

Santa Fe R-X School District

Administrative Internal Control Policy



January 14, 2015

1.0 POLICY

- 1.1** Internal control is a major part of managing an organization. It comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud. Internal control helps District Administrators achieve desired results through effective stewardship of public resources.
- 1.2** This policy applies to the handling of finances and assets of the Santa Fe R-X School District. The internal controls set forth shall be designed to prevent losses of District funds by fraud, employee error or imprudent actions by employees and/or administrators of the District.

2.0 ACCOUNTING MANUAL

- 2.1** The Santa Fe R-X School District maintains an accounting procedures manual which includes detailed, step-by-step tasks listed for each accounting procedure. This manual is a working tool to help in training new employees, as well as cross-training present employees. A copy of the manual is maintained in the Superintendent's office.

3.0 FIXED ASSET INVENTORY CONTROL

- 3.1** An inventory listing is maintained in the Superintendent's office of all equipment. An annual accounting of all fixed assets over \$5,000 is included in the general ledger. A physical inspection of fixed assets is performed periodically.

4.0 INTERNAL CONTROL

- 4.1** Internal control is not one event, but a series of actions and activities that occur throughout an entity's operations and on an ongoing basis. Internal control should be recognized as an integral part of each system that administration uses to regulate and guide its operations.
 - 4.1.1** Purchasing: Purchase orders are required for most purchases. Purchase orders are created by the Registrar at the high school and by the Building Secretary at the elementary school and must be approved by the Building Administrator, Superintendent and District Bookkeeper. Once a purchase order is approved the purchase order is presented to the individual requesting the purchase a then the purchase may be made. The purchase order, invoice, receipt and all documentation is presented to the District Bookkeeper for payment.

- 4.1.2** Payment of bills: The Central Office issues all checks for the District. All invoices are approved by the Superintendent before payment is made. Once checks are written the invoices are attached and are presented to the Treasurer for a signature. The second signature is a stamped signature of the Board President. The Board approves the check register included in the Agenda for each Board meeting.
- 4.1.3** Financial Statements: The Superintendent and District Bookkeeper review the financial statements monthly. The Building Administrators perform a monthly review of their expenditures. Financial statements are presented to the Board monthly for review.
- 4.1.4** Budget Process: The Building Administrators submit their budget to the Superintendent. Bills must be coded to the proper expense code, even if they are over budget. This will help them to budget the following year. Although a line item may be over budget, the bottom line must be within the total budget for the building. After presentation by the Superintendent, the Board reviews, approves and adopts the budget. The Superintendent enters the approved budget figures into the financial statement for the new school year. As required by law, budget revisions are made 3 times during the school year. The Board approves these revisions. At the end of the school year the budget is amended to actual and approved by the Board.
- 4.1.5** Payroll: All non-certified staff are required to use the time clock. Each employee totals their time cards at the end of the pay period. Time cards are checked for accuracy by the Registrar at the high school and by the Building Secretary at the elementary school. The totaled time cards are presented to the Building Administrators for approval and signature. Time sheets are prepared by the Registrar at the high school and the Building Secretary at the elementary school. The time sheets and time cards are presented to the District Bookkeeper for processing. Most employees receive their pay through direct deposit, checks are written for those who do not have direct deposit. All employees receive a pay stub. Payroll reports are prepared by the District Bookkeeper and reviewed by the Superintendent.
- 4.1.6** Receipt of monies: Monies are collected by various employees in the district. Monies collected by teachers and other staff are receipted, totaled, coded with the correct account, and turned into the Registrar at the high school and the Building Secretary at the elementary school. The Registrar at the high school and the Building Secretary at the elementary

school prepares the deposit and makes copies of all checks and the deposit slip. They keep a copy of the deposit slip, checks and all documentation in their office. The deposit and all documentation is presented to the District Bookkeeper. The District Bookkeeper enters the receipt into the accounting system. The District Bookkeeper monitors the account daily for any activity.

4.1.7 Receipt of tax revenue checks: Lafayette and Saline County mail tax revenue checks to the district. The District Bookkeeper reviews the check and all documentation received. The Treasurer endorses the check and signs a verification of funds received from the County. That verification is mailed to the County. The District Bookkeeper processes the deposit and codes to the correct accounts according to the tax rate breakdown. The District Bookkeeper enters the receipt into the accounting system. At the end of each school year each county prepares a report of all funds sent to the district. This report is compared to the district's ledger. The two must match.

