

Be'ek'id Baa Ahoodzani Diné Bi'ólta' Pinon Community School Board, Inc.



Financial Policy & Procedures School Year 2025-2026



Pinon Community School Board, Inc.
Navajo Route 4
P.O. Box 159

Pinon, Navajo Nation, AZ 86510

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CERTIFICATION

Motion by Larry Biltah, with the support by Mr. Anderson Yazzie, DODE Representative with the vote of 1 in Favor, 0 Opposed, and 0 Abstained on this 10th day of June, 2025.

Mr. Larry Biltah
PCS/BMCS Board Member



PINON COMMUNITY SCHOOL, INC.
 Navajo Route 4, P.O. Box 159
 Pinon, Arizona 86510
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SCHOOL BOARD AGENDA ITEM

Date: June 7, 2025

From: Mr. Joe Benally

Dept. Administration

[XXX] Regular School Board Mtg.

[] Special Board Meeting

Date of Meeting: June 10, 2025

Name of Agenda Item: Consideration, discussion and possible action to approve Pinon Community School
 Financial Policy for School Year 2025-2026

Requestor: Mr. Joe Benally

Type of Item: [XXX] Action Item

[] Non-Action Item

REASON/JUSTIFICATION: A few changes to reflect new position
 as payroll technician @

ADMINISTRATIVE REVIEW: (Initial & Date)

[Signature] Human Resources Assistant

[Signature] Business Manager

[Signature] Principal

REASON FOR DENIAL/RECOMMENDATION: _____

SCHOOL BOARD ACTION: (Action taken)
 [] Approved [] Denied [] Tabled Until _____

Motioned by: _____ Seconded By: _____

Votes: _____ Opposed _____ Abstained _____

PINON COMMUNITY SCHOOL BOARD, INC.

CHAPTER I STAFF RESPONSIBILITIES

SECTION 100 PURPOSE

To provide for appropriate internal administrative and accounting controls that maximizes the separation of duties and responsibilities to ensure proper internal controls for;

1. Proper authorization of transactions and activities.
2. Segregation of duties that reduces the opportunities to allow any person to be in a position to perpetrate and conceal errors or irregularities in the normal course of duties. Assigning different people the responsibilities of authorizing transactions, recording transactions and maintaining custody of assets.
3. Design and use of adequate documents and records to help ensure the proper recording of transactions and events, such as the use of pre-numbered documents.
4. Adequate safeguards over access to and use of assets and records, such as secured facilities and authorization for access to computer programs and data files.
5. Periodical independent checks on performance and proper valuation of recorded transactions, reconciliations, comparison of assets, computer programmed edit controls, management review of reports that summarize the detail of account balances such as accounts receivables, and user review of computer generated reports.

SECTION 101 STAFF RESPONSIBILITIES

SECTION 101.1 GOVERNING BOARD – PINON COMMUNITY SCHOOL, INC.

The PCS, Inc. members have the overall responsibility for the financial stability of the organization. The Governing Board owe a fiduciary duty to the PCS, Inc., whereby exercising their powers and authority for the benefit of the organization rather than for personal benefit. The Governing Board are agents of the organization and have the authority to administer and execute policies.

1. Develop and implements the Plan of Operation to meet the educational and residential needs of K-12 students at the Pinon Community School.
2. Develops and adopts the annual budgets through the budgetary process and provides for direction for administrative staff to accomplish the goals and efforts to deliver services to the students and community.
3. Participates in the negotiation of federal grants and contracts.
4. Assists in the selection of an independent auditor to perform the annual audit as required by the Single Audit Act of 1984, as amended.
5. Reviews and approves the audit report prior to submission of funding agencies.
6. Ensures the educational needs of the School are met with the available resources of the organization.
7. Authorizes policy amendments as necessary.
8. Approves quarterly financial reports to Contracting Officer.
 - a) Provided Quarterly reports to the Chapter(s) where PCS draws students.
 - b) Approve Monthly Budget Reports.

SECTION 101.2 PRINCIPAL

The Principal is the primary administrator that oversees the financial management and accounting activities of the organization. The Principal is responsible for all funds that are operated and controlled by the organization. The Business Office functions and activities come under the direct supervision of the Principal.

1. Negotiations major contracts performed by external firms.
2. Recommends any litigation of financial situations to the Board.
3. Initiate, writes and develops new programs and identifies potential grants and contracts for new funding.
4. Gathers data on potential grants and contracts.
5. Reports and disseminates information to the Board on the educational and community program.
6. Signs checks for disbursement of funds.
7. Designates check signers upon Board approval.
8. Approves all travel requests per Travel Policy.
9. Coordinates comprehensive budget and presents to the Board on quarterly basis.
10. Coordinates the annual audit with independent auditors.
11. Presents any amendments of financial Program and Board Policy on an annual basis to PCS Board.
12. Present Quarterly Reports to Chapter(s) where PCS draws students for enrollment.

SECTION 101.3 BUSINESS MANAGER

The Business Manager is responsible for the daily operations of the financial activities and the accounting control functions. The Business Manager must check for reasonableness of costs in all financial transactions to include but not limited to over expenditure of restrictive budget line item, such as equipment or renovation, negative expenditure line items, negative revenue items, unbudgeted items, unallowable cost and illegal expenditures.

1. Maintains the cash disbursement journal, cash receipt journal and general ledger for all programs.
2. Ensures that all payroll transactions are correctly coded and applied to the general ledger.
3. Prepares a trial balance of accounting records for all programs on monthly basis.
4. Prepares a comparative report of budgeted expenditures to actual expenditures on monthly basis.
5. Prepares a comparative report of budgeted revenues and actual revenues on monthly basis.
6. Prepares the balance sheet and include statement of monthly basis.
7. Prepares financial status reports and budgets to external funding agencies.
8. Prepares the request for draw down for advances and reimbursement of operating funds from funding agencies.
9. Responds to funding agencies on budget, financial and audit information.
10. Maintains all financial records and complies with the records retention policy of the OMB Super Circular.
11. Maintains the cash flow projections to adequately meet the daily operational needs and ensure sufficient funds are accessible.
12. Maintain program files including the award notice, modification/amendments, request for funds on reimbursement basis or draw downs for advancement of funds, approved budgets, funding agency correspondence, financial status reports and program narrative reports.
13. Assist in the coordination of budget presentations to the Board.
14. Assist in the negotiation with federal or other funding agencies for grants and contracts.
15. Manage the financial planning, investment and procurement of all funds.
16. Analyze financial records to forecast future financial positions, subsequent budget requirements and preparation of annual budgets.
17. Perform and maintain bank reconciliations to the accounting records (general ledger) on a monthly basis on all bank accounts.
18. Provide monthly budget and encumbrance reports to department managers.
19. Maintain banking relation and advises the Principal of any need for loans on temporary basis.
20. Assists the Principal in development of work schedules during the annual audit. Provides data to independent auditors to complete the annual audit.
21. Supervises the Business Office staff.

SECTION 101.4 BUSINESS TECHNICIAN – Accounts Payable & Responsibilities

The Business Technician is primarily responsible to ensure accurate and timely payments to vendors.

1. Compares vendor invoices to approved purchase order document and receiving report.
2. Files invoices, purchase order, vouchers and other document pertaining to the payable process.
3. Maintains a paid file for invoices, monthly billings, purchase orders and vouchers.
4. Maintains an unpaid file for invoices, monthly billings, purchase orders and vouchers.
5. Verifies accuracy of account numbers on payable and processes it for payment.
6. Corresponds with vendors on problem/discrepancies on billings, duplicate invoices, and duplicate shipments and performs analysis to reconcile payment/shipment discrepancies on regular basis.
7. Maintains a current vendor listing file and assign new vendor numbers where necessary.
8. Process accounts payable disbursement on weekly basis.
9. Distributes the cash disbursement checks. Stamps all cash disbursement “PAID” and records the distribution method by obtaining signatures or mail checks. When checks are mail, stamps all mailed items, “MAILED” and record the time for mailing.
10. Issues receipt for monies and prepare deposit and serves as a cashier for the Business Office.
11. Reconciles travel expense reports according to the approved travel policy for staff and Governing Board.
12. Prepares journal entries for travel expenses when payroll deduction for travel advances is necessary.
13. Periodically liquidates encumbrances on the accounting system.
14. Reconciles petty cash or advance checks ensuring timely submission of these reports. Notifies petty cash holders or payee to submit timely reports and require year end reports for regular petty cash for programs.

SECTION 101.5 ~~BUSINESS~~ PAYROLL TECHNICIAN – Payroll Duties & Responsibilities

In the absence of the Business Manager, the Business Technician is responsible for the financial activities of the Business Office on a daily basis. The Business Technician is also responsible to ensure correct data entries and proper charges are made to the accounting records (general ledger).

1. Process and generate payroll checks on biweekly basis.
2. Maintain employee earning records and withholding.
3. Prepares required tax reports and make tax deposits.
4. Prepares quarterly 941 tax reports.
5. Prepares year-end payroll reports and reconcile payroll records to the salary expenditures to generate W2s, W3s and 941 tax reports.
6. Inputs time sheet data into the accounting system.
7. Prepares deposit for bank accounts.
8. Records and maintain the mail log for the Business Office. Records incoming checks or money orders. Distributes mail.
9. Answers incoming telephone calls and records messages.
10. Types voucher, invoices, checks, account statements, reports and other as necessary.
11. Provides general clerical duties to support the office to include filing, typing, duplicating or photocopying, etc.

CHAPTER II ACCOUNTING CONCEPTS

SECTION 200 FUND ACCOUNTING

Accounting policies are important considerations in understanding the content of financial statements. All financial statements presenting the financial position, cash flows and results of operations must include disclosure of significant accounting policies, including financial statement of nonprofit entities, such as the PCS, Inc.

Grant provisions mandate PCS, Inc. by federal or other agencies to provide for sound accounting and financial reporting. PCS, Inc. may also be required by state laws, contractual agreements with employees, individuals or private organizations and is also bound by the administrative regulations such as the Office of Management Budget (OMB) to have a sound accounting policy.

The basic accounting unit for nonprofit entities is the fund.

A fund in accounting is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash or other financial resources or assets, together with all related liabilities and fund equities, or balances and changes therein, which are segregated for the purpose of carrying on specific activities or obtaining certain objectives according to special regulations, restrictions or limitations. The rules and procedures associated with the accounting treatment of funds are known as fund accounting.

Nonprofit organizations frequently transfer assets between various funds. Some charitable organizations also make appropriations for certain projects that the PCS, Inc. may wish to undertake. Accounting for nonprofit entities is governed by a variety of organizations, including both the Governmental Accounting Standards Board (GASB) and the Financial Standards Board (FASB)

Funds could either be restricted or unrestricted.

SECTION 201 TYPES OF FUNDS

Non-profit organizations, such as PCS, Inc. record and accounts for funds received and disbursed. Even though these organizations do not have a profit motive, they should operate efficiently and use resources effectively.

1. General Fund- Used to account for all financial resources except those required to be accounted for in another fund. The general fund is the operating fund of PCS, Inc. and used for unrestricted purposes upon the discretion of the Board. The Board has the authority to determine what is delegated as unrestricted.
2. Special Revenue Fund- Used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds are from Federal or State agencies representing the activities of various programs, which are contracted.
3. Capital Projects Fund- Used to account for acquisition of capital facilities and properties.
4. Internal Service Fund- Used to account for financing of goods or services provided by one program to another or other governmental units on cost reimbursement basis.
5. Enterprise Fund- Used to account for operations that are financed and operated similar to private business enterprises where the intent is the cost of providing goods or services on a continuing basis be financed or recovered through user charges or enterprise revenues.
6. Endowment Fund- Used to account for resources donated to the nonprofit organization with the long-term health of the entity in mind.

7. General Fixed Asset Group of Account- Used to account and record general fixed assets. The purposes of recording general fixed assets are primarily to physical and dollar value control and secondarily for accountability for general capital expenditures over the years. These assets are recorded at historical costs if the original costs are not available. For gifts or donated items, the fair market value is used at the time it is received.
8. General Long-term Debt Accounting Group- Used to account for outstanding principal balances of the general obligations of the PCS, Inc. and other long-term debt not reported in the proprietary funds.

SECTION 202 BASICS OF ACCOUNTING

One of the differences between for profit and nonprofit organizations is the nonprofit utilizes the modified accrual basis of accounting to record financial transactions. The purposes are to match expenditures of legal appropriations, or legal authorizations, with revenues available to finance expenditures. The modified accrual basis of accounting is defined as revenues recognized in the period in which they become available and measurable and expenditures are recognized at the time a liability is incurred pursuant to appropriation and authority.

