

Rowan-Salisbury Schools

Internal Control Policies and Procedures

INTRODUCTION

House Bill 1551, Chapter 143D of the North Carolina General Statutes, *State Governmental Accountability and Internal Control Act*, was established to ensure a strong and effective system of internal control within State government and to clearly indicate responsibilities related to the system of internal control.

Internal control is defined as an integral process, effected by an entity's governing body, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Alignment of high-level goals with overall mission and supporting strategy
- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

A less technical definition might state that internal controls are tools that help managers be effective and efficient while avoiding serious problems such as overspending, operational failures, and violations of law.

Internal control is a process that is effected by people at every level of an organization and provides reasonable assurances to an organization's management and board. It is geared to the achievement of objectives in one or more separate but overlapping categories.

The State Controller, in consultation with the State Auditor, shall establish a mechanism to allow for the reporting and investigation of violations of the provisions of this Chapter.

There are five interrelated components to internal control. They are as follows:

- *Control Environment* – Sets the tone of the organization.
- *Risk Assessments* – Identifying, analyzing, and managing the potential risks that could hinder or prevent objectives being achieved.
- *Control Activities* – The structure, policies, and procedures established so that identified risks do not prevent goals being achieved.
- *Information and Communication* – Managers must be able to obtain reliable information to determine their risks and communicate policies and other information to those who need it.
- *Monitoring* – Managers must continually monitor the effectiveness of the controls.

The **Control Environment** is greatly influenced by the extent to which individuals recognize that they will be held accountable.

A **Risk Assessment** is the identification and analysis of the risks that could prevent Rowan-Salisbury Schools from attaining its goals and objectives. Before risk management solutions can be developed, the current risk factors must be identified. Once identified, the risks need to be evaluated and methods need to be developed to minimize those risks. These methods are control activities. In addition to policies and procedures to minimize the risk factors, Rowan-Salisbury Schools utilizes other control activities such as job descriptions, clearly defined standards of conduct, adequate training and appropriate disciplinary action for non-compliance within the organization. Internal controls should be proactive, value added, cost-effective and address the exposure to risk. The cost of a control should not exceed the benefit.

The **Control Activities** include analysis of operating results with respect to budget, prior periods, and applicable benchmarks. Information processing are controlled activities carried out to ensure accuracy, completeness and authorization of transactions. Physical control of assets is essential for safeguarding assets and records. Segregation of duties, as

practical within the limited human resources available, is incorporated to reasonably ensure responsibilities are divided between individuals responsible for authorizing transactions, recording transactions, and maintaining custody of assets between staff.

Reliability of reporting and providing information from both internal and external sources must be identified, processed, and communicated to people in a time frame that is useful to effect control. Management of Rowan-Salisbury Schools is responsible for preparing financial statements. Management has both a legal and professional responsibility to be sure that the information is prepared in accordance with the Governmental Accounting Standards Board (GASB). Information concerning the operations and financial condition of the school system must be accurate in order to be useful.

The Finance Officer is ultimately responsible for **monitoring** the financial and compliance risks and for designing, implementing and monitoring the internal controls throughout the system. The Finance Officer will review and update the Internal Control Policies and Procedures of Rowan-Salisbury Schools at least annually. Every year, as part of its financial audit procedures, the public accounting firm contracted by Rowan-Salisbury Schools will also review the internal controls.

Rowan-Salisbury Schools strives to be fully **compliant with all Local, State and Federal laws, rules and regulations governing its various operations**. The school system's internal control policies and procedures are intended to provide reasonable assurance all applicable laws and regulations are being followed including The School Budget and Fiscal Control Act, G.S. 115C, Article 31, Federal OMB Circular A-133, State and Federal purchasing requirements, Fair Labor Standards Act (FLSA) and other laws and applicable regulations.

Internal Control in the Accounting System

The following is a narrative of the basic internal controls that are applicable to Rowan-Salisbury Schools' accounting system.