5.0 SEGREGATION OF DUTIES

- 5.1** Printing of checks: Payroll and Vendor checks are issued in the Central Office. The District Bookkeeper prints the checks and presents them along with the invoice approved by the Superintendent and any documentation to the Treasurer for signature. The second signature is a stamped signature of the Board President. The stamp and checks are kept in a locked closet. The check register is reviewed by the Superintendent and approved by the Board at each Board meeting.
- 5.2** Bank reconciliations: Bank reconciliations are performed in the Central Office. The Treasurer picks up the bank statements every month from the bank and approves and initials the statements. The bank statements are presented to the District Bookkeeper. The District Bookkeeper reconciles all accounts (Main checking, Debt Service and Flexible Spending account).
- 5.3** Cash receipts: Teachers and other employees collect monies. The monies collected are receipted, totaled and coded to the correct account by the individual receiving the money. The monies are turned into the Registrar at the high school and the Building Secretary at the elementary school to prepare the cash receipt for deposit. Copies of checks and deposit slips are made. The Registrar at the high school and the Building Secretary at the elementary school make copies of the deposit slip, checks, and all documentation. They keep a copy of all in their office and send a copy to the District Bookkeeper along with

the deposit. The District Bookkeeper enters the receipt into the accounting system from the report received by the Registrar or Building Secretary. Monies are deposited at the bank by the District Bookkeeper or designated employee.

Santa Fe R-X School District

Accounting Procedures and Guidelines



January 14, 2015

CASH RECEIPTS

All monies collected within the district's schools shall be handled in a proper fiscal manner and prudently safeguarded.

Money collected for any purpose will be submitted to the Registrar at the high school and the Building Secretary at the elementary, who will provide for its proper deposit. Money should never be left in a desk, classroom or common access area of an office. When a teacher or other school employee collects money from students for any purpose, that employee shall be held responsible for that money until the employee turns it over to a person responsible for receiving and depositing money.

- 1.0 All deposits are to be made at State Bank of Missouri. Deposit books are available through the Central Office.
- 2.0 Deposits are to be made daily.
- 3.0 Night Depository – Night deposits may be made at State Bank of Missouri.
- 4.0 Deposits are to remain intact; funds are not to be held back for petty cash purchases, cashing personal checks, etc. Checks received must be for the correct amount only.
- 5.0 All checks must be endorsed immediately upon receipt using the Santa Fe R-X School District endorsement stamp for your building.
- 6.0 Schools will identify the staff to be responsible for cash handling procedures. Generally, this will include an administrator and one, or more other staff members. Procedures should include “backup” for situations when the primary staff are absent, or unavailable.
- 7.0 Each school should store all cash in a locked container, preferably a safe, with access limited to a few (2-3) designated individuals.
- 8.0 Cash should never be left out unattended or in unlocked desk drawers or file drawers.
- 9.0 Funds will not be taken home by employees of the District for safekeeping.
- 10.0 Schools will identify areas to be used for counting and handling funds with limited access and out of view of traffic.
- 11.0 Keys to cash drawers and moneybags should be locked in a secure place with limited access.
- 12.0 All thefts must be reported immediately to the Central Office. A review will be performed to see what, if any, corrective actions should be taken.
- 13.0 All events charging an admission will use an event sales report to record the collection of admissions for the event. This report should be reviewed and approved by a second

employee, independent of ticket sales, and placed in a locked box or tamper proof bag, at the end of the event.

- 14.0** All money collected by District personnel should be deposited in the District bank account. Money is **NOT** to be held back from deposits for expenditures of the event. All expenditures of the event should run through the District's regular Purchasing Procedures.
- 15.0** All money collected by District personnel should be receipted. For example: If a student turns in \$20 to a coach for the purchase of a t-shirt, the coach should give the student a receipt that states the date, amount and what the purchase was for. Each District personnel that collects money for any reason should have a dual copy receipt book.
- 16.0** All money collected by District personnel should be counted, labeled with an account code and initialed before turning the money over to the Registrar at the high school or the Building Secretary at the elementary school. **A listing of who paid and how much each person paid should be given to the Registrar or Building Secretary when money is turned in. The District personnel should also keep a copy for themselves. It is the responsibility of the District personnel collecting the money to keep track of who paid for what.**
- 17.0** The Registrar at the high school or Building Secretary at the elementary will count the money turned into them and double check for accuracy. If a discrepancy is found the Registrar or Building Secretary should go to the District personnel that turned the money in and they should count the money together and both initial when they agree on the amount.
- 18.0** Once the money is counted, the Registrar or Building Secretary will prepare the deposit slip and make copies of the deposit slip, all checks and any other documentation. They will keep a copy of all for their office and will give a copy to the District Bookkeeper along with the deposit.
- 19.0** Fundraisers must be approved by the building administrator and procedures should be developed before each fundraiser begins regarding how cash receipts will be handled and reconciled.
- 20.0** Central office staff will meet periodically with individuals having cash handling responsibilities to discuss procedures and provide additional training.