SECTION 203 TYPES OF ACCOUNTS

1. Assets. Assets are financial representations of the resources owned by PCS, Inc. Cash, Accounts Receivables and Fixed Assets are examples of these representations.
2. Resources. Resources are the contingent assets of PCS, Inc. such as the estimated revenues applying to the current year.
3. Liabilities. Liabilities are debts or other legal obligations, which must be liquidated, renewed or refunded sometime in the future.
4. Appropriations. Appropriations are authorizations to incur liabilities for specific purposes in the grant of contract for which the authorization is made.
5. Fund Balance. Fund balance is the excess of the assets of a fund over its liabilities and reserves prior to the end of the fiscal period. For budgetary accounting, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and available appropriations for that period.
6. Revenues. Revenues recorded on accrual basis generally do not increase any liability; do not represent the recovery of expenditure; do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets; and do not represent contribution of fund equity in the enterprise fund. The same definition applies to revenues recorded on the modified accrual basis, except that additions are generally limited to cash.
7. Expenditures. Expenditures are recorded with liabilities are incurred pursuant to authority given in an appropriation. Expenditures designates the cost of good delivered or services rendered, whether paid, or unpaid, including expenses, provision for debt retirement not reported as liability of the fund from which is retired and capital outlay.
8. Encumbrances. Encumbrances are contingent liabilities in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be an encumbrance when paid or when the actual liability is recorded.

SECTION 204 CENTRALIZED FINANCIAL MANAGEMENT

PCS, Inc. adopted a centralized financial management system to comply with the administrative requirements for federal grants awarded to educational institutions and other nonprofit organizations. The financial management system set forth standards for obtaining consistency and uniformity among federal agencies in the administration of grants to and agreements with educational institutions and nonprofit organizations.

CHAPTER III ALLOWABLE EXPENDITURES OF FEDERAL FUNDS

SECTION 300 GENERAL GUIDELINES

Office of Management and Budget (OMB) Super Circular, Sub Part E - Cost Principles provides for principles in determining allowable costs of programs administered by nonprofit organizations under the authority of federal grants and contracts with federal government. Costs defined by the Circular, means costs as determined on cash, accrual or other basis acceptable to the Federal grantor agency as discharged of PCS, Inc. accountability of federal funds.

The total costs that a nonprofit organization may charge against a federal award are the sum of allowable cost Grant less any applicable credits. The government will reimburse the organization for the occurrence of those costs on a federal award subject to the limitations of the grant amount, any cost sharing or matching involved and limitation imposed by statute or by the award. Note that there is no provision for realizing a "profit" in federal awards. Reimbursement is limited to allowable costs incurred. To be considered allowable, costs must meet the following seven basic criteria.

SECTION 301 Factors Affecting Allowability of Costs.

Cost must meet certain criteria to be allowable under Grant program.

1. Be necessary and reasonable for proper and efficient administration of the grant programs; be allocable thereto under these principles; and except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of the organization.
2. Be authorized or not prohibited under state or local laws or regulations.
3. Conform to any limitation or exclusion set forth in these principles, Federal laws or other governing limitation as to type or amount of cost items.
4. Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the organization.
5. Be accorded consistent treatment through applications of generally accepted accounting principles appropriate to the circumstances.
6. Not be allocable to or included as a cost of any other federally financed program in either the current or a prior period.
7. Costs must be adequately documented.

SECTION 302 Reasonable and Allocable Costs.

To be considered reasonable, costs should by their nature or amount not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. In determining the reasonableness of a given cost consideration should be given to;

1. Whether the cost is a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
2. The restraints or requirements imposed by factors such as sound business practices, arm's length bargaining, laws and regulations, and terms and conditions of an award.
3. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the organization, its members, employees and clients, the public at large and the government; and
4. Significant deviations from the established practices of the organization that may unjustifiably increase the award cost.

SECTION 302.1 A cost is considered allocable to a particular cost objective such as a grant, project, service, or other activity in accordance with the relative benefits received. A cost is allocable to a government award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it;

1. Is incurred specifically for the Award.
2. Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received.
3. Is necessary to the overall operation of the organization although a direct relationship to any particular cost objective cannot be shown.

Note: also that any cost allocable to a particular grant or cost objective under the principles provided for in OMB Super Circular, may not be shifted to other federal grant programs to overcome fund deficiencies, or to avoid restrictions imposed by law or grant agreements, or for any other reason.

SECTION 303 Applicable Credits

1. Applicable credits refer to those receipts or reduction of expenditure type transaction, which offset or reduce expense items allocable to grant as direct or Tribal Support Cost Grant. Purchase discounts, rebates or allowances; recoveries or indemnities on losses, sale of publications, equipment and scrap, income from personal or incidental services and adjustments of overpayments or erroneous charges are typical examples of such transactions.
2. Applicable credits may also arise when Federal funds are received or are available from sources other than the grant program involved to finance operations or capital items. This includes costs arising from the use of or depreciation of items donated or financed by the Federal Government to fulfill matching requirements under another grant program. These types of credits should be used to reduce related expenditures in determining the rates of amounts applicable to a grant.

SECTION 304 Consistent Accounting Treatment

There exists a natural conflict between the need for consistent accounting and the desire for maximum possible amount of costs to be allocated by the awarding agencies. Therefore, it is important that PCS, Inc. budget and record costs consistently as with a direct or indirect cost based on the purpose of the expenditure and not on the basis of whether cost will be reimbursed by the awarding agencies, such as the Federal Government.

SECTION 305 Direct and Indirect Cost Grant

SECTION 305.1 Direct costs are defined as those that can be identified specifically with a particular cost objective, such as a particular federal grant or other indirect activity of the organization. Typical direct costs chargeable to a grant or contract are listed as:

1. Compensation of employees for the time and efforts devoted specifically to the execution of grant or contracted programs.
2. Costs of material acquired, consumed, or expended specifically for the purpose of the grant or contracted programs.
3. Equipment and other approved capital expenditures.
4. Services and other items or expense incurred specifically to carry out the scope of the grant or contracted programs.

SECTION 305.2 Indirect costs are defined as those costs that have been incurred for common or joint objectives and cannot be readily identified with a particular cost objective. Typically, the following examples are considered as indirect costs:

1. Depreciation on buildings and equipment
2. Occupancy costs and facilities maintenance costs
3. General and administrative expenses such as the salaries and expenses of Executive officers and
4. Personnel administrative and Accounting

The difference between what is an Tribal Support Cost Grant and what constitute an indirect cost must be clearly established. Costs may not be assigned in an award as a direct cost if any other cost incurred for the same purpose has been allocated to the award as Tribal Support Cost Grant or vice versa. Direct cost of an immaterial amount are allowed to be treated as Tribal Support Cost Grant reasons of practically where the treatment is consistent and results in a fair allocation of costs.

The costs of activities performed primarily as a service to members, clients, or the general public when significant and necessary to the mission, must be treated as direct costs.

SECTION 306 Issues Affecting Direct Costs

Directs are those costs that can be identified as a final cost objective and certain type of activities are considered to incur direct costs even if they are allocated under a federal award.

SECTION 307 OMB SUPER CIRCULAR SUBPART E-COST PRINCIPLES EXPENDITURES

PCS. Inc. receives its majority from federal sources such as the department of Interior and Department of Education to operate the PCS. Inc. education system providing instructions, transportation and residential services to students and staff. When contracting with the federal government for these types of services, the PCS, Inc. is required to operate and use the OMB Super Circular Sub Part E - Cost principles as a general guide to determine allowability of costs.

The applicable cost principles in determine allowability is from OMB Super Circular Sub Part E.

SECTION 308 OTHER ALLOWABLE EXPENDITURES-P.L 100-297, Grant School.

Allowable Costs for federal assistance programs are generally determined by the OMB Super Circular Subpart E Cost Principles, however, allowable costs for programs under P.L. 100-297 provides for flexibility in expenditures of these programs than those funded by other federal and other agencies. As defined in Section 106(k) of the Self Determination and Educational Assistance Act, as amended, the following costs are identified as allowable.

1. Depreciation and use allowance not otherwise specifically prohibited by law, including the depreciation of facilities owned.
2. Publication and printing costs. Building, realty, and facilities cost, including rental or mortgage expense.
3. Automated data processing and similar equipment or services.
4. Costs for capital assets and repairs.
5. Management studies.
6. Professional services, other than services provided in connection with judicial proceedings by or against the United States.
7. Insurance and indemnification, including insurance covering risk of loss of or damage to property used in connection with the contract without regard to the ownership of such property.
8. Costs incurred to raise funds or contributions from non-Federal sources for the purpose of furthering the goals and objectives of the P.L. 100-297.

9. Interest expenses paid on capital expenditures, such as buildings, building renovations, or fabrication of capital equipment and interest expenses on loans necessary due to Bureau of Indian Affairs funding delays under P.L. 100-297.
10. Expenses for the governing body of PCS, Inc. that is attributable to the management or operation of the contracted programs.
11. Costs associated with the management of pension funds, self-insurance funds, and other funds that provides for participation by the Federal Government.

SECTION 309 DISALLOWED COSTS

Federal auditors are particularly sensitive to situations where costs are charged in an inconsistent manner particularly when the intent is to maximize federal participation in its activities. Frequently disallowed costs often occur in categories on labor, travel, subcontracted, undocumented, entertainment, and lobbying.

SECTION 309.1 Labor Costs. The federal financial standards clearly require non-profits to provide and support through documentation for salaries and wages charges to federal awards. Failure to provide adequate documentation can result in having all of its labor chares questioned or disallowed. Organizations must have documented payrolls or personnel activity reports, i.e., time sheets, budget estimates, personnel activity notices, etc.

The time sheets must account for the total activity for which employees are compensated. Time sheets must be signed by the employee or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee for each pay period.

Charges for salaries and wages of nonprofessional employee must be supported by recorded indicating the total number of hours worked each day conforming to the Department of Labor Regulations implementing the Fair Labor Standards Act. Salaries and wages of employees used to meet cost sharing or matching requirements must be supported in the same manner as salaries and wages for reimbursement of awarding agencies.

SECTION 309.2 Travel Costs. Travel costs are often subject to audit disallowances if not properly documented, authorized, incurred for unofficial business, and not directly attributable to specific work under an award. Organizations are not required to use governmental per diem rates but an audit disallowance may occur if the per diem rates exceed the federal rates. The per diem rates are published annually at www.gsa.gov.

SECTION 309.3 Undocumented Costs. One of the most frequent areas for cost disallowances is where original invoices/receipts/receiving report or other documentation for expenses are lost or misplaced. PCS established an orderly and efficient filing system. If original invoices are lost, grantees should still attempt obtain copies of invoices from suppliers or contractors or other forms of alternative documentation to avoid cost disallowance.

SECTION 309.4 Entertainment Cost. The cost of amusement, diversion, social activities, ceremonials and cost relating thereto such as meals, lodging, rentals, transportation and gratuities are unallowable. However, costs may be incurred that are not as clearly defined as entertainment costs. OMB Super Circular Subpart E provides that costs for employee morale and health and welfare costs are allowable as are costs of attendance of meetings and conference of civic, business, technical and professional organizations to which the organization belongs. Alcoholic beverages are not specially mentioned nor state that costs of alcoholic beverages are unallowable; however, it is unlikely an auditor would allow for alcohol to be charged to a federal award.

SECTION 309.5 Lobbying and Political Activities. In exchange for receiving funds and benefits of Federal tax exemptions, nonprofit organizations must serve a public or stated interest and not engage in legislative or political activities.

1. Subcontracted costs. Although grantees generally subcontracts and subcontractor costs are allowable, the selection of subcontractor is scrutinized by federal auditors to make sure that costs are appropriately documented under the guidelines of the Common Rule procurement standards as to basis of contractor selection and pricing analysis. Contracts with subcontractors should also include appropriate indemnification to the PCS, Inc., if costs are disallowed at the subcontract level.

SECTION 309.6 Other Unallowable Costs to federal awards.

1. Political or Campaign Advertising Cost
2. Bad Debts
3. Collection and legal costs related to bad debts collections.
4. Contributions to a contingency reserve to provide for events which are not certain as to time, intensity, or with an assurance of their occurrence.
5. Costs of fines and penalties resulting from violations of or failure of the PCS. Inc. to comply with Federal, state and local laws and regulations except when incurred as a result of compliance with specific provision of an award or instructions in writing from an awarding agency.
6. Fundraising costs including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
7. Interest costs on borrowed capital or temporary use of endowment funds.
8. Costs of legal, accounting and consulting services and related costs incurred in connection with defense of anti-trusts suits and the prosecution of claims against the government.
9. Cost of legal, accounting and consulting services and related costs incurred in connection with patent infringement litigation, organization unless provided for in the federal award.

CHAPTER IV THE ACCOUNTING CYCLE

SECTION 400 PURPOSE

The purpose of accounting system is to disclose financial statements that communicates and provides for relevant information that is useful and satisfies funding agencies and recipient of services. This accountability is twofold. First the financials resources have to be spent in compliance with the mission and objectives of the programs. Second, the financial resources are required to provide the highest quality services possible to the designated recipients with only a limited amount of available financial resources. It is important to exercise budgetary and administrative controls to help achieve these objectives.

SECTION 401 Provides for financial information for three board purposes:

1. For internal use in planning and controlling current program expenditures by Program directors.
2. For internal use in strategic planning in making special decisions and in formulation overall policies and long range plans by the Board.
3. For external use in reporting financial activities to various funding agencies and general public.