1. All journals, ledgers, and other accounting records will be kept up-to-date at all times and will be balanced. The accounting system is maintained electronically with controlled access by passwords and other safeguarding procedures such as firewalls.
2. The school system maintains written accounting procedures including the State Uniform Chart of Accounts with explanations as to what items are charged to what account; approval authority for financial transactions; purchasing requirements and travel authorization procedures.
3. All journal entries are approved and explained with proper documentation.
4. The school system follows the Public Records Law, G.S. 132 in relation to maintaining, retention, and disposal of records.
5. The school system maintains an encumbrance accounting system requiring the pre-audit certification of the Finance Officer before requisitioning of items or services are made per G.S.115C-441.

Internal Control Procedures- General and Statutory

1. The following transactions must receive approval by the Rowan-Salisbury Schools Board of Education Policy Series: 9000 Facilities (#9000-#9225) with reference to Rowan-Salisbury Schools Policy Series 6000 (#6420 -Contracts with the Board)
 - a. contracts to buy or rent land or other real estate
 - b. continuing contracts
 - c. major construction contracts
 - d. intergovernmental agreements
 - e. personal services contracts
 - f. any other major contract
2. The Finance Officer must have performance bond for at least \$250,000 per 115C-442 for the faithful performance of all duties placed on the Finance Officer and

for all funds in the Finance Officer custody except for State funds credited to the school system by the State Treasurer. All employees who handle public moneys or have access to inventories must be bonded either individually or under a blanket bond per G.S. 159-29. Rowan-Salisbury Schools shall maintain a Fidelity Bond Policy at a minimum of \$250,000.

3. A complete schedule of insurance coverage and limits will be maintained, showing expiration dates, premiums, co-insurance clauses, and other essential information.

Rowan-Salisbury Schools further identifies seven areas for which the interrelated components of internal control apply. They include:

- **Cash Receipts/Receivables and Cash Management**
- **Purchasing Procedures**
- **Accounts Payable**
- **Payroll and Employee Benefit Process**
- **Travel Reimbursement procedures for conferences and meetings**
- **Security of Assets**
- **Grant Recipient Monitoring**

Within each of these seven areas, there is a process that is compliant with the application of the five previously identified interrelated components to internal control. Each of these areas require ongoing review of the control environment, the identified risks, the strategies in place to control the risks, and the continued communication of reliable and relevant information to all sources to avoid theft and/or fraud.

Internal Control for Cash Receipts/Receivables and Cash Management

General

North Carolina law, G.S. 147-86.10 requires that all government agencies including local school systems adopt procedures for the receipt, deposit and disbursement of monies coming into the school system to maximize interest-bearing investment of cash and to minimize idle and non-productive cash balances.

Plan Administration

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan and the unique cash management needs of the individual school administrative unit.

Each school administrative unit will identify an individual who will have cash management responsibility for Rowan-Salisbury Schools. The Finance Officer will have the responsibility of developing, approving and administering the cash management plan. Plans will be submitted to the Office of State Controller for approval. School administrative units will maintain a copy of their approval plan for auditor review.

Plan Requirements

Cash Management over Receipts

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

Daily deposits are to be made in the central depository (bank) as approved by the Board of Education per G.S. 115C-444. Except as otherwise provided by law, all funds

belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:

- All receipts are recorded in the Finance Office and by the school treasurers at the individual schools, except in the Child Nutrition function where cash is collected through a Point of Sales System and balanced daily. At the Central Office level, the cutoff time is around 4:00 p.m. Central Office deposits are made electronically by remote deposit for checks. Cash is hand-delivered to the bank for deposit by finance staff. Both the schools and Child Nutrition make their deposits daily as well.
- Receipting at the Central Office is first performed by the Receptionist. The Receptionist provides a receipt to the provider of the funding. The checks, cash and receipts are then given to Accounts Payable staff who proceeds to make the physical bank deposit. After the deposit is made, copies of deposits, receipts and checks are given to the Lead Accountant to record receipt of the funding into the general ledger.
- Rowan-Salisbury Schools' Board Policy Series 8000 (#8325) states receipts that equal or exceed \$250 must be deposited daily. All money must be deposited by the end of each week and on the last working day of the month. Child Nutrition deposits their receipts daily regardless of the amount. For all locations, monies received after the time of deposit are secured in a safe place (i.e. vault) until the next day, unless monies equal or exceed \$250, in which case an additional deposit is prepared and deposited with the bank or night drop box.
- All checks are run through the bank once before being returned to the Finance Office or the school treasurer. Returned checks from the school cafeteria accounts are returned to the Child Nutrition secretary at the Central Office. Once a check is returned, every effort is made to collect the money owed.
- The collection of dishonored checks is handled by contacting the payer, either by telephone or letter, requesting cash payment for the initial check value or verification of available funds for re-deposit. Bank fees are collected from the payer when applicable.