PURCHASING

The District operates using funds collected from taxpayers for the benefit of the District's educational program. The School Board has directed district employees to maximize these resources to the benefit of the district. Further, the School Board is required by law to approve payment of bills. The district's auditor also reviews district funds and expenditures. For these reasons, it is necessary that all personnel carefully follow district procedures when making expenditures for district supplies or services.

1.0 General Rules for Purchases of Goods or Services

- 1.1 Purchases may only be made once a Purchase Order or Authorization to Purchase Form has been approved by the Building Administrator or appropriate supervisor. In circumstances when one of these methods of payment is not available, the district may reimburse the employee for a purchase made with the employee's personal funds (see section 2.4). Employees should contact Central Office prior to making a purchase outside the authorized methods to ensure reimbursement.
- 1.2 **CAUTION:** Purchase Orders are to be processed and approved before the purchase is made **not after the fact**. **Failure to follow this procedure may result in rejection of the purchase order when presented for payment.**
- 1.3 All purchases must be made using our tax exempt number. Tax exempt forms are available in Central Office. **The district will not reimburse for tax.**
- 1.4 Purchase of gift cards/certificates are not permitted to be purchased with District funds and given to District employees. The IRS has issued an opinion that gift certificates, gift cards, and gift coupons which have a face value on them are considered cash equivalents and therefore are subject to employment taxes without regard to their value. Accordingly, its value must be included in the employee's gross income; therefore, any such awards or gifts must be made through payroll (with appropriate withholding).
- 1.5 All purchases must receive approval from the Building Administrator and/or other appropriate supervisor responsible for the budget code from which the purchase is made. Employees needing supplies or services will present requests to the Building Administrator or appropriate supervisor using either the Requisition form or the Authorization to Purchase Form.

- 1.5.1** The approved Requisition form would be turned into the Registrar at the high school and the Building Secretary at the elementary school and they would initiate a Purchase Order before the purchase is made.
- 1.5.2** The approved Authorization to Purchase Form allows an employee to check out the school credit card from Central Office to make an approved purchase.
- 1.6** All purchases must be appropriately documented.
- 1.7** Purchases are not allowed over the authorized Purchase Order amount without additional approval from the Building Administrator and/or other appropriate supervisor and Central Office. Any invoices over the amount originally approved will need to go through the approval process again so estimate wisely.
- 1.8** Bidding laws will be followed when applicable.
- 1.9** Bidding and purchasing records will be maintained in accordance with the Secretary of State's retention manual.
- 1.10** There will be a cut-off date for purchases each school year. Around February notice will be given of the last day to issue purchase orders.
- 1.11** New budgets may be expended after April 1. However, delivery cannot be completed until July 1 and billing may not be completed until August 1. It is important this information is communicated to vendors.

2.0 Instructions for Specific Purchases

- 2.1 Advanced Meal Money for District Students**-Requests for an advance to a district employee to cover the cost of meals for district students participating in school activities or athletic events outside the school district need the following documentation: List of student names and the amount to be given to each student. This list should be signed by students as the money is distributed. Attach list to the check stub and return to the Central Office.
- 2.2 Payment of Fees to Other Districts**-Purchase orders to other school districts or organizations to pay fees for district students or teams to participate in tournaments or other events need an invoice or photocopy of a letter from the hosting school or organization indicating fee or other charges. This backup should be attached to the requisition sheet and given to the Registrar at the high school or the Building Secretary at the elementary school for purchase order processing.
- 2.3 Check in Advance of Service Rendered**-Requests in advance for payment of services at time of performance should provide as much detail as possible concerning the request for advance payment. Copies of contracts, correspondence, etc., should be attached to the requisition sheet and given to

the Registrar at the high school or the Building Secretary at the elementary school for purchase order processing.

- 2.4 Employee Reimbursement for Regular Purchases-**In circumstances where the only way to purchase is through the use of the employee's personal funds, the employee will be reimbursed with the following proof of expenditures attached to an approved Requisition Sheet. **Individuals will NOT be reimbursed for sales tax on purchases.** The employee shall be responsible for submitting the request for reimbursement on a timely basis. All reimbursements should be paid out of the correct fiscal year which runs July 1 – June 30.

Forms of acceptable documentation:

- Original paid cash register receipt.
- Original receipt made out to the employee marked paid in full.
- Original **DETAILED** charge slip that lists each item.