SECTION 401.1 The steps in the accounting process are summarized as follows:

1. The accumulation of data. This aspect of accounting enables both internal and external agencies to evaluate the performance and financial position of PCS, Inc.
2. Attention. This aspect of accounting allows for effective action either through perceptive planning or through the daily supervision. The reporting and interpreting of information which enables administrators, program directors and the Board to focus on operating problems, imperfections, inefficiencies and opportunities.
3. Problem solving. This aspect of accounting involves concise quantification of the relative merits of possible course of action. Problem solving is commonly associated with nonrecurring decisions facing the situations that require special accounting analyses or reports.

SECTION 402 GENERAL DESCRIPTION

The PCS, Inc. uses an automated accounting system devised for fund accounting and the SAGE Nonprofit Series is widely used by educational and governmental type institutions.

The basic structure of the SAGE accounting system provides for the flexibility for reporting and customization of individual programs. The chart of account if the basic structure comprising of the following:

1. Fund
2. General Ledger
3. Grant/Contract (Funding Source)
4. Department
5. Programs

The chart of accounts is assigned and maintained by the Business Manager grouping the general ledger accounts to account groups. For example, all fringe benefits general ledger accounts such as social security, Medicare, retirement, health/life insurance, would be assigned to a category called, "Fringe Benefits."

SECTION 403 FINANCIAL REPORTS

PCS currently utilizes SAGE automated accounting system that is upgraded on periodic basis for enhancement to achieve efficient use of the program. The available modules are the General Ledger, Accounts Payable, Accounts Receivable Billing/Reporting, Bank Reconciliation, Budget, Data Import/Export, Direct Deposit Payroll, Encumbrances, Fixed Assets, among others for advantage.

The reporting application of MIP NPS is an extremely flexible reporting tool with many capabilities of reporting. It includes:

1. Inclusive report dates may be chosen that are not limited to the current fiscal year and may even cross fiscal years.
2. Reports may be printed that mimic a year end closing, on any date.
3. Flexibility to choose the columns you want included the report by selecting them from a list of available columns for that particular report.
4. Determine the order in which the columns will appear on the report and width of each column.
5. Determine how the report is to be sorted and where to include subtotals.
6. Ability to restrict the report for specific accounts or ranges of accounts.
7. Ability to select the font to use for each section of the report.

SECTION 403.1 General Ledger Module

The general ledger module is the only module that can operate independently, entering the basic types of transactions such as the cash receipts, cash disbursement, journal vouchers and budgets. There are other modules that require specialized accounting entry forms and can be used selectively such as the check writer, budget worksheets, payroll and enhanced reporting capabilities. The system generates the transaction reports for both; un-posted or posted session, allowing to re-printposted transactions. The general ledger modules lists the chart of accounts, financial reports formats, check registers, budgets, plus detailed or summarized/expanded general ledger transactions. The report options for budget balance are expenditures budget balances, expenditure budget balance by Fund and detail expenditure budget balance and updated as needed. The system is also capable of providing detailed or summarized reports for all components of the general ledger module.

SECTION 403.2 Accounts Payable Module

The Accounts Payable Module provides for summary accounts payable ledger giving beginning balance, current balance and net change by vendor and invoice for a particular date range as selected, detailed accounts payable ledger giving and opening balance, detail of activity and ending balance by vendor and invoice for the dates specified, the aged payables report showing open account payable items in column by relative age, and invoice selected for payment listing the invoices that have been selected for payment for review and selections for accuracy before printing checks.

SECTION 403.3 Payroll Module

The Payroll Module reporting provides detailed information by employee, salary pay source, and account number coinciding with approved budget and leave history. The system also provides for deduction register, direct deposit and voucher account detail. The options in reporting are based on pay period, quarterly and annual cycles. W-2 accumulation report, and budget comparison and quarterly journal are provided either on quarterly or annual basis. The general component of payroll reporting provides the master employee, tax status and deduction/benefits of employees, either by location or pay location. There is an emergency phone directory and mailing list/labels and working calendar in this module.

SECTION 403.4 Accounts Receivable Module

The Accounts Receivable Module provides the summary accounts receivable ledger giving beginning balances, current balance and net change by customer and billing invoice for the date specified, detail accounts receivable

ledger giving an open balance, detail of activity and ending balance by customer and billing invoice for the date range selected and the aged receivables showing opening accounts receivable items in columns by relative age.

SECTION 403.5 Encumbrances Analysis

The Encumbrance provides the summary encumbrance ledger report giving beginning balance, current balance and net change by vendor and encumbrance document number of open encumbrances, detail encumbrance ledger report giving an opening balance, detail of activity and ending balance by vendor and encumbrance for the date range specified, the aged encumbrance report shows all open encumbrances by columns by relative age and encumbrance/expenditure budget reports shows period to date or year to date encumbrances compared to budget and actual expenses for the same period (s).

SECTION 403.6 Fixed Assets Analysis

The Fixed Assets provides the asset transfer register printing a listing of processed assets. It provides a historical view of the assets, showing depreciation/disposal transactions that have been transferred to the General Ledger, the depreciation calculation reports prints the calculated, adjusted, and disposed depreciation calculation. The Assets disposals report is the disposal of assets, including the disposal ID and date, the disposal method, the reason for disposal, asset information, disposal type and the before and after disposal information. The pre-transfer depreciation/disposal registers prints the transaction entries, prior to transferring to the Accounting, including the session information, document information, depreciation date, account code, and the debit/credit accounts.

SECTION 403.7 Bank Reconciliation Analysis

The Bank Reconciliation lists the bank reconciliation items by category, checks, deposits, other cash item and suspense items. The reports can be modified to print only outstanding items or only cleared items.

SECTION 403.8 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 403.9 Financial Statements

The Quick Financial Statements require no formatting. The accounts are assigned to the formats based on the general ledger account type. The quick financial statements include the balance sheet, Statement of Revenues and Expenditures and Statement of Cash Flows.

The Financial Statement menu contains selections for formatting and printing financial statements such as the statement of financial position; Statement of Activities, Balance Sheet, Statement of Revenue and Expenditures and Statement of Cash Flows.

SECTION 404 FINANCIAL REPORTING – GRANT/CONTRACT 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**.

1. **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 reports should be required at least on quarterly

basis, thirty days after the close of the period and one annual report, within ninety days after the close of the reporting period.

2. **Standard Form (SF) 425** is required by Federal agencies when recipient receive advancement of federal funds. **Form 425** is due on quarterly basis, generally fifteen calendar days following the end of each quarter. Federal agencies may require monthly reports if the amount exceeds \$1 million dollars or more per year.

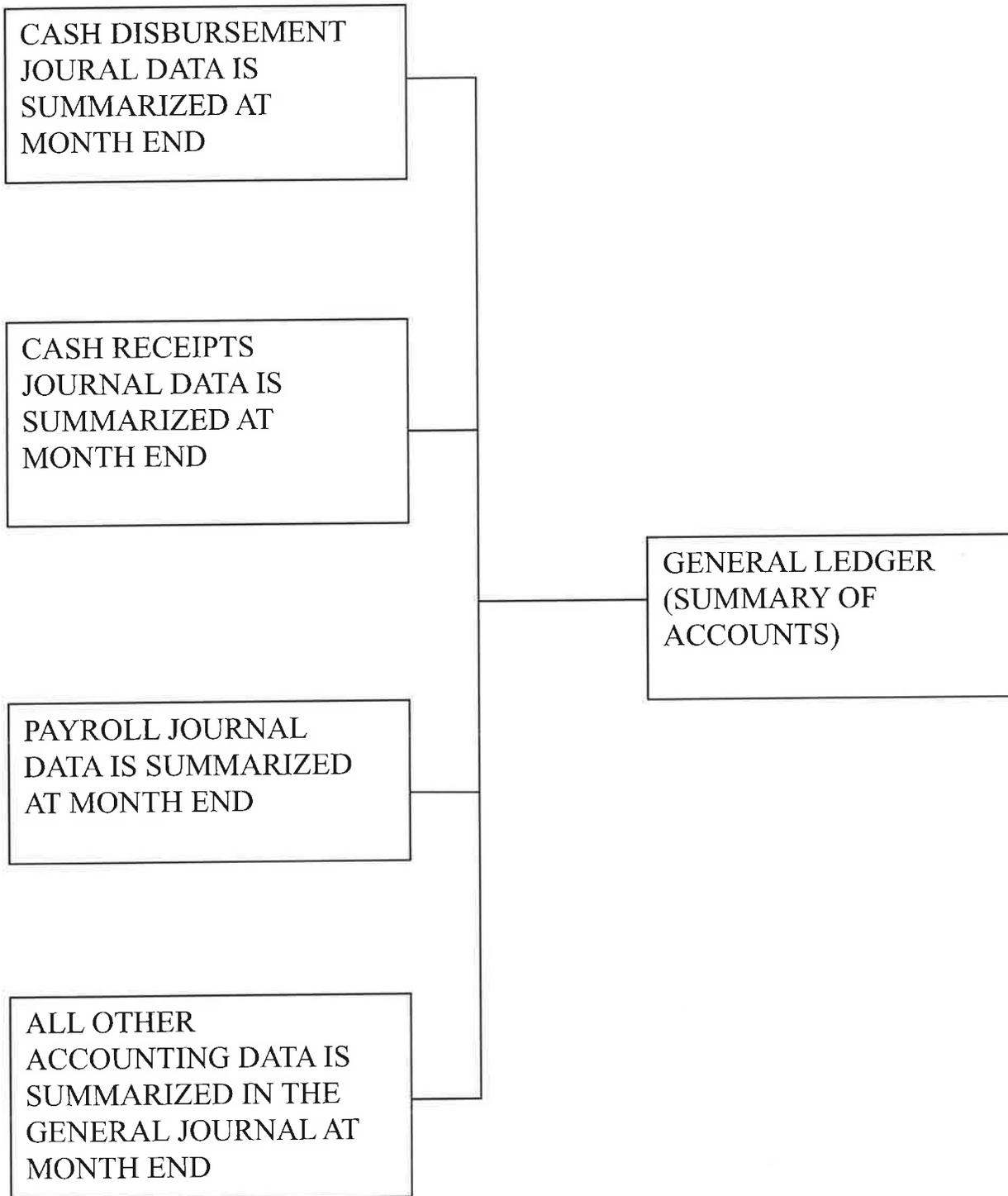
Some Federal Agencies may require additional information under the “Remarks” section of reports, however, separate program narrative reports are generally submitted, on annual basis and usually stipulated on the grant/contract agreement under “Reporting Requirements”.

SECTION 405 GENERAL LEDGER

Nonprofit organization must maintain complete records that identify the source and application of funds for federally sponsored activities and provides comparisons of outlays with budget amounts for each award. To meet these requirements, PCS, Inc. shall:

1. Maintain separate general ledger account or sub-account to identify cash and revenue recognized from each federal award. Appropriate levels of sub-account should be used within the chart of accounts if a further breakdown that the overall award is needed.
2. Established separate accounts or sub-accounts for program income received from each federal award. Program income is defined as the gross income received by a grant recipient that is directly generated by a supported activity or earned as a result of the award.
3. Isolated interest earned on federal awards through separate general ledger accounts shall be maintained. Some allocations may be required to achieve this.
4. Maintain separate fixed assets records for property purchased with deferral money. These records may not regulate to the general ledger fixed asset detail, as property purchased from federal awards might have been expensed when purchased.

GENERAL LEDGER SUMMARY



SECTION 406 CASH DISBURSEMENT

Expenditures are recognized in the accounting period in which costs or liabilities are incurred when it becomes appropriated and authorized. When the modified accrual basis of accounting is used, all of the expenditures are recorded when it incurred, and program funds are obligated and liquidated when paid.

1. The Business Manager is responsible in maintaining a cash disbursement journal for all disbursements for each bank account.
2. All disbursement checks shall be pre-numbered.
3. Any unused disbursement checks will be secured under lock and key and in the custody of the Business Manager or designated personnel, such as the Business Technician.
4. Appropriate personnel shall issue checks only upon receipts of proper source documentation such as original invoices, memorandums, budget verification forms, purchase orders, receiving records, etc., with formal authorization and approvals.
5. All invoices shall indicate the date, amount and description of goods or services.
6. Checks shall be processed in a timely and accurate manner.
7. All checks required two live signatures by appropriate personnel on the approved bank signor cards.
8. The Business Technician shall maintain a numerical file of check sign out sheet.
9. The Business Technician issues vendor codes and maintains an alphabetical and numerical log.
10. The Business Technician shall maintain an alphabetical file of check copies with source documentation.
11. The automated accounting system generates the cash disbursement journal/file which is reviewed by the Business Manager or designated personnel for accuracy and proper account code prior to posting to the general ledger.
12. Manual checks are prohibited. In emergency situation manual checks will be entered in to cash disbursement journal/file by the Business Technician and reviewed by the Business Manager or designated personnel for accuracy and proper account code prior to posting to the general ledger.
13. The Business Technician shall note applicable credits and available discounts and ensures timely payment of invoices to vendors to maintain the credibility of the PCS, Inc.
14. The Business Technician with the original checks and copies stamped, "VOID" retains spoiled or void checks over the signature line. VOID checks are filed in a folder labeled "VOID CHECKS".