- Returned items and deposit errors are corrected during the bank reconciliations.

Accounts Receivable

Monies due to a school administrative unit from other governmental agencies or from private person shall be promptly billed, collected and deposited. All school administrative units will establish accounts receivable management policies and procedures. These policies and procedures will incorporate the statewide accounts receivable policies and procedures

(http://www.ncosc.net/sigdocs/sig_docs/documentation/policies_procedures/sigAccounts_Receivable00001212.html). In accordance with G.S 147-86.21, and be included as a part of the school administrative units' cash management plan.

- Accounts receivables are minimal (primarily reimbursements from schools) and are billed on a monthly, quarterly or semi-annual basis. Dishonored checks and accounts that are not collected within 365 days are written off. Recoveries of accounts previously written off are recognized in the year collected. The system's local fund must cover any charges due to the Child Nutrition Department at the end of the year, but it is minimal as well.

School administrative units shall accept electronic payments (credit/debit cards, {merchant cards}, and electronic fund transfer (EFT). In accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. The unit must submit a business plan to the State Controller for evaluation prior to the acceptance of electronic payments. All units will establish policies and procedures statewide electronic payment policies and procedures

(http://www.ncosc.net/SECP/SECP_Policies.html), and be included as a part of the school administrative units' cash management plan.

- Wire transfers are received into Rowan-Salisbury Schools' account. Transfers are accepted from NCDPI, the federal government (JROTC), OSC, and Foundation of

the Carolinas, as well as Rowan-Salisbury Schools' monthly allocation from Rowan County.

- Rowan-Salisbury Schools accepts credit/debit card payments only through the K12 Payment Center school lunch program and through On-Line School Payments at the school level. No credit or debit cards are accepted and processed at the school sites and the district office.

In addition to adhering to these guidelines, agency plans shall employ proven techniques, which improve the handling of cash. Some of these techniques include:

- Receipt of federal grant payments by wire transfer, when possible.
- Timing deposits in order to receive current day credit in accordance with schedules available from the State Treasurer.

Cash Management over Disbursements

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans.

1. Monies deposited with the State Treasurer or the locally approved financial institutions will remain on deposit until final disbursement to the ultimate payee.
 - Invoices are matched to the receiving copies of purchase orders. If a purchase order was not issued for a specific purchase, the resulting invoice is approved by a supervisor to verify merchandise or services were received or provided. Invoices are totaled by fund.
 - Prior to each payment request, the Assistant Finance Officer reviews the general ledger to determine the exact amount of cumulative expenditures to date and reviews and calculates the exact amount of payroll and/or payables that will be

paid out within three (3) business days once the payment is received. The Assistant Finance Officer verifies that legible, satisfactory source documentation is on file to support each cost included in the request for payment. Prior to the draw-down request, the Assistant Finance Officer reviews and verifies accuracy of the amount requested. Following the verification, the Assistant Finance Officer requests payment and certifies that the expenditures are true and correct and that the payment received will be paid with three (3) business days of receipt in Rowan-Salisbury Schools depository account.

- No later than three (3) days after the payment request, the Assistant Finance Officer will verify that the payment was received in the Rowan-Salisbury Schools depository account. The Assistant Finance Officer will notify the Payroll Supervisor/Accounts Payable Specialist that payment has been received and immediately process said payroll or other payables. The Accounting Manager will verify all payments to ensure that no funds are being paid out for payment for good and services not actually received and to verify that all funds received for a particular payment are paid out and do not remain on deposit in the Rowan-Salisbury Schools depository account.
- Checks are scheduled to be written once a week for Local, State and Federal funds.
- Bank reconciliations are completed on a monthly basis to ensure the following:
 - Deposits are compared to the cash receipts journal
 - Verification of transfers made into and/or out of the account
 - All check numbers are accounted for including the voided checks
 - Verification that no checks are written for cash

2. All discrepancies are to be reported to the Finance Officer and Assistant Finance Officer. All reconciliation items are investigated and approved by the Finance Officer.

