenditures major capital acquisitions such as land, buildings, machinery, and equipment.

SECTION 7.01 BUDGET ANALYSIS

The summary expenditure or revenue budget compares actual expenditures or revenues to the budget for the current period, year-to-date and/or total budget. The comparative reports provide the additional capability to include prior year amounts in the reports and the combined budget report may include all budgeted accounts regardless of account type in the same report.

SECTION 7.02 EFFECTIVE BUDGETING

Budgets are a means of communicating and coordination. Budgets are useful as standards by which performance and control costs are evaluated. Several conditions must exist for effective budgeting;

- A. RRCS Support
- B. Proper Budget Administration
- C. Involvement of all staff
- D. Realistic expectations
- E. Making decisions and taking action
- F. Coordination of budget preparation
- G. Census data of student count

SECTION 7.03 BUDGET PREPARATION AND APPROVAL PROCESS

The budget process is a collaborative effort among Department Supervisors and subordinates. Although it is a collaborative effort, it is the primary responsibility of the

Department Supervisor for he/she manages the department funds. The budget serves as a plan for operating activities supported by RRCS and efforts to use budgets as a positive management for measurable results of operations and identify areas where additional attention is needed. The following six basic steps for budget preparation may be used effectively as a guide for action.

- A. Organizational Chart and School Year Calendar
- B. List organizational goals and objectives, program, or activities.
- C. Consider Smart Goals, Comprehensive Needs Assessments, Native Star and Cognia surveys.
- D. Estimate the cost of each program or activity.
- E. Estimate the expected financial resources.
- F. Compare estimated financial resources with estimated costs and make necessary adjustments, and
- G. Present the final budget to RRCS Board for approval and adoption.

SECTION 7.04 COMPARE TOTAL ESTIMATED FINANCIAL RESOURCES TO EXPENSES

The Department Supervisors compare the estimated financial resources to expenses. Adjustments may be made if the amounts are not equal. This is a crucial step in the budget process. A review of reliability and realism must be undertaken and valuable judgment and decision must be made. A decision must be made of which programs or activities are most important to achieving the school's goals and objectives.

SECTION 7.05 BUDGET PRESENTATION

The Business Manager oversees the budget process. A committee of key administrators and Department Supervisors review proposed budgets, annual work plans and submit to the Executive Director for recommendation to the RRCS Board for approval. Any budget adjustments or revisions by RRCS are returned to the budget committee before the final budget is approved. The budget committee should prepare three budgets for the year, an optimistic budget (110% of estimated revenue), a pessimistic budget (80%) and the expected (realistic) budget (100%).

SECTION 7.06 MONITORING THE BUDGET

Effective budgeting requires consistent monitoring of the overall budgets. Actual results should be compared with budgeted amounts on a monthly or quarterly basis or if a significant deviation occurs due to extra funding received, an emergency condition, etc. Department Supervisors review monthly reports and take necessary action if expenses

exceed the budgeted amount or if financial resources (revenues) will be less than expected for the year.

Quarterly budgets should be presented to RRCS Board for review and approval. RRCS can take appropriate action on significant deviations or differences and take corrective action. Major budget revisions or reallocating program funds in excess of 10% across categories require prior approval of RRCS Board.

Budgetary control report is prepared showing:

- A. The actual and budgeted amounts for the month/quarter and the difference (variances) between the two.
- B. A brief explanation of differences; and
- C. The actual and budgeted amounts for the year to date and differences (variance) between the two.

SECTION 7.07 CARRYOVER – REMAING BUDGET BALANCE

Department Supervisors are encouraged to spend the total budget for each year in order to receive at least the same amount for the subsequent year. The recommended remaining budget balance should not exceed 10%. Any balances remaining in a particular program and activity must be carried over into the subsequent year to provide similar activities and purpose.

ARTICLE VIII FINANCIAL REPORTING

SECTION 8.01 FEDERAL REQUIREMENT

The federal requirement for financial management system is met first by providing accurate, current and complete disclosure of financial results of each federally sponsored program using the applicable OMB form – Standard Form 425

- A. Standard Form (SF) 425, “Financial Status Report” is generally used to report the status of funds for non-construction projects/programs where advances of federal dollars are not received. The federal agency has the discretion to require the filing of SF-425 and is generally specified under the “Reporting Requirements” of the grant/contract agreement. The report is required at least on a quarterly basis, thirty days after the close of the period and on annual report, within ninety days after the close of the reporting period.
- B. Standard Form 425 is required by Federal agencies when the recipient receives advancement of federal funds. The SF-425 is due on a quarterly basis, generally fifteen calendar days following the end of each quarter. Federal agencies may require monthly reports.
- C. Additional information may be required under the “Remarks” section of the form. Separate program reports are generally submitted on an annual basis and stipulated on the grant/contract agreement under “Reporting Requirements”.