SECTION 406.1 DETAIL PROCESS

1. The Business Technician for all programs maintains unpaid invoices/vouchers/purchase orders in numerical order.
2. The Business Technician enters invoice data into the automated accounting system when an invoice is received. A debit entry is made to record the program expense line item and a credit entry is made to record the liability (Payable Account).
3. Unpaid Invoices are verified with the receiving receipt and purchase order before a check is issued.
4. When an invoice is cleared for payment, the Business Technician will process the Accounts Payable checks in the Accounts payable module of the automated accounting system. A debit entry is made to the liability (Accounts Payable) and credit entry to cash to record the payment of invoice to the vendor/
5. Open files for travel advances, petty cash and prepayments are maintained. On weekly basis, the open files are reviewed for liquidation and follow up.
6. Checks are prepared for presentation to the Business Office for signature and review and approval of checks.
7. Signed checks are given to the Business Technician who stamps all source documentation as, "PAID" and vouchers are filed. If checks are mailed, the Business Technician stamps the check copies, "MAILED" and records the date it is mailed.

8. The original checks are either mailed or distributed by the Business Technician.
9. The Business Technician for future reference and to meet the audit requirements maintains paid invoice files.

SECTION 407 CASH RECEIPTS

Revenues are recognized in the accounting period that they become available and measureable. Most of the PCS, Inc. revenues comes from the federal government in the form of grant revenues and only become legally available after expenditure. It is improper to establish an account receivable at the time of a grant award.

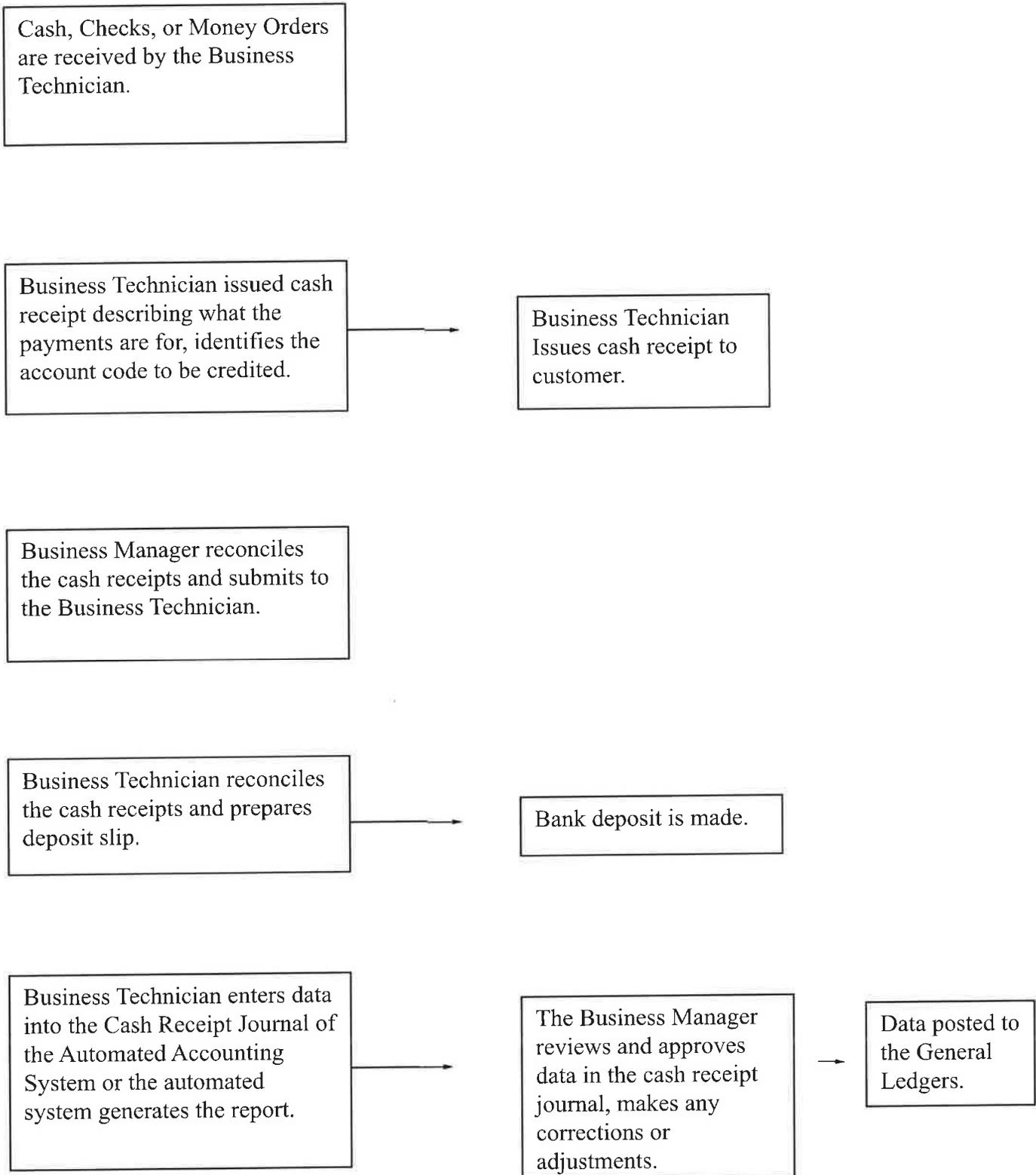
1. The Business Manager is responsible to maintain a formal cash receipt journal for all receipts.
2. All cash receipts are pre-numbered.
3. All coin, currency, checks, money orders, and other forms of money shall be deposited into a checking account at least twice a week.
4. No cash shall be accepted without a cash receipt being issued by the Business Technician.
5. All checks shall be endorsed for deposit immediately upon receipt.
6. The disbursing of un-deposited money shall be strictly forbidden.
7. Absolutely no personal or payroll checks will be cashed using un-deposited money.
8. Checks, money orders and cashier checks mailed shall be tracked. The auditors during the annual audit will compare a listing of receipts to the actual deposits to the bank.
9. A service fee of \$35.00 will be assessed for personal checks returned for insufficient funds or for any other circumstances, after it has been re-deposited once.
10. The Business Manager is responsible in issuing customer numbers and maintains an alphabetical and numerical log of customer numbers.
11. All cash receipts will summarize coinciding with each bank deposit and posted to the general ledger.
12. Spoiled or void cash receipts will be retained in the cash receipt book with the original receipt and copies stamped "VOID" on the signature line.

SECTION 407.1 DETAIL PROCESS

1. All coins, currency, checks, money orders, cashier checks and other forms of money shall be received by the Business Technician who shall issue a cash receipt with the following information:
 - A. Date of transaction
 - B. Name of the Individual turning in the money
 - C. Amount of money being received
 - D. Source/origin of the money
 - E. Account number to be credited
 - F. Signature by the Business Technician or designated personnel
2. For grant modifications, the Business Manager will be notified. The Business Manager shall note the check number, the amount, and the date received on the "Request for Funds" from filed in the grant/contract program folder. For draw downs electronically transferred, a copy of the bank transaction indicating the date and amount of transfer should be noted. A copy of the check can also be filed in the payment sections of the grant/contract folder.
3. At the end of each business day, the Business Technician shall total the amount of the daily cash receipts with the amount of money received.
4. Twice weekly, or when the daily cash receipts balance exceeds \$500, the Business Technician will prepare the bank deposit slips as follows:
 - A. Prepare a bank deposit slip with a duplicate copy reflecting the total amount of cash received.
 - B. Place an initial on the deposit slip.
 - C. Retain the duplicate copy for records/files.

- D. Business Manager will make deposit, return bank deposit slip to be concurred by Business Technician to ensure that deposit was made and for correct amount.
5. Where the bank deposits do not balance with the amount of cash receipts recorded in the receipt book, the Business Technician shall notify the Business Manager immediately. The Business Manager will solely determine any discrepancies and dispositions for less than \$20. Any disposition and discrepancies in excel of \$20 shall be reported to the Principal for disciplinary action.
 6. When the monthly bank statements arrive, the Business Manager compares the deposit slips with the bank statement ensuring all amounts are deposited correctly into the bank account.
 7. The Business Manager is responsible for ensuring that the general ledger and bank statement reconciles each month.

CASH RECEIPT SUMMARY



SECTION 408 PAYROLL

The compensation of PCS, Inc., employees shall be established by Principal who is responsible to establish and periodically updates the salary schedule and classification. The PCS, Inc. is on a bi-weekly pay period plan and processes payroll at least 26 times per year.

1. Employees shall be paid at a salary no lower than the federal minimum wage.
2. The Human Resource Assistant is responsible to ensure compliance with federal and state wage. The Business Technician is responsible to ensure compliance with federal and state tax laws, payroll tax depository requirements and other mandatory tax requirements. Quarterly and Annual Tax reports must be submitted accurately and timely.
3. The Human Resource Assistant is responsible in setting up employee fringe benefits and must make available to all employees such as the
 1. A. Medical/Health Insurance Plan
 2. B. Retirement Benefits
 3. C. Life Insurance
 4. D. Leave Hours, etc.
5. Payroll checks are distributed biweekly.
6. Payroll direct deposits are electronically transferred at least within 24-48 hours before the regular pay day.
7. Payroll checks are processed from a separate bank account.
8. Time sheets are reviewed and approved by the Department Supervisors to confirm the total hours worked; that work is performed as assigned and approves all time sheets.
9. Time card (punch) must be attached to the time sheet for non-exempt/ exempt employees indicating the actual time of sign in and sign out for lunch and breaks between the normal work hours. Hand written time of sign in and sign out is strictly forbidden. Any attempt shall be reported to the Principal for disciplinary action
10. The Business Technician reviews and verifies the time sheet, sign in sheet/ time cards, approved leave forms, approved overtime and enters data into the automated payroll system.
11. The Business Manager must review and approve the manual time sheet reports with the data information entered on the payroll system before the Business Technician performs any payroll finalization.
12. Any changes to the payroll master files for employees must be initiated with a proper change notice o form, such as a notice of an employee status change, rate in pay, W-4 form and other changes. The Human Resource Technician process the Personnel Action Form. Before a Personnel Action Form is process, it needs to be properly approved and authorized by Business Manager and the Principal.
13. Unused payroll checks are properly secured under lock and key and in the custody of the Business Technician or designated personnel.
14. Payroll checks shall be pre-numbered.
15. Spoiled or void checks are to be retained by the Business Technician with the original check and copies stamped, "VOID" over the signature lines. VOID checks are filed in a folder labeled "VOID CHECKS".
16. The Business Technician is responsible for the maintenance of vacation, sick leave, and other leave record. A log is maintained for each employee indicating the earnings and charging of leave hours.
17. Periodically the leave records are reconciled with the Department Supervisor.
18. The automated payroll system generates the reports for the gross earnings, deductions (employer and employee paid), and histories of leave earnings and usage. The payroll journals are reviewed by the Business Manager or designated personnel checks for errors, proper account code, and deductions prior to posting to the general ledger.
19. Year-to-date earnings and deductions are maintained by the Business Technician.
20. The Business Technician maintains payroll-related employee files.

SECTION 408.1 DETAILED PROCESS

1. The Department Supervisors with department timekeeper complete the time sheet for payroll, verifies the hours reported and ensures the correct account code is charged in the program budget.- Department Supervisors are responsible for the actual time directly charged to his/her program, leave hours taken, holiday, over-time, etc. The time reports are reviewed and approved and then forwarded to the Business Technician.
2. The Business Technician takes responsibility to ensure that correct information regarding the rate of pay, eligible fringe benefits, correct account codes are charted and enters data on the employee information files.
3. The Business Technician verifies the time report, mathematical accuracy and enters into the automated payroll system. The Business Technician may adjust any errors on time sheet with collaboration with the Business Manager. The Business Manager reviews and approves the time reports for each employee before the payroll is actually calculated on the automated payroll system.
4. The Business Technician notes the leave hour taken and records in the leave record for all employees.
5. The Business Technician enters the employee deductions, if any.
6. The payroll is calculated. The Business Technician verifies that checks are processed for all employees and correct salary/wage rates, hours and deductions are made.
7. Two live signatures as approved on the payroll bank signor card sign payroll checks.
8. Any errors in the calculation of payroll checks, which are noted after the distribution is corrected within the next payroll cycle.
9. Employee may elect to have their payroll earnings directly deposited into individual checking or saving accounts. The Business Technician electronically transfers the net amount to financial institutions.
10. The gross earning and fringe benefit expenses for all employees are transferred to the general ledger. Prior to posting, the Business Manager or designated Payroll will review and make any adjustments/corrections.
11. The payroll register generates tax reports and other deductions. The Business Technician uses this information to prepare vouchers for deposit of appropriate payroll taxes and other items withheld (Payroll Payable).
12. Federal payroll taxes are made electronically after three (3) business days after the payday.
13. Payables for deductions are processed immediately after the payroll process to ensure timely deposits made from employee earnings. The payables are processed through the normal distribution as the cash disbursements.
14. The Business Technician distributes payroll and payroll checks, stamping vouchers as PAID and MAILED if mailed.
15. The Business Technician files the payroll checks.
16. Month to date, Quarter to date, and Year to date payroll records are filed and maintained by the Business Technician.
17. Quarterly tax reports the Business Technician prepared (941) and approved by the Business Manager.
18. Annual payroll reconciliations are made to employee gross earnings, expenditures reports, quarterly 941 tax reports, W-2s and W-3s by the Business Technician and approved by the Business Manager.
19. On quarterly basis, the fringe benefit charges are reviewed by the Human Resource Technician to ensure the Payroll department is making correct deduction.