3. All funds held by the approved financial institutions are insured by the FDIC or fully collateralized in accordance with G.S. 159-31(b).

4. Idle funds are invested in the Short Term Investment Fund (STIF) account maintained by the North Carolina State Treasurer to maximize the school systems investments to the fullest potential.

5. Current signature cards and other documents required by the NC State Treasurer and other approved financial institutions will be maintained on file with the unit's financial institution at all times, indicating which staff members can sign checks on which accounts.

6. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the State agency disbursing or expending the monies is subject to the Act.

7. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.

8. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.

9. Disbursement cycles for each school administrative unit shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.

10. Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.

a. Transfers are electronically disbursed to the Teachers' and State Employees' Retirement System, and the Internal Revenue Service (for federal taxes). We process drafts for utility and WEX payments. These items are reconciled to our bank statement each month.

b. Direct Deposit is mandatory for all Rowan-Salisbury Schools employees for payroll wages and employee reimbursements. Physical checks are issued for final salary payouts to employees who have resigned or retired, and to new employees who have not yet established their bank information for direct deposit.

11. State administered and/or approved procurement cards should be used to provide employees with food, lodging and other applicable subsistence in emergency situations. (For OSC policy, see http://www.ncosc.net/sigdocs/sig_docs/cash_mgmt/Cash_Management_in_emergency_situations-2005.pdf.)

Rowan-Salisbury Schools has not approved the use of procurement cards.

12. “Delegation of Disbursing Authority” agreements must be kept current. Regardless of whether changes have occurred since the last submission, “Delegation of Disbursing Authority” agreements must be submitted annually for OSC approval.

Monitoring

1. The Finance Officer or designee will monitor cash and investments to ensure the funds are deposited in a timely fashion and funds invested are in compliance with G.S. 159-30.
2. The Finance Officer or designee is responsible for maintaining the Cash Management Plan per G.S. 147-86.10. The Rowan-Salisbury Schools Cash Management Plan will be filed with the State Controller’s office. (Appendix A)

Escheat

1. All funds remaining unclaimed for one year will be escheated to the State as required by G.S. 116B.

Internal Control for Purchasing Procedures

- The school system will use an encumbrance system for purchases and obligations made against approved budgets.
- Computerized purchase order numbers will be used.
- No obligation may be incurred by the school system unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year.
- All purchase orders for purchases and services shall include the pre-audit certificate “This instrument has been preaudited in the manner required by the School Budget and Fiscal Control Act” with the Finance Officer signature and date. An obligation incurred in violation of this section is invalid and may not be enforced. The Finance Officer will establish procedures to assure compliance with this section.
- All purchases of equipment, materials and supplies will be made in accordance with all applicable laws and regulations, G.S. 143 outlining the State purchasing requirements for school systems and the Federal Uniform Grant Guidance (2 CFR, Part 200).
- Purchase orders will have the purchasing Director/Supervisor approval and authorization, along with the Account Manager before being processed by the Purchasing Specialist.
- Formal and Informal Bidding procedures will be followed per G.S. 143, Article 8 and the Federal Uniform Grant Guidance (2 CFR, Part 200).
- Budget reconciliations and monitoring will be performed on a regular basis by the Finance Officer to ensure proper balances are maintained and purchases do not exceed budget authorizations.

Internal Control for Accounts Payable

Disbursements will be made only when prior approval given by a purchase order is matched to the invoice and/or authorization for payment has been approved and signed by the Finance Officer.

- Amounts and payees on purchase orders should agree to the checks.

- Blank laser check forms are controlled at all times. Checks are kept in a locked location with access limited to authorized personnel.
- Voided checks should be noted on the check register. Voided checks should be sufficiently defaced so that they can not be used.
- Checks are **not** to be made out to CASH.
- The checks will require two signatures – the Superintendent and the Finance Officer.
- The Accounts Payable Specialist will be responsible for reviewing and monitoring supporting documentation for final submission of payment.

Internal Control for Payroll and Benefit Process

Payroll processing of an individual will be made after the Payroll Department receives written verification of employment from the Human Resource Department. Human Resources collects all the required documentation such as social security number and other data as needed for enrollment in employee benefit plans.