SECTION 8.02 REQUESTS FOR FEDERAL FUNDS

Federal grant award/federal financial assistance is on an 80/20% basis. P.L. 100-297 Grants for Schools, the award can be made in an advance lump sum distribution. For purposes of requesting for federal funds, the following cash management procedures will be used by RRCS.

- A. The Business Manager, in collaboration with Department Supervisors, is responsible for monitoring cash flow, identifying program fund needs and initiating the internal mechanism in making formal requests for funds from the federal government.
- B. Department Supervisors shall assist the Business Manager in determining cash flow estimates and forecasting amounts to cover anticipated expenses, especially when major purchases are required. This can be done on a monthly or quarterly basis, or when the need arises.
- C. The Business Manager is responsible for keeping current on cash flow management for Federal or specific grantor requirements and report on forms (SF-21 Grant Agreement/Amendment) that pertains to requesting for federal funds.

- D. When an advance lump distribution is made, the draw down or request for funds is made at the beginning of the grant or contract period. The surplus of these funds can be invested and any interest earning will be retained for unrestricted purposes or to enhance program operations.
- E. Grant Amendments shall be presented to the Board for acceptance and approval.

APPENDIX – RECORDS RETENTION

Corporate Records

Annual Incorporation Reports	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-Laws	Permanent
Fixed Asset Records (Equipment, etc.)	Permanent
IRS Application for Tax Exempt Status	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter if 501 (c)3	Permanent
Contracts (after expiration)	7 Years
Correspondence (general)	3 Years

Accounting and Corporate Tax Records

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS 990 Tax Returns	Permanent
Business Expense Records	7 Years
Cash Receipts	3 Years
Credit Card Receipts	3 Years
IRS 1099s*	7 Years
Invoices	7 Years
Journal Entries	7 Years
Petty Cash Vouchers	3 Years
Sales Records (registration forms, etc.)	5 Years

Bank Records

Check Registers	Permanent
Bank Deposit Slips	7 Years
Bank Statements and Reconciliation	7 Years
Donor Records and Acknowledgement Letters	7 Years
Electronic Fund Transfer Documents	7 Years
Grant Applications and Contracts (after completion)	5 Years after completion

Legal Records

Copyright or Trademark Registration	Permanent
Insurance Policies	Permanent
Stock and Bond Records	Permanent

Press Release/ Public Filings

Press Release	Permanent
Other Publications, Photos, Press Clippings	7 Years
*IRS 1099s	

ROUGH ROCK COMMUNITY SCHOOL CERTIFICATION

Regarding Debarment and Suspension

Instructions for Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion from Transactions, Bids, Proposals, or other Invitations from Rough Rock Community School

PLEASE READ CAREFULLY BEFORE SIGNING THE CERTIFICATION. Federal regulations found at 2 C.F.R. Part 180 and Executive Order Number 12549, require prospective contractors and bidders to sign and abide by the terms of this certification, without modification, in order to participate in certain transactions directly or indirectly involving federal funds. The purpose of this certificate is for you to tell Rough Rock Community School in writing that you have not been prohibited from federal agencies from entering into a federally-funded contract. When referred to in this certification, a “transaction” means: contract, oral or written agreement, grant, or other arrangement where you contract with or receive money from Rough Rock Community School. A “transaction” does not include mandatory entitlements and individual benefits

1. By signing and submitting this proposal, the prospective applicant is providing the certification set out below.
2. This certification is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective applicant who submits a proposal to Rough Rock Community School knowingly rendered an erroneous certification, this will constitute grounds to terminate the contract and pursue all available remedies, including suspension and/or debarment by the Navajo Nation or the Federal Government.
3. The prospective applicant shall provide immediate written notice to Rough Rock Community School if at any time the applicant learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.
4. The prospective applicant agrees by submitting this proposal, that should proposed contract be entered into, it shall not knowingly enter into any other transaction, including subcontracts, with a person or entity that is proposed for debarment under the applicable C. F. R., debarred, suspended, declared ineligible, or voluntary excluded from participation in this transaction, unless authorized by the department or agency with which this transaction originated.
5. The prospective applicant further agrees by submitting this proposal that it will include this clause titled “Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion from Transaction pursuant to 2 C.F.R Part 180 and Executive Order 12549,” without modification in all solicitations for subcontracts related to this proposal.
6. A prospective applicant in this proposed transaction may rely upon the certification of a subcontractor that is not proposed for debarment under the applicable C.F.R., debarred, suspended, ineligible, or voluntarily excluded from this transaction, unless it knows that such certification is erroneous. A prospective applicant may divide the method and frequency by which it determined the eligibility of its principals. Each prospective

applicant, may, but is not required to check the List of Parties Excluded from Federal Procurement and Non-Procurement Programs.

7. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this certification. The knowledge and information of a prospective applicant is not required to exceed that which is normally possessed by prudent person in the ordinary course of business activity.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion from Transactions, Bids, Proposals, or other Invitation from Rough Rock Community School.

1. The prospective applicant certifies that to the best of its knowledge and belief that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal, Tribal, or State department or agency from participation in any transaction with such governmental entities;
 - b. Have not within a three-year period preceding this proposal has been convicted of or had a civil judgement rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, Tribal, or State) transaction or contract under a public transaction; violated Federal or State antitrust statutes or committed embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or received stolen property in any jurisdiction.
 - c. Are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, Tribal or State) with commission of any of the offenses enumerated in paragraph 1(b) of certification; and
 - d. Have not within a three-year period preceding this application/ proposal had one or more public transactions (Federal, Tribal, or State) terminated for cause or default.
2. Where the prospective applicant is unable to certify to any of the statements in this certification, such prospective applicant shall attach an explanation to this proposal.

Bidder or Contractor Signature

Print Name and Title

Bidder or Contractor's Address and Telephone Number

Rough Rock Community School, Inc. Sole Source Justification Form

Date:	PO Number:
Department:	Department Head:
1. State Relevance of Purchase:	
2. Identify Items or Services to be Approved for Sole Source Treatment:	
3. Name of Manufacturer of Items (if applicable):	
4. Name of Single/Sole Source Supplier:	
Mailing Address:	
Phone Number:	
Fax Number:	
Web Site Address (if available):	
5. If Purchase Related to Compatibility with Existing Equipment, Then Identify the Item(s) and Applicable Tag Number(s) of Equipment.	

6. Sole Source Considerations – (Circle the One that Best Qualifies)

- A. Exclusive Rights – Item or service under patent or copyright held by a single vendor and item or service possesses functions or capabilities critical to use. (Complete Sections 7 & 8 and attach patent/copyright information)
- B. Exclusive Design – Item or service possesses a unique function or capability critical in the use of the item or service and not available from any other sources. (Complete Sections 7 & 8)
- C. Replacement Equipment – The purchase is for equipment associated with use of existing equipment where compatibility is essential for integrity of results. (Complete sections 5, 7 & 8)
- D. Replacement Parts – The purchase is for replacement parts needed for repair of existing equipment where compatibility with equipment from the original manufacturer is paramount. (Complete Sections 5 & 7)
- E. Replacement Accessories – The purchase is for accessories sought for enhancement of existing equipment where compatibility with equipment from the original manufacturer is paramount. (Complete Section 5, 7 & 8)

- F. Technical Service – The purchase is for technical services associated with the assembly, installation, or servicing of equipment of a highly technical or specialized nature. (Provide detail in Section 8)
- G. Continuation of Prior Work – Additional Item, service or work required, but not known to be needed when the original order was placed with the vendor, and it is not feasible or practicable to contract separately for the additional need. (Provide detail in Section 8)
- H. Other – (Complete Sections 7 & 8)

FOR PROFESSIONAL, CONSULTING, OR SOCIAL SERVICES CONTRACTORS ONLY:

- I. Federal or state grant names vendor as condition of funding. (Attach copy of grant that names vendor)
- J. Vendor is specifically designated by state appropriation. (Attach page from appropriation)

7. SOLE SOURCE DISTRIBUTION – (Circle one that qualifies)

- A. The item or service is manufactured, produced, or developed by entity, or entity holds exclusive rights to item or service, and entity solely transacts (sells) direct to the customer. (There are no dealers or distributors for entity)
- B. The item or service is manufactured or produced by entity, or entity holds exclusive rights to item or service, and entity does not sell direct to the customer. Entity solely distributes the item or service through only one dealer or distributor in the world, United States, region, Arizona or identified market area.

8. DETAILED JUSTIFICATION FOR NO COMPETITION. (Please Be Precise in Explanation)

9. FIRM PRICE QUOTATION - Attach firm price quotation from sole source or sole dealer/distributor pricing the product(s) or service(s) identified in section 2. Quoted process shall be firm for 30 days and inclusive of all costs including transportation.

10. I hereby declare the information provided herein to be true and accurate to the best of my knowledge. I understand any false or misleading information may be considered a violation which can subject me to disciplinary action in accordance with Rough Rock Community School, Inc. Policies and Procedures.

Printed Name: _____

Date: _____

Signature: _____

Title: _____

ATTACH TO REQUISITION AND ROUTE TO DEPARTMENT HEAD, EXECUTIVE DIRECTOR AND BUSINESS OFFICE FOR REVIEW. NOTE: THE BUSINESS OFFICE WILL REVIEW AND CONCURRENCE WITH THIS JUSTIFICATION UNDER RRCS PROCUREMENT POLICIES IS SERVED BY BOARD APPROVAL.