SECTION 409 EXTRA DUTIES ASSIGNMENT SHORT TERM CONTRACTS

During the school year the School may need services that are not included in the staff's employment contracts or regular duties. The School may pay extra duty assignment for providing these extra services. Extra duty assignment should be used only in rare circumstances where employees perform additional duties above and beyond their contract requirements. All staff are eligible for extra duty assignment and for the performance of additional activities/services that meet the following conditions:

1. Extra duty assignment may be paid to any staff's that perform school improvement or professional development duties outside his/her regular tour of duty, which provide services to students or otherwise support the school's academic or social programs. Extra duty assignment may not be paid for these activities or services if they are carried out during the regular working hours. Extra duty assignment is intended for beyond regular work day.
2. Extra duty assignment may be paid to salaried staff that performs additional activities outside their regular duties, which provide services to students or otherwise support the school's academic or social programs. Stipends may not be paid for these activities or services if they are carried out during regular working hours. Examples of duties that may be eligible for extra duty assignment include, school improvement, and professional development.
3. A non-employee may not receive a extra duty assignment-

SECTION 410 STIPENDS

The School may issue stipend for providing services outside employee's normal duties. Services provided to other programs and/or perform additional duties above and beyond their contract requirements. Stipends should be used only in rare circumstances. All staff is are eligible for stipend that meets the following conditions:

1. Stipend may be paid to any staff's that perform additional activities outside his/her regular tour of duty, which provide services to students. Example of duties that may be eligible for stipend includes, coaching, and sponsoring student clubs.
2. Stipend request shall be approved by the School Board prior to begin services.
3. Stipend amount must be included in department budget and identified in the line item.
4. All service rendered must be recorded by maintaining require documents such as: student sign in sheets, flyers, agendas, meeting minutes, student rosters, schedule of games, etc. submit with stipend request for payment.
5. Stipend will be paid at the end of the season or club.
6. Stipend will be denied if employee performed coaching or sponsoring club during normal work hours.

SECTION 411 SHORT TERM CONTRACTS

The School may issue short term contract for providing services outside employee normal department during normal work hours or temporary assignment to assist in other departments under different funding. The short-term contract will have starting and ending date, and funding. During short term assignment, employee will follow all guidelines outline in section 408.1.

SECTION 410 CAPITAL ASSETS

The capital assets are generally described in the Procurement and Property Management Systems, but the capital assets are an integral part of the Financial Management System and are accounted for exclusively by as a self-balancing group of account in one fund (General Fixed Asset Group of Accounts).

1. A capital asset shall be defines as any item of non-expendable personal property that cost of which exceeds \$5,000 and has a useful life of more than one year.
2. An annual inventory of capital assets shall be conducted by the Administrative Assistant/Inventory and verified during the annual audit.
3. The Administrative Assistant/Inventory is responsible in recording all capital assets and property disposition.

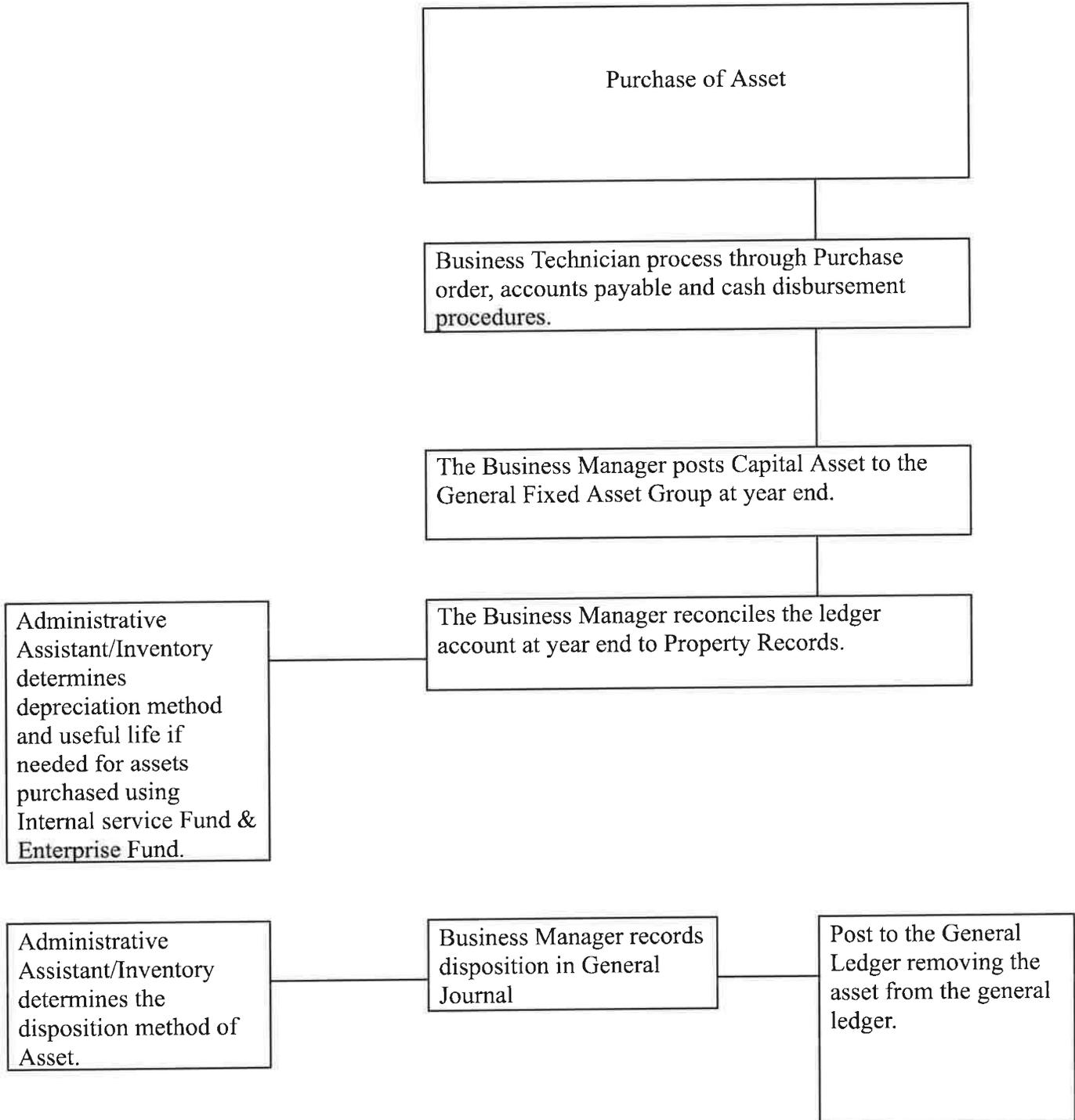
4. The Business Manager or designated personnel shall conduct an annual reconciliation of the general ledger account to the property control record, usually at year end.

SECTION 410.1 DETAILED PROCESS

1. When capital assets are obtained, the normal procedure for Accounts Payable to issue a check is used whereby an original invoice is process describing the capital asset. An additional entry is made in the accounting where by an investment in capital asset is noted in the General Fixed Asset Group of accounts (GFAG).
2. The Business Manager shall make a spot check of capital asset/equipment as it appears on the Property/Management Inventory list periodically.
3. On annual basis, the Business Manager shall make general journal entries to the GFAG for all capital assets/equipment purchased at year end.
4. Disposition of any capital asset/equipment requires the Principal's approval. The Business Manager shall make a general journal entry to remove the original amount paid from the account. The journal entry is then posted to the general ledger.
5. The Administrative Assistant/Inventory will recommend and deposition of capital assets/equipment to the Principal will have the final approval in any deposition of assets/equipment that is consistent with bureau policies.

REQUEST FOR FEDERAL FUNDS

CAPITAL ASSETS SUMMARY



SECTION 411 JOURNAL ENTRIES

On monthly basis, it is necessary for the Business Manager to reconcile the general ledger by preparing general journal entries for adjustments or corrections that are needed.

General Policy

1. The Business Manager may prepare general journal entries for travel expenditures, petty cash expense and other types of entries.
2. The Business Manager prepares general journal entries for any banking transaction for bank services fees, electronic transfer and payments that are not processed through the payroll system, cash disbursement of cash receipt journals on a monthly basis.
3. The general journal entries shall be pre-numbered.
4. The Business Manager shall maintain the general journal entries and file the journal entries for each month and retained for auditors during the general audit.
5. Any copies of source documentation shall be attached to the journal entry form, such copies of bank statements, travel expense reports, petty cash expense reports, postage usage reports, etc.
6. Unused journal entry forms shall be in the custody of the Business Manager.

SECTION 411.1 Detailed Policy

1. When a travel advance, petty cash, or payment is issued and funds have been returned to complete the transaction, a report shall be submitted to the Business Office in a reasonable time frame. The Business Manager shall prepare a general journal entry form to record the actual expenses, indicating the correct account number, and a brief description of the transaction, attach reference documents or copies, and record the appropriate debit and credit entries.
2. The Business Manager shall review the journal entry form along with the attachments.
3. In case for bank statement entries and other transactions, the Business Manager will prepare the journal entry form. Transaction could be administrative cost. Grant charges, postage usage charges, internal lease charges, corrections to posted entries, etc.
4. The Business Manager enter data into the general ledger.
5. Prior to posting to the general ledger, the Business Manager shall review and the **Principal must** approve the journal entries.

SECTION 412 REQUESTS FOR FEDERAL FUNDS

In general the federal grant award federal financial assistance on an 80/20% funds are advanced two times a year. For P.L. 100-297 Grants for Schools, the award can be made in an advance lump sum distribution. For purposes in requesting for federal funds, the following cash management procedures will be used for PCS, Inc.

1. 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 request for funds from the Federal Government.
2. 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.
3. 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.
4. When an advance lump sum 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 earnings will be retained for unrestricted purposes or to enhance program operations.

SECTION 412.1 Detailed Process

1. The Business Manager checks the payment requirements of all the grants and contracts and prepares a schedule for those grants and contracts that are on cost reimbursement, advance or lump sum distribution.
2. A forecast of cash needs is scheduled for the fiscal year or for the duration of the grant or contract.
3. Advance requests are generally made on monthly basis and at the beginning of each month. Funding agencies may or may not approve advance requests when forms **SF-425** (Financial Status reports) and Single Audit Report are not filed accurately and timely. The Business Manager is the designated official to request for funds subject to the approval of the Principal.
4. Advance lump sum distributions are generally requested on a request for funds at the beginning of the grant or contract period. **Form 21** is used itemizing the Federal financial cost component number and amounts. The awarding or approval official generally approves the request for funds from and is processed through the Federal finance system. The federal funds are generally processed through the finance system and take approximately 24-48 hours before the funds are deposited into the checking account. The Business Manager and the Principal, or other designated officials shall approve the form along with the approving awarding officials.
5. The request for funds documents are filed in each program grant or contract folder. When the payment is made, the Business Manager will note the date the funds were received.

CHAPTER V BUDGETING

SECTION 500 PURPOSE

The overall budgeting is a vital part of managing the PCS, Inc. program operations. It consists of management's estimates of the financial resources and expenditures for its operating activities for a future period of time. 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. Short-term budgets are generally prepared for a period of one year and usually for program operating activities. Long-term budgets may be prepared for five, ten, or twenty years. It provides for the plan of expenditures for major capital acquisition such as land, buildings, machinery and equipment.

SECTION 501 GENERAL DESCRIPTION

Planning is a priority in budgeting. PCS must analyze operations, identify operating activities consistent with the goals and objectives and estimate the costs. Estimating future financial resources and expenditures provides for planning for positive action in advance to avoid future financial problems and opportunities. It allows for useful information for estimating costs and making decisions such as salary increases and development of new ventures or enhancements of current program activities.

Budgets are useful as standards by which performance and control costs can be evaluated. Actual resources and expenditures can be compared to budgeted resources and expenditures on monthly or quarterly basis. Variances between actual and budgeted amounts can be calculated and investigated if necessary. If unfavorable variances are caused by inefficiency, corrective action can be taken.

Budgets are a means of communication and coordination. PCS formally communicates its plans and expectation to staff. The staff knows the expectation and how performance will be evaluated. As a result, staff has less uncertainty and is motivated for performance improvements. They are aware of the needs to cooperate in order to achieve the goals and objective of the organization.

