

ROOSEVELT ISD

Business Office

Internal Control Procedures

Introduction:

The purpose of these Internal Controls are to ensure that adequate controls exist in the areas of purchasing, cash management, investments, payroll, personnel, fixed assets, and the other business areas included herein. The Business Division's primary goal is to protect the assets of the district and to ensure that all financial transactions are performed in accordance with generally accepted accounting practices.

Since Roosevelt ISD is a small district, the Business Department must maintain adequate control of separation of duties at all times. The staff consists of:

- Business Manager
- Payroll/Benefits Clerk
- Accounts Payable Clerk

All the Business Department staff are expected to comply with the Code of Ethics and Standard Practices for Texas Educators [Board Policy DH (Exhibit) and the Roosevelt ISD Standards of Conduct in the Employee Handbook.

Purchasing Functions:

Purchase Orders

- Purchase requisitions are generated online in the TxEIS Purchasing system.
- All purchase requisitions are approved by the appropriate administrator. All purchase requisitions are approved by the Business Manager.
- Approvers ensure that funds exist in the designated account(s).
- Approvers ensure that item(s) do not exceed bidding and/or quoting thresholds. If quotes were obtained, the quotes are given to the Accounts Payable clerk to attach to the invoice. If bids were obtained, a tabulation sheet and copies of the bids are given to the Accounts Payable clerk to attach to the invoice.
- The originating administrator should be contacted if purchase requisition cannot be approved. This contact may be made by return of the purchase requisition through the TxEIS system, including the reason(s) for non-approval. The originator may then correct any deficiencies and resubmit the purchase requisition.
- All technology purchases should be pre-approved by the district Technology Coordinator.
- All Maintenance/Custodial purchases should be approved by the Maintenance Director, prior to the purchase, to ensure that adequate funds exist and that all quoting/bidding requirements have been met.
- If a vendor does not exist in the finance system, the Accounts Payable Clerk should add the vendor with all appropriate information such as: vendor name, SSN or TIN, address, phone, W-9 information, and 1099 eligibility. [If a W-9 is not submitted with the purchase order, a form should be mailed or faxed to the vendor. After receipt, the vendor tax information should be entered into the vendor database. Payments for services should not be made until the W-9 is received.]
- All purchasing contracts that exceed \$50,000, must be approved by the Board of Trustees.
- The Business Manager should review the purchase order for code compliance, appropriate approvals, and bidding/quoting requirements.
- The Accounts Payable clerk creates and prints the Purchase Order after the requisition has received all approvals. A copy of the Purchase Order is sent to the originator, and a copy is kept in the Business Office.

Travel Authorization Purchase Orders

- Requests for travel are made on a purchase requisition generated in the TxEIS Purchasing system.
- In addition to the information required on every purchase requisition, the travel purchase requisition must include the following: who is traveling, where they are going, what they are attending, and when they are traveling.
- All approvals are required for travel purchase requisitions as included in the section above for Purchase Orders.
- All cash advances should be posted to the finance system.
- No advance cash should be issued to a traveler more than 30 days prior to their trip (IRS Regulation).
- All travel advances not settled within the calendar year shall receive a 1099 tax form.
- Employees are allowed the per diem rate set by the Board of Trustees for meals during travel. If the travel is paid with federal grant funds, employees are required to submit receipts for the meals purchased.
- All extra money will then be deposited and the account codes credited.
- There will be no more money given to a traveler if they expended their budget.

Accounts Payable Functions:

- Accounts payable checks should be processed weekly.
- Upon receipt of an invoice from a vendor, it should be matched with a pending purchase order [accounts payable copy], and receiving copy [signed by the campus/department].
- If no discrepancies exist, the check payment should be entered into the finance system.
- If a discount is offered by the vendor for early payment, the payment should be processed within the allotted time if the goods have been received and their receipt has been verified by the originating campus or department.
- All invoices should be checked to ensure that appropriate discounts, bid/quote pricing, terms of shipment, tax exemption, and extensions are correct.
- If a discrepancy exists, the appropriate campus/department or vendor should be notified to reconcile the difference(s)
- All invoices should be forwarded to the Accounts Payable Clerk for payment.
- Invoices which deviate substantially from the normal amounts should be forwarded to the Business Manager for review and approval.
- All petty cash reimbursements should be entered into the finance system for payment. Extenuating circumstances or items of non-compliance, if any, should be forwarded to the Business Manager for review and approval.
- All payments should be made from original documents to ensure that duplicate payments do not occur.
- All check payments should be posted to the general ledger at the time that the checks are printed.
- A check payments report should be forwarded to the Business Manager for review.
- All checks should be endorsed by the Business Manager or the Superintendent.
- The depository bank shall be notified via new signature cards when changes occur in the authorized signers. The signature files shall be maintained by the Business Manager.
- These accounts payable procedures should be used for "emergency" checks, also.
- Statements from vendors should be reconciled with check payments on file and discrepancies should be researched and resolved.
- Payment to the vendor for returned purchases should be withheld from the vendor until replacement items are received that are acceptable to the district. All check copies for items returned to the vendor should be kept in a pending file until receipt of the replacement items. If replacement items are not received within a 60 day period, a demand for a refund should be forwarded to the vendor.
- Partial shipments should be