- Payroll absences and attendance records will be maintained at the employees' work site.
- Human Resources sets the salary for all employees and assigns all employee supplements and bonuses, if applicable.
- All Fair Labor Standards Act reporting requirements will be maintained as required by law.
- Payroll data will be electronically transferred to the system-wide Payroll Department from the school or other remote locations and a hard copy with the supervisors' approval of payroll sent through the system's courier service.
- Non-exempt employees' timesheets will be maintained at the school site.
- The system-wide Payroll Department will edit and verify employees' overtime payments.
- Monthly and quarterly tax, retirement and other employee deductions will be completed and submitted in compliance with Federal and State polices.

Internal Control for Travel Reimbursements, Meetings and Conferences

- Prior approval must be received before an employee is permitted to attend and request reimbursement for out-of-pocket expenditures for attendance of a meeting or conference. A Staff Development Form, along with the proper documentation, must be submitted with the Supervisor signatures of approval affixed.
- Only state approved per diem rates will be allowed for reimbursement for activities paid from State and Federal Funds. (Exception: Superintendent or designee may approve overage for per diem.)
- Mileage reimbursements will be paid at rate not to exceed IRS allowable rate.
- The Finance Officer will review and monitor travel reimbursements procedures with department directors and supervisors on at least an annual basis.

Internal Control for Fixed Assets

- Fixed Assets with a dollar limit of \$5,000 or items with more value will be documented with a control number and tags affixed in a permanent manner.
- Non-consumable equipment and supplies purchased by Federal Grant Funds will be tagged “Purchased with Federal Funds” and will be maintained by the school and the department until such time the item becomes obsolete.
- An inventory of fixed assets will be taken annually and any discrepancies noted in writing such as date item became obsolete during the year.
- All property, buildings, titled equipment and vehicles will be properly recorded and maintained in Rowan-Salisbury Schools K12 financial software.
- Keys and access to disarm the alarm system to buildings equipped with systems are distributed to only authorized personnel.
- All fixed assets sold, scrapped, or destroyed will be recorded in a timely manner in the accounting system.
- All sales of surplus property will be conducted in accordance with G.S. 115C.

Internal Control for Federal Grant Monitoring

- The director or supervisor responsible for the oversight of the receipt of a Federal Grant will monitor the grant program to ensure the grant contracts, applicable regulations and matching requirements are being met.
- Reconciliation of grant financial reports will be reviewed and approved by the responsible director or supervisor along with the Finance Officer before filing the reports with the grantor.
- Filing of reports to the grantor will be processed in a timely fashion.
- Federal Grants will be identified by separate budget categories for receipts and expenditures.
- Federal compliance requirements will be followed per OMB Circular A-133.

Basic Internal Accounting Control Activities for Individual Schools

General

- Honest, skilled, and trained employees
- An accounting/bookkeeping system that is simple to use, has built-in controls to avoid errors (intentional or unintentional), generates uniform and consistent reports, requires a bank account reconciliation, and has adequate technical support
- Principal review and approval of financial reports at least monthly
- Central office review of financial reports at least monthly
- Internal/external audits
- A manual detailing internal controls and proper financial management procedures

Cash Receipts

- Establish an initial cash receipts record at the location where the receipts change hands (classroom, office, ticket booth, parking lot, etc.)
- The treasurer must issue a receipt to the person submitting cash receipts

- Preferably, a clerical person other than the treasurer should open school mail and prepare a prelisting of cash receipts before turning over mailed receipts to the treasurer
- The treasurer must be given uninterrupted time to prepare the daily bank deposit with an avenue to secure cash receipts before being deposited
- The treasurer must balance the daily receipts issued to the daily bank deposits
- No cash disbursements should be made from undeposited cash receipts
- The school should take no responsibility for cash/moneys that do not belong to the school
- The school should report **all** thefts of cash receipts to law enforcement
- The principal must critically inspect financial reports and make comparisons of cash receipts to previous months/years and investigate irregularities
- The principal must inspect and observe frequently to insure that controls are being followed
- The principal must report all suspected employee thefts to the Central Office