SECTION 502 EFFECTIVE BUDGETING

Several conditions must exist for effective budgeting which includes:

- PCS support
- Proper budget administration
- Involvement of lower level staff
- Realistic expectations
- PCS to make decision and take action
- Coordination of budget preparation
- Census data of student count

SECTION 503 THE BUDGET PREPARATION AND APPROVAL PROCESS

The budget process must be taken seriously and serves as a "plan" for operating activities. It must be supported by PCS and efforts to use budgets as a positive management tool to measure the results of operations, identify areas where additional attention is needed and to reward for good performance

The following five basic steps for budget preparation may be used effectively as a guide for action.

- List organizational goals and objectives, programs or activities

- Consider Smart Goals, Comprehensive Needs Assessments, Native Star and AdvancED surveys.
- Estimate the cost of each program or activity
- Estimate the expected financial resources
- Compare estimated financial resources with estimated costs and make necessary adjustments, and
- Present the final budget to PCS Board for approval and adoption

SECTION 504 Goals and Objectives

PCS, Inc. sets the tone by issuing a mission statement or initiatives for program operations. The expectations should be clearly defined and must be realistic to accomplish with available financial resources. The budgets should also be consistent with the goals and objectives of the programs. The listing of goals and objectives provides for the opportunity to analyze program operations and to critically evaluate the need for existing programs, the need for new programs, and need for restating or updating the mission or purpose.

SECTION 505 Estimate costs of Program and Activities

The Principal may make recommendations to PCS based on historical program activities and results of performance, financial data, and financial variances and recommend changes for subsequent year. The actual expenditures should be carefully reviewed and compared to budgeted amounts before realistically use as estimates for the coming year. The project costs should be adjusted for budget difference, inflation, unusual items not expected to recur, and special events and for any planned changes in costs. The Business Manager, Department Supervisors and Principal are responsible to estimate the operational costs of program and activities clearly identifying and justifying the estimates to PCS, Inc. The Business Manager determines allowability and allocability of estimates in the budget process to avoid questioned or disallowed costs. The Business Manager also makes recommendations to the Principal and Department Supervisors before budget submission to PCS Board.

SECTION 506 Estimate financial resources

The total estimate consists of the sum of estimate for each type of financial resources for PCS. A review of the prior year's financial resources and current year's projected actual and budgeted financial resources is the starting point for estimating the coming years expected financial resources. Estimated financial resources from contributions should be based on careful considerations and analysis of any expected changes in membership, past contribution and expected national and local economic conditions and the current public opinion of governmental spending. The Principal and Business Manager are responsible to make estimate of financial resources, clearly identifying and justifying the estimates to the PCS Board, Inc.

SECTION 507 Compare Total Estimated Financial resources to Expenses

The Principal and Business Manager 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 goals and objectives. What expected costs can be decreased? Which expected costs can be eliminated?

SECTION 508 Budget Presentation

The Business Manager may comment on the budget during the budget process. A committee of key administrators and department Supervisors review proposed budgets, annual work plan and submits to PCS Board for final approval. Any budget adjustments or revisions by PCS 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%) a pessimistic budget (80%) and the expected (realistic) budget (100%).

SECTION 509 MONITORING THE BUDGET

Effective budgeting requires consistent monitoring of the overall budgets. Actual results should be compared with budgeted amounts on monthly or quarterly basis. Department Supervisors reviews the monthly report and takes necessary action if it appears that expenses exceed the budgeted amount or that financial resources (revenues) will be less than expected for the year.

Quarterly budgets are presented to PCS Board for review and approval. PCS can take appropriate action for investigations of significant budget deviations or differences and take correction action. Major budget revisions or reprogramming of program funds in excess of 10% across categories require prior approval of PCS Board.

A budgetary control report is prepared showing:

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

SECTION 510 CARRYOVER – REMAINING BUDGET BALANCE

Department Supervisors are encouraged to spend the total budget for each year in order to get or at least the same amount for the subsequent year. The recommended 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.

CHAPTER VI TRAVEL

SECTION 600 TRAVEL POLICY & PROCEDURES

This policy will serve as reservations for all business travel on behalf of PCS, Inc. The policy will provide regulations which implements statutory requirements in a manner that balance the need to assure that official travel is conducted in a responsible manner with the need to minimize administrative costs; and to communicate the resulting policies in a clear manner to PCS, Inc. employees. Travel represents a significant expenditure for PCS, Inc. which requires the need to monitor travel activity. PCS, Inc. must have an effective, efficient and enforceable travel policy pursuant to Federal Travel Regulations (~~41 CFR Chapter 301~~). It is the policy that PCS, Inc. authorizes only the travel, which is necessary to accomplish the purposes of PCS, Inc. effectively and economically in accordance with the PCS, Inc. mission.

An employee or Governing Board member traveling on official business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, delays or luxury accommodations and services unnecessary or unjustified in the performance of official business are not acceptable under this standard.

Employees and Governing Board members are herein referred to as "Travelers". Travelers will be responsible for excess costs and any additional expenses incurred for personal preference or convenience.

All travel is to be taken in the most advantageous mode consistent with school objectives. In no event shall modes of travel, accommodations or meals be lavish or extravagant. All must conform to Federal Travel Regulations for maximum allowances for mileage, meals and lodging.

All travel requested must be part of the approved department budget. PCS, Inc. has developed these policies for all PCS, Inc. travelers to abide by. All PCS, Inc. travelers will abide by the Federal Travel Regulations at www.gsa.gov.

A travel cut off will be announced close to staff check out at the end of fiscal year, to ensure that all travel authorizations have been fulfilled.

No over night travel commitments will be made prior to Governing Board's and/or Principal's approval. Any expenses incurred prior to Governing Board's and/or Principal's approval shall be borne by the traveler.

In-State travel:

1. All locations in Arizona and New Mexico. The Principal will be responsible for authorizing In-State travel that conforms to In-State Travel Policy.

Out-of-State travel:

1. Travel to U.S. states requests require advance Governing Board approval for all Out-of-State travel.

Only be reimbursed for reasonable travel expenses consistent with the time necessary to accomplish the purpose of their business functions or activities.

Overnight travel will be approved only by the Governing Board during the COVID-19 Pandemic. Employees will not be authorized to overnight travel without an approval.

SECTION 601 AMENDMENTS TO THE TRAVEL POLICY

The PCS, Inc. Board may review, amend and approve the travel policy when new regulations affecting the policy become necessary. The Board will authorize approvals by PCS, Inc. resolution duly considered in a regularly scheduled meeting.

SECTION 602 TRAVEL AUTHORIZATION

The Travel Authorization and Advance Request Form must be completed prior to any traveling employee. The purpose of the Travel Authorization is to officially authorize the employee to travel on behalf of the school.

SECTION 602.1 Direct Route

Travelers are entitled to reimbursement for expenses associated with the most direct reroute to and from business related destination(s). Travel cost associated with deviation there from for reasons not related to official business, i.e. personal reasons shall not be reimbursed.

SECTION 602.2 Travel Advance

Advancement of Funds. Employees may request and receive a travel advance amount up to 80% of projected travel expenditures for Out of State and In-State Travel. Travel advance request must be submitted to the Business Office with all approvals two weeks in advance prior to travel.

SECTION 603 TRAVEL AUTHORIZATION PROCESS

1. The traveler initiates the travel request by completing a Travel Authorization form and submits to the immediate supervisor and Principal for approval.
2. Completing the Travel Authorization
 - a. Meal Per Diem
 - i. Is calculated based on the destination location.
 - ii. Travel days are calculated at $\frac{3}{4}$ per diem first & last day.
 - iii. Travel hours less than 12 hours will not be eligible for per diem.
 - b. Mileage
 - i. Mileage claim begins from the employee's duty station and upon return. Mileage will be report for the entire trip. Any additional mileage claimed above standard mileage chart must be justified.
 - ii. Distance to destination is determined by the Business Office who will determine the distance based on the road atlas.
 - iii. The shortest and most direct route will be used when determining mileage. If traveler chooses an indirect route based on personal preference, only mileage for shortest and direct route will be claimed.
 - iv. Personal vehicle must have adequate liability insurance coverage. The personal vehicle insurance carrier will be the primary insurance when used for authorized PCS, Inc. business.
 - v. Mileage expense is not to be claimed by individuals using a GSA vehicle or who is a passenger, or uses a car pool.
 - c. Account Code - Proper account codes must be entered on the Travel Authorization form. Sufficient funds must be available in that account to avoid any delays.
 - d. Approval - The travel authorization form will be properly completed, approved by the department supervisor and Principal. If travel is Out-of-State the request must have Governing Board approval prior to departure.
3. Upon approval, traveler or department will complete all required requisition pertaining to travel.

4. A completed and signed requisition and travel authorization will be submitted to the Business Office ten (10) days prior to travel to receive a travel advance. This will allow the Business Office adequate time to process all travel, purchase orders, and checks.
5. A travel advance will not be processed if the Business Office receives less than seven (7) days prior to travel. In these situations, Travel Claims will be reimbursed only upon submission of a completed Travel Expense Report after travel with original receipts.
6. Proof of Insurance Coverage - Employees and Governing Board who must travel in connection with official business must maintain automobile liability insurance coverage. Proof of coverage must be provided to the Business Manager.
7. Valid Driver's License - Employees and Governing Board are required to provide proof of a valid driver's license to the appropriate Personnel/Transportation before incurring any travel expenses.
8. Official Travel - Official travel begins from the PCS work site to the point of destination of business and back. Travel between the employee/Governing Board residence or properties does not constitute official travel and not reimbursable.
9. Reasonable Travel Time - Employee/Governing Board shall use proper safety driving practices when traveling. Travelers are not permitted to drive a vehicle for more than ten hours in one twenty-four hour period. Travelers only are reimbursed for reasonable travel expenses consistent with the time necessary to accomplish the purpose of their business functions or activities.

SECTION 604 TRAVELER'S RESPONSIBILITY

1. The employee/governing board has an ethical duty and responsibility for reporting accurate travel and related expenses. The employee also has a responsibility to report abuse of travel funds and falsification of travel documents. The traveler must initiate a Travel Authorization and follow through with all paperwork. Traveler must safeguard all receipts and documents and must submit them with their travel expense report upon return. Travelers must also submit travel paperwork seven days prior to travel to request for a Travel Advance. Requests submitted less than the five (5) business days will be on a reimbursement basis.
2. If the traveler does not travel by the method of transportation required by regulations or selected by the school, any additional expenses incurred will be borne by the traveler.
3. Abuse of this policy, including, but not limited to, falsifying expense reports to reflect costs not incurred by the traveler or unreasonable or excessive expenses, will be automatic deducted through payroll and/or stipend and may be grounds for disciplinary action, up to and including termination of employment.
4. Employees will contact their immediate supervisor for guidance and assistance on procedures related to travel arrangements, travel advances, expense reports, reimbursement for specific expenses, or any other business travel issues.
5. All transactions from previous travel must be completed within five (5) working days after return from trip, before any new travel advances will be allowed.
6. Traveler is responsible to provide the following documents with Travel Expense in order to claim fund:
 - a. Travel Expense Form
 - b. Meeting & Training Debrief Form
 - c. Meeting Sign In Sheet and/or Training Certificates
 - d. Lodging Receipts
 - e. Registration Receipts
 - f. Airline – Boarding Pass
 - g. Parking Fees
 - h. All receipts must be itemize

7. Traveler must submit a Travel Itinerary, Memo requesting for travel, and a copy of training/conference brochure to the Business Office prior to the Governing Board meeting.
8. The Business Manager will approve the expense and forward to Academic Secretary for submission to Governing Board agenda for approval.
9. The traveler must follow-up on the action taken by the Governing Board and forward to the Business Office for processing.

SECTION 605 DISRUPTION OF TRAVEL

Illness, Injury or Personal Emergency Situations - If an employee must discontinue or interrupt his/her travel assignment due to an illness, injury or a personal emergency, the transportation and per diem expenses incurred up to the time when the travel was interrupted shall be reimbursed for those travel costs. Travelers must immediately notify the Principal of such incidents.

SECTION 606 DISCLAIMER OF LIABILITY

PCS, Inc. shall not be responsible or liable for any illness, deaths, mishaps, and other unfortunate occurrences, involving other persons who accompany travelers on travel who are themselves not on official business.

SECTION 607 CONFLICT OF INTEREST

All approved travel advances must be used strictly for official business on behalf of PCS, Inc. all travel expenditures must be related to the official duties, functions, and responsibilities of the employee and Governing Board. If there is any evidence of a conflict of interest, travelers will forfeit his/her entitlement to related travel reimbursement.

For employees serving on other boards or commissions are to report to the Business Manager a contact person and name, title, email address, telephone number, address and other relevant information to confirm or verify compensation of stipends and/or travel expenses.

SECTION 608 PER DIEM

A Per Diem allowance will be allowed when the traveler is performing official travel away from PCS, Inc. and only if he/she is in travel status for more than 12 hours. Per Diem allowance will not exceed the maximum per diem rates and the Meal & Incidental Expense rate (M&IE) more information at www.gsa.gov.