2.5 Employee Reimbursement for Travel/PDC-

- 2.5.1** All employee travel expenses must be pre-approved. If the reimbursement request is PDC related this must have PDC approval before reimbursement will be made.
- 2.5.2** All hotel and conference registration expenses should be paid on the school credit card or by Purchase Order beforehand. Hotel and conference registration expenses should not be paid with personal funds.
- 2.5.3** Upon return from a conference/meeting please attach all meal receipts to a Staff Travel Expense spreadsheet. **All meal reimbursements need to show the detail on the receipt, not just a total.** All alcohol purchases must be on a separate receipt other than the one turned into the district.
- 2.5.4** A school employee will not be reimbursed for choosing to purchase a meal when one is provided at the meeting/conference they are attending.
- 2.5.5** The mileage to be reimbursed should be put on the Staff Travel Expense spreadsheet, as well. Only mileage to and from the event will be reimbursed, not personal mileage (sightseeing, shopping, etc). District approved mileage is at the bottom of the Staff Travel Expense spreadsheet.
- 2.5.6** The Building Administrator or PDC must approve the completed Staff Travel Expense spreadsheet and receipts must be attached and all turned into the Central Office for reimbursement.
- 2.5.7** Meal reimbursements will only be made for overnight travel.

- 2.6 Supply/Textbook Orders**-Employee fills out a Requisition Sheet with administrator approval and gives to Registrar at the high school or Building Secretary at the elementary school. Please include account number on requisition sheet. The Registrar at the high school and the Building Secretary at the elementary enters the Purchase Order in SISFIN from the requisition sheet. Once the Purchase Order is approved in SISFIN, the Registrar at the high school or the Building Secretary at the elementary prints out the Purchase Order and puts in employee mailbox. Employee may place order once they receive the approved Purchase Order. Employee gives all receipts/invoices to Central Office. Registrar/Building Secretary gives copy of Purchase Order, requisition sheet and all other documentation to Central Office for payment.
- 2.7 Credit Card Purchase of Supplies/Textbooks**-Employee fills out an Authorization to Purchase form, signed by Building Administrator. Employee brings signed Authorization to Purchase form to Central Office and signs out the credit card. Employee places order or makes purchase and brings credit card along with receipt/invoice to Central Office. **Receipts for credit card purchases must be turned into Central Office upon return of credit card. Lost receipts will be the responsibility of the employee that made the purchase.**
- 2.8 Vendor Special Requirements**-Please check with Central Office if you have questions about vendor requirements.
- 2.8.1** All Vendors must have a W-9 on file with Central Office before payment can be made.
- 2.8.2** If you are ordering from a new vendor you **MUST** check with Central Office to see if their W-9 is on file and if they are entered in SISFIN as a vendor.
- 2.8.3** The district does have tax exempt status with many area vendors such as Wal-Mart, Office Depot, Dollar General, Country Mart, etc. Please check with Central Office for a tax exempt number or card to use when making purchases.

FUNDRAISING – BOARD POLICIES

Definition:

District-Sponsored Fundraising-Any activity that has the purpose of raising funds in support of a student activity or program and that is administered and conducted by school staff or students involved in the activity or program.

District-Sponsored Fundraisers:

The superintendent and principals will be directly responsible for all district-sponsored fundraising activities conducted in the district or sponsored in any manner by the district. All district-sponsored fundraising activities must first be approved by the superintendent or designee and must comply with the requirements set out in district policies and procedures, including the district's wellness program and district funds management rules. All funds collected in a district-sponsored fundraiser will be deposited in district's account.

Fundraising by Other Groups:

For liability and funds management purposes, it is essential that district staff not confuse district-sponsored fundraising with fundraising conducted by booster clubs or other groups not directly controlled by the district. Although the district welcomes community involvement in and support of district programs, the district cannot take responsibility for fundraising or the funds collected by such groups. Only district-sponsored or administratively approved fundraising may occur during the school day or class time.

A group may only use the name, logo or mascot of the district or of a district school in reference to a fundraiser if the fundraiser has been approved by the superintendent or designee or the School Board and the funds raised go to the district as represented in the advertising.

STUDENT FUNDRAISING GUIDELINES

FUNDRAISER PROCEDURES:

Proposals for any fundraising activities in which proceeds benefit the school and /or students must be submitted in writing on the district **Fundraising Application Form**. The form must include a complete description of the activity, who will be participating, dates/times of operation, intended use of funds and expected revenues. Fundraisers must be approved by a building administrator and procedures should be developed before each fundraiser begins

regarding how cash receipts will be handled and reconciled. A copy of the **Fundraising Application Form** should be given to Central Office.

Once a fundraiser is completed the “**Closing Report Section**” of the fundraising application form must be completed and given to the building administrator. The funds to be deposited, along with a copy of the completed “**Closing Report Section**” must be given to the Registrar at the high school or the Building Secretary at the elementary school. The Registrar at the high school or the Building Secretary at the elementary school will prepare the deposit and will give a copy of the completed application and deposit to Central Office.

Fundraiser Expense:

The purchase order to pay the vendor for merchandise sold in a fundraiser should be written before the order is placed with the vendor. The purchase order will not be paid until the invoice and okay to pay have been received.