Cash Disbursements

- Principal and treasurer signature on every check
- Finance Officer signs when a principal or treasurer is unavailable
- No presigned checks
- No checks made payable to "Cash"
- No payments unless preauthorized by the principal
- All payments made from original invoices or detailed receipts, none from statements, copies of contracts, copies of personal checks, etc.
- Vouchers or similar documents completed to insure accurate coding of payments to the proper expense accounts
- Cancellation of all payment-related documentation to prevent duplicate payments
- No payments to employees for employment-related services
- Reimbursements to employees are only allowed with a valid receipt/invoice
- Preferably, treasurer should prepare and sign the check first, principal second, and

the principal should insert check in payment envelope or other secure method of transporting check to the payee

- The principal must critically inspect financial reports and make comparisons of cash disbursements to previous months/years and investigate irregularities
- The principal must inspect and observe frequently to insure that controls are being followed.

Assets

- School-level attention to fixed asset inventory procedures
- Limited access to keys and/or combinations
- Protect check stock (if applicable)
- **NO credit/debit cards!!!!** (unless authorized by the Central Office)
- Schools are not allowed to enter into lease or lease/purchase agreements
- Schools should review Rowan-Salisbury Schools' Board Policy #8220 before accepting any gifts or bequests.
- Always contact law enforcement when something is stolen or vandalized
- The principal must inspect and observe frequently to insure that controls are being followed

Payroll

- Employee provides required documentation for employment to the Benefits/Payroll Department
- Employee attendance is entered at school/site level
- Payroll data is electronically transferred to system level Payroll Department
- Supervisor's signature on employee's payroll data confirms accuracy
- Supervisor's approval of payroll is sent to system level Payroll Department
- Payroll Department calculates additional monies due employee (i.e., overtime, longevity or termination payoffs)
- Payroll Department verifies that all entries are complete and accurate
- Payroll Department prints checks and sorts by location

- Payroll checks are picked up by authorized school personnel for delivery to schools on payday, if applicable.

Purchasing

- Prior approval by the Finance Officer is required when school system funds are used for purchases made, services requested or personal reimbursement.
- Without prior approval, the individual making the purchase can be held responsible for payment of invoices.
- Purchase orders are to be keyed into the K12 financial software. Orders cannot be placed until a purchase order is issued.
- Receipt of goods must be scanned and uploaded on K12 financial software before the invoice can be processed for payment.
- Accounts Payable does not pay from statements or quotes; an original invoice is required.

Formal and Informal Bidding

Rowan-Salisbury Schools adheres to the guidelines set forth the Federal Uniform Grant Guidance, (2 CFR, Part 200) and in North Carolina General Statutes Section 143-129 – *Procedure for letting of public contracts* – which states that “no construction or repair work requiring the estimated expenditure of public money in an amount equal to or more than five hundred thousand dollars (\$500,000) or purchase of apparatus, supplies, materials, or equipment requiring an estimated expenditure of public money in an amount equal to or more than ninety thousand dollars (\$90,000) may be performed, nor may any contract be awarded therefore, by any board or governing body of the State, or of any institution of the State government, or of any political subdivision of the State, unless the provisions of this section are complied with.”

The bidding requirements also cover lease-purchase contracts and leases containing an option to purchase. Contracts shall not be divided for the purpose of evading the bidding requirements.

The informal bidding requirements cover contracts for construction or repair work and contracts for the purchase or lease-purchase of apparatus, supplies, materials, or equipment involving the expenditure of at least \$30,000 but less than \$90,000.

Quotations for contracts may be solicited by telephone, electronically, or in writing. Informal bids are recommended, but not required, for construction and repair work costing less than \$30,000. (See Rowan-Salisbury Schools Board Policies #9120-9121)

All contracts, formally or informally bid, will be awarded to the lowest responsible bidder, taking into consideration quality, performance, reliability, and the time specified in the bids for performance of the contract. The term “responsible” has been interpreted to imply “skill, judgment and integrity necessary to the faithful performance of the contract, as well as sufficient financial resources and ability.

All formally-bid construction contracts must be reviewed by the Board attorney and submitted by the Superintendent to the Board for approval. Board approval of informally bid projects is not required, unless otherwise directed by the Board on specific projects.

Rowan-Salisbury Schools shall maintain a record of all informal or formal bids received which will be available for public inspection.