The per diem allowance for M&IE will be paid as follows:

- | | | |
|----|--|-------------------------------------|
| 1. | When travel is more than 12 but less than 24 hours | $\frac{3}{4}$ per diem of M&IE Rate |
| 2. | First and last day travel | $\frac{3}{4}$ per diem of M&IE Rate |

SECTION 609 ADJUSTED M&IE RATES

If a meal provided by a common carrier or a complimentary meal provided by a hotel/motel does not affect your per diem.

Your M&IE rate must be adjusted for a meal(s) furnished to you at a nominal or no cost to the school or is included in the registration, by deducting the appropriate amount shown in the M&IE chart.

The school will utilize the per diem method for meals and does not require meal receipts to be submitted unless required by grant agreement like First Thing First, Baby FACE.

SECTION 610 LODGING EXPENSE

Lodging will be paid by PCS, Inc. based on the government rate unless the area/hotel does not offer government rate, then documentation must be attached to the Purchase Requisition or the Travel Authorization Form. Traveler must choose hotel that is economical and reasonably located to destination.

It is the policy of PCS, Inc. in accordance with federal policy to save lives and protect property by promoting fire safety in hotel/motels and all places of public accommodations. Travelers are strongly encouraged to stay in an approved accommodation when commercial lodging is required. An approved accommodation provides certain fire detection and safety devices that reduce the likelihood of injury to and protect the lives of travelers.

After lodging is confirmed, when the need arises to cancel a reservation, it is the traveler's responsibility to cancel any and all hotel reservations. If the traveler fails to cancel reservations, the traveler must reimburse PCS, Inc. for lodging not used and not cancelled.

All pre-paid lodging that is not substantiated with a lodging receipt showing room rates and tax must be reimbursed back to PCS, Inc., by the traveler.

SECTION 611 AIRFARE

It is the policy of PCS, Inc. that employees and Governing Board members who use commercial air carriers for domestic and international travel on official business will use coach class airline accommodations. When the mode of transportation requires air travel, the traveler will utilize coach class service that is reasonable.

1. Upon submission of the requisition and issuance of a purchase order the Business Office will book airline arrangements.
2. The traveler must make commitment once ticket is issued.
3. If after travel arrangements are made and ticket is issued, traveler chooses to make changes to same travel arrangements and/or ticket, the traveler will be responsible for all costs incurred due to ticket changes and fare difference.
4. If after travel arrangements are made and ticket is issued, the traveler cancels trip or chooses not to use airline ticket, the ticket must immediately be returned to the Business Office. The traveler is now responsible for reimbursing PCS, Inc. the cost of the ticket. Repayment must be made prior to any new travel to be taken. One full payment for the cost of the ticket is made; the ticket will belong to the traveler for their personal use.

SECTION 612 PCS, INC. & PRIVATE OWN VEHICLES

Mileage costs for use of personal cars will be provided only under the following circumstances:

1. During the COVID-19 pandemic
2. When less expensive transportation is not available
3. School provided transportation is not available
4. When employee is on extended travel

Mileage cost for use of personal vehicles will be reimbursed at the existing U.S. Government published rate. POV Mileage Reimbursement Rates is available on www.gsa.gov

All employees must obtain prior written approval from the Principal for use of personal vehicles.

The school must select the method most advantageous to the school, when cost and other factors are considered. Travel must be by the most expeditious means of transportation practicable and commensurate with the nature and purpose of your duties. In addition, PCS, Inc. must consider energy conservation, total cost to the school (including costs of per diem, overtime, lost work time, and actual transportation costs), total distance traveled, number of points visited and number of travelers.

SECTION 613 MISCELLANEOUS TRAVEL EXPENSES

Miscellaneous travel expenses will include Taxi and/or shuttle fees, Hotel Energy Surcharges, Parking fees, and car rental. These expenses will be the most economical means of transportation for the school. No miscellaneous expenses will be reimbursed or personal business (i.e. taxi fees for sightseeing or personal shopping).

SECTION 614 TEMPORARY DEPENDENT CHILD CARE

Temporary dependent care cost is allowable only during the travel period. PCS, Inc. will pay for child care expense under these circumstance. Temporary Child Care is used if the traveler has no other resources to obtain child care while attending official business on behalf of PCS, Inc.

The term “dependent” means:

1. qualifying child – with respect to any taxpayer for any taxable year (a son, daughter, stepson, or stepdaughter of the taxpayer, eligible foster child, and adopted child).
2. qualifying relative - with respect to any taxpayer for any taxable year (brother, sister, stepbrother, or stepsister or descendant of any such relative).
3. Disabled dependent must be permanently and totally disabled. All legal documents of custodial parent must be presented with request.

a. Ineligible

- i. married dependent(s)
- ii. under the age of 6 months
- iii. over the age of 12

b. Eligible

- i. qualifying child must be claim as a dependent on employee’s tax return – Human Resource must verify documents, copies is not required.
- ii. Parent(s), guardian(s) must be employed full-time/full-time student.
- iii. qualifying adopted child – must show legal/custody documents.
- iv. qualifying foster child – must show legal/custody documents.

All requests for temporary dependent care must be prior approval by immediate supervisor and Principal. Temporary Child Care will be paid to business only. PCS, Inc. will not pay travelers relative for temporary child care or pay for his/her expense.

SECTION 615 TRAVEL EXPENSE REPORT

A travel expense report must be submitted within five (5) working days after returning from travel. Failure to submit a timely travel expense report will result in a hold on all future travel advances until all transactions from previous travel are completed.

Reimbursable expenses will be reported promptly, accurately, and with all necessary documentation. (i.e. laundry expense (reasonable), taxi receipts and parking fees).

1. Traveler must complete the Travel Expense Claim and Meeting & Training Debrief Form. The purpose of the expense claim and report is to provide actual travel dates, departure times and allowable expenses incurred for the trip.
2. The Travel Expense Claim and Meeting & Training Debrief Form will substantiate the travel advance received.
3. Allowable reimbursable travel expenses must be claimed on this report. Such expenses include laundry expenses (for travel over four consecutive days) taxi fees, shuttle fees, parking fees, limited reasonable business calls to PCS, Inc. only. Receipts must be submitted with Travel Expense Report to claim reimbursement for travel expenses. No receipt, no reimbursement.
4. Only allowable travel expenses incurred while on official school travel will be reimbursed. Request for reimbursement of items not related to official school travel (Xerox copies, purchase of office supplies, sightseeing taxi fees, etc.) will not be reimbursed.
5. Traveler must complete all sections of the Business Trip Record and Travel Expense Claim with signatures from the department supervisor and Principal.
6. The traveler is responsible for submitting the completed report to the Business Office.
7. The Business Office will conduct an audit and verify the accuracy of the Business Trip Record and Travel Expense Claim. Reimbursable travel expenses will then be submitted for payment processing. The traveler should allow at least one week for processing all reimbursements.
8. If there were changes in the travel itinerary, which resulted in a decrease in meal per diem or mileage expenses, reimbursement for the difference must be made to PCS, Inc. before any new travel shall be taken.

SECTION 616 CREDIT CARDS

It is common for problems to arise over use of a school credit card. It is also becoming increasingly difficult to arrange travel accommodations, etc. without a school credit card. Therefore, the School has obtained a school credit card for strictly limited school authorized use. Because of the high potential for abuse of the school credit card, the use of school credit card will be strictly limited and any violations of this policy will be pursued to the fullest extent. The following rules apply to the school credit card:

- A. The school credit card shall remain in the physical possession of the business manager until checked out by an authorized user. The school credit card will only be checked out immediately prior to its use and shall be returned to the business manager the same day the user returns from a school authorized trip or otherwise has no further need of the card, whichever occurs first. If the user returns after business hours, the school credit card must be returned before 8:30 a.m. the next business day.
- B. Prior to checking out the school credit card, the user must have signed a form on file acknowledging the users understanding of the school credit card policy, agreeing to any penalties that may be imposed by its misuse and agreeing to pay back any unauthorized excessive or unacceptable charges on the card. Immediate and authorized deductions from paychecks, stipends, per diems, etc. to recover said amounts, is solely at the School's discretion.

- C. The school credit card may only be used by authorized school employees and board members for the following items:
1. Hotel/Motel rooms not otherwise reserved and/or paid for while on official authorized School business. As with travel in general, the room's charged should be as economical as possible. Renting special rooms or higher priced rooms when others are available shall be grounds for the School's rejection of said charges and said charges being assessed against the user.
 2. Meals not otherwise provided for. Charging meals against the school credit card should again be the exception rather than the rule. Most travel should be pre-arranged and cash advances used to avoid use of the credit card. Again, only reasonable priced meals for School employees or Board members may be charged on the school credit card. Excessive charges or charges for persons other than school employees or board members will be rejected by the School and assessed against the user, and subject the user to disciplinary action.
 3. The school credit card may never be used to pay charges covered by cash advances. This is a form of credit card abuse and will not be tolerated by the School. Any such duplicate charges for items which should have been covered by cash advances, will result in those charges being assessed against the user and shall be grounds for disciplinary action up to and including termination.
 4. Gasoline purchases for school vehicles only. The school credit card may be used to purchase gasoline for School vehicles only when on travel for the School and authorized by the School. When using a private vehicle for School travel, the school credit card may not be used for the purchase of gasoline, repairs or other mechanical necessities.
 5. The school credit card may not be used for telephone calls, purchase of personal items, gifts or any other thing except as set forth above. The school credit card may not be used for the purchase of any School goods except by the business manager, and only when other forms of payment are not acceptable.
 6. A general rule of use is that the school credit card may only be used when no other form of payment is possible.
 7. Purchase essential items during the COVID-19 pandemic such as hand sanitizers, sneeze guards, bleach, cleaning supplies & equipment, office supplies, etc.
- D. This policy applies to all employees and board members. To reiterate, misuse of the school credit card and/or violation of this policy will result in disciplinary action against employees and recommendations for disciplinary action against Board members and possible reporting of ethics violations.

All users must acknowledge the limited use of the school credit card, the policies regarding use of the school credit card, and agree they will reimburse the School for any misuse and/or violation of these policies and further authorize the School to deduct any amounts to be reimbursed pursuant to this policy, for any amounts, the School may owe the user, whether it be payroll, stipends or any source.

SECTION 617 DISALLOWABLE EXPENDITURES

Travel costs are often subject to audit disallowance if not properly documented or in compliance with OMB Super Circular. The cost principles define travel as expenses for transportation, lodging, subsistence, and related item incurred by employees or Governing Board who are in travel status on official business of the organization. Travel costs are allowable provided they are directly attributable to specific work under an award or in the normal course of administration of the organization.

SECTION 617.1 Credit Cards

PCS, Inc. permits the acquisition of or use of credit cards only through a federally awarded program. Credit card receipts alone are not sufficient to meet the requirements for reimbursement of travel expense. Travelers must present as part of their travel expense report, credit receipts along with the original receipt for lodging, any meal receipt, airfare receipt, airline boarding pass, car rental receipt, etc.

SECTION 617.2 Employee/Board Member Obligation

An employee/Board Member travelling of official business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, delays, or luxury accommodations and services unnecessary or unjustified in the performance of official business are not acceptable under this standard. Employee/Governing Board will be responsible for excess costs and additional expenses incurred for personal preference or convenience.

SECTION 617.3 Entertainment Costs

The federal cost principles do not authorize reimbursement of entertainment costs as eligible travel expenses. Examples of entertainment expenses that will be disallowed including movies, special events, operas, personal telecommunications, or alcoholic beverages.

SECTION 617.4 First Class Airfare

Differences in costs between first-class airfare and less expensive classes are specifically unallowable except when less than first-class air accommodations are not reasonably available to meet necessary mission requirements. Direct charges for foreign travel costs are allowable only when prior approval is received, and each separate foreign trip must be approved by PCS.

SECTION 617.5 Lodging with Friends or Relatives

Employees and Governing Board shall not be reimbursed for lodging with relatives or friends while of official business travel, unless the host actually incurs verifiable additional costs in accommodations of travelers. In such instances, the additional costs must be substantiated and determined as reasonable by the Business Manager. Neither costs based on room rates for comparable conventional lodging in the area, nor flat token amounts will be considered as reasonable.

SECTION 617.6 Personal Accident Insurance

The cost of personal accident insurance is a personal expense and is not reimbursable.

SECTION 617.7 Other Unallowable Cost

Employees and Governing Board shall not be reimbursed for other costs travel expenses associated with room services, valet services, or laundry services. Travelers shall not be reimbursed for those costs associated with family members, friends, personal telephone calls or relatives who may accompany the travelers while on travel status.

CHAPTER VII PROCUREMENT

SECTION 700 PURPOSE

The following are additional policies applicable to this subject matter area. In the event of a conflict between the various sources of policy, the laws, rules, and regulations of the Navajo Nation and those enumerated policies.

SECTION 701 Duty to be Informed of Rules and Regulations

The School 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 the School'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 perform their tasks and duties.

SECTION 702 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, procurement shall comply with the requirements of 25 C.F.R.276 *et seq.*, Appendix A to 25 C.F.R 276, and OMB Super Circular Subpart E.

SECTION 703 Prohibited Contracts

Procurement contract 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 704 Prohibited Purchases

Any purchases without approved purchase requisition will not be approved for reimbursement unless prior approval is noted and approved by Business Manager and Principal. Personal items purchased by employees or others may not be delivered to the school's address. The School will not be held responsible in any way for any personal items delivered to the School.

SECTION 705 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 the School or School's agents, subcontractors or obligors make the final payment and all other pending matters are closed.

SECTION 706 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 707 Procurement Standards

1. School employees with responsibilities for procurement shall ensure that the School's vendors, contractors and/or subcontractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.
2. General standards of conduct of School employees who award and administer contracts are as follows:
 - i. No employee, officer, elected official or agent of the School shall participate in the selection, award or administration of a procurement if a conflict of interest, real or apparent, would be involved.
 - ii. An employee, officer, elected official or agent of the School 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 the School and waived by the School, a gift that is an unsolicited item of nominal value.
 - iii. A violation of these standards will be the basis for disciplinary action, up to and including termination.
3. The School 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.
4. The School shall conduct all major procurement transaction 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.
5. The School 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, the School shall consider such matters as the contractors' integrity, its compliance with public policy, its record of past performance, and its financial and technical resources.
6. The School shall maintain records on the significant history of all major procurement transactions. These records may include, but 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.
7. School 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 708 Contract Standards

1. All contracts in which the school is a party shall, at a minimum:
 - a. Be in writing;
 - b. Identify the interested parties in the contract and their authority and/or agency;
 - c. Clearly state the purpose of the contract;
 - d. State the work to be performed under their contract; and

- e. State the terms and conditions of the contract, the time and manner of payments and the process for making any claims.
2. All contracts should contain a provision informing the recipient that their award is funded with Indian Self-Determination Act funds and that the recipient is responsible for identifying and ensuring compliance with applicable federal laws, regulations, and Executive Orders.

SECTION 709 Navajo and Indian Preference

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

SECTION 710 Purchasing Procedures for Purchases Less Than \$25,000

SECTION 710.1 Purchase Orders

Purchase orders must be prepared for all School expenditures, including promotional items, but excepting salaries and related costs and otherwise documented travel expenditures. Blanket purchase orders may only be used as specifically set forth herein.

1. Definitions Aggregate Value:
 - a. The total cost or dollar value of a procurement contract. Procurement:
 - b. The process for the acquisition of goods and/or service.
 - c. Purchase: A purchase for the purpose of these policies and procedures is defined as the payment, with School funds, for any goods, services or other expense.
2. Unauthorized Purchases: An unauthorized purchase is any purchase which is not legally an appropriately approved within the School budget or by other School action allowed by these policies and procedures, or which does not substantially comply with these policies and procedures. The School may decline payment of any unauthorized purchase. The School 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 the School. Purchases which are not within the authorized budget, or otherwise not properly approved by the School, are unauthorized purchases.

SECTION 710.2 Requisition Process

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

The remote requisition process is as follows:

1. The requesting party shall:
 - a. Prepares a complete requisition pursuant to the School's Requisition Form and Instructions which may be obtained from the Business Manager. 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.
 - b. Sign and date the requisition and submit said requisition to the appropriate approving authority (PRINCIPAL, coordinator, supervisor, etc.) for that person's signature.

- c. Submit the completed and fully executed requisition to the Business Technician for Procurement/Warehouse (hereinafter "Business Technician).
2. The Business Technician, under the supervision of the Business Manager shall:
 - a. The Business Technician will work with the Business Manger to verify the sufficient budget capacity exists to make expenditures requested and verify the sufficient cash balances available to make expenditures.
 - b. 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 Technician.
 - c. Select the proper purchase procedure, depending on the expected purchase amount.
 - d. Follow the guidelines concerning bids or quotes.
 - e. Attempt to ensure that all purchases are made at the best possible price and in accordance with the following provisions.
 - f. Follow the Guidelines for Competitive Purchasing Below the Dollar Limits Required for Sealed Bids as found the USFR at VI-G-8-9. Specific guidelines are as follows:
 - i. Purchases of \$2,500.00 or less: Purchase shall be made according to the best obtainable price.
 - ii. Purchases of at least \$2,500.00, but less than \$10,000.00: Purchase shall be made according to the best obtainable price, provided at least three (3) telephone or oral quotes from different vendors have been obtained for such purchases. The purchases are required to be document on the requisition form, including at least the following information: Person contacted; time; date; and phone number.
 - iii. Purchases of at least \$10,000.00, but no more than \$25,000.00: 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 vendor's company.
 - iv. Purchases over \$25,000.00. All purchases over \$25,000.00 require form bid procedures, after receiving Board approval to advertise for bid. Such purchases must be approved in the current budget.
 - v. Emergency Purchases: Emergency purchases are authorized purchases only in cases which are justifiably necessary and cannot be delayed until 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 the School, the preservation or protection of property, or the health, safety or welfare of any person. An emergency condition must be determined by the PRINCIPAL. Written documentation of the basis for the emergency shall be maintained in the Schools 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 the School offices.
 - g. Re-verifies budget capacity and cash balance, as applicable, if the actual cost exceeds the estimated cost recorded on the requisition. Prepare a four-part pre-numbered purchase order. The School should issue purchase orders in sequential order and numerically account for them. Those initiated, but not issued, should be voided to prevent re-use and retained in the numeric purchase order file. Purchase orders must be signed by an individual authorized by the Governing Board.

h. Submit the requisition to the Business Manager.

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 recommendation.
- c. Verify that all parties have followed the bidding quotation rules, regulations and procedures.

SECTION 710.3 Purchase Order Process

1. A requisition approved as set forth above shall be returned to the Business Manager, who then shall submit the requisition to the Business Technician for the preparation of a purchase order.
2. The Business Technician shall prepare and issue purchase orders according to the following guidelines.
 - a. The purchase orders shall be consecutively and sequentially pre-numbered.
 - b. It is the Business Technician'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" and recorded in the purchase order log and retained in the numeric purchase order file. Explanation of why the purchase order is being void.
 - e. Purchase orders shall be properly safeguarded.
 - f. Submit the purchase order to the Business Manager or PRINCIPAL for the proper authorizing signature.
 - g. Purchase orders shall be distributed as follows:
 - i. Copy 1 (original) – Vendor: Process Via: (1) hand-carry; (2) mail; and/or (3) fax
 - ii. Copy 2 –File: (1) Business Office; (2) Receiving (3) Department. Prepare the purchase order according to the information provided on the requisition and placed in requestor's box.
 - h. Order any necessary equipment tags.
 - i. Distribute the purchase order to the vendor and receiving.
 - j. Ensure that purchase orders are prepared and sent within five (5) working days or less of receiving the completed requisition.
 - k. Requestor orders supplies that are necessary and approved.
 - l. Provide information regarding the purchase orders upon the vendor's request.

SECTION 710.4 Receiving Process for Goods Procured

1. The Administrative Assistant/Inventory shall:
 - a. Maintain copies of purchase orders on file prior to receiving the goods.
 - b. Upon arrival, inspect the goods for visible damage in the carrier's presence. Damaged goods shall not be accepted and must be returned to the vendor.
 - c. Complete the receiving report indicating the quantity received (count, weigh or measure the 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 Manager, keeping a copy in the warehouse for their records.
 - e. Tag all equipment items as required and maintain the log of tags and inventory log of the model, name, serial number, price of equipment and date equipment is received.

- f. Inform the requestor that the goods have been received and are present in the warehouse. 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.
 - 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 Business Technician, along with the shipping documents, such as bills, packing slips or freight bills, attached.
 - i. Reconcile all purchase orders which are twenty (20) days or more old with the Business Technician on a weekly basis.
2. The Business Technician shall:
- a. Enter purchase orders in the computer.
 - b. Add "ENCUMBERED" on the purchase orders.
 - c. Arrange encumbered purchase orders by vendor file in such a manner that all vendors, suppliers, contractors and related persons will be paid within two (2) weeks, or a maximum of four (4) weeks, after sending the purchase order from the School.
 - d. Compare the receiving report with 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 shipping documents to 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 items, quantities and prices on the purchase order, vendor's invoice and receiving report. Difference 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.
 - i. Calculate cash discounts, if applicable.
 - j. Prepare check, voucher or other appropriate payment device. Check to ensure that amount of payment device agrees with requisition, purchase order, invoice, and is the appropriate amount owed.
 - k. Submit the unposted General Ledger report containing accounts payable to the Business Manager and/or PRINCIPAL, for approval.
 - l. Obtain a copy or lower portion of check or payment device and keep in file with copies of requisition, purchase order and invoices.
 - m. Properly record all full executed expenditures.
3. The Business Manager shall:
- a. Review all invoices, checks and payment devices.
 - b. Execute, when appropriate, checks and payment devices.

SECTION 711 Advertised Procurement Procedures For Purchases in Excess of \$25,000.00

There shall be two general types of advertised procurement procedures.

SECTION 711.1

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 and is the lowest in price. In order 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 can be made solely on the basis of price.
2. 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.

SECTION 711.2 Advertise Procurement by Seals Bids

Advertise 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 the School.
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 make 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.
6. Any or all bids may be rejected if the cause, therefore, is reasonable, in the best interest of the School, 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.

SECTION 711.3 Procurement by Competitive Proposals

The process of procurement by competitive proposals requires that more than one source or vendor submit an offer or either a fixed-price or cost-reimbursable contract to the School 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 proposals will be evaluated and their relative importance in addition to a full description of the goods or services to be procured.
2. Proposals should also be solicited from an adequate number of qualified sources previously known for their business with the School.
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 bondability, 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 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.

SECTION 711.4 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:

1. Purchases of supplies/technology equipment or hire of contractors related to COVID-19 will be considered emergency procurement for the safety and well being of staff, students, parents & community members.
2. The item is available only from a single source.
3. The exigency or emergency necessitating the procurement will not permit a delay resulting from competitive solicitation.
4. The funding source authorizes non-competitive procurement.
5. After solicitation of at least three sources, competition is determined to be inadequate.

In the event that one or more of the above circumstances are found to exist, then the School may solicit a proposal from one qualified vendor without competition.

SECTION 711.5 Return Policy for Merchandise

Only the Administrative Assistant/Inventory is authorized to process merchandise refunds and returns at retail stores on behalf of the School. Any violation of this return policy by any employee is grounds for termination.

All retail merchandise purchased with School funds or school money must be personally delivered to the Business Manager whenever it becomes necessary to return such items. Upon delivery 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:

1. Employee's Name, Department, and Contact Number;
2. A description of the item;
3. The estimated value of the item;
4. The retail establishment where the item was originally purchased; and
5. Any other information necessary to process the refund or return.

SECTION 711.6 Construction and Facility Improvement Procurement/Acceptance of Regulation

For all construction and facility improvement contracts or subcontracts exceeding an aggregate value of \$100,000.00, the School hereby accepts the bonding policy and requirements of the agency or authority of the funding source or awarding agency.

SECTION 711.7 Procurement Other than Through Purchase

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

SECTION 711.8 Debarment Certification

Debarment Certification must be signed and submitted.

PINON 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 Pinon Community School.

PLEASE READ CAREFULLY BEFORE SIGNING THE CERTIFICATION. Federal regulations found at 2 C.F.R. Part 180 and Appendix A of Subpart D of 43 C.F.R. Part 12, including 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 Pinon Community School in writing that you have not been prohibited from by federal agencies from entering into a federally-funded contract. When referred to in this certification, a “transaction” means a contract, oral or written agreement, grant, or other arrangement where you contract with or receive money from Pinon Community School. A “transaction” does not include mandatory entitlements and individuals 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 Pinon 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 Pinon 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 voluntarily 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 Appendix A of Subpart D of 43 C.F.R. Part 12, Including 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 decide 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 Invitations from Pinon 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 been convicted of or had a civil judgment 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 8(b) of this 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

Typed Name and Title

Bidder or Contractor's Address and Telephone Number

CHAPTER VIII. RECORDS RETENTION

SECTION 800 PURPOSE

To define and establish a document retention and destruction policy and procedure.

The Sarbanes-Oxley Act makes it a crime to alter, cover up, 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 Pinon Community School (PCS). This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain 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.

SECTION 801 Document Retention Procedure:

PCS 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.

SECTION 802 Electronic Document and Records:

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files that fall into one of 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.

SECTION 803 Emergency Planning Procedure:

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

SECTION 804 Document Destruction Procedure:

PCS's President 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

SECTION 805 Compliance:

Failure on the part of PCS's President or designee to follow this policy can result in possible civil and criminal sanctions against PCS and possible disciplinary action against responsible individuals. PCS will periodically review these procedures to ensure that they are in compliance with new or revised regulations.

SECTION 806 Appendix

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 Releases	Permanent
Other Publications, Photos, Press Clippings	7 Years

*IRS 1099s

Should PCS pay any one individual a sum of \$600 or more cumulative in honorarium, scholarship dollars, raffle money or prizes, etc., PCS shall issue that individual a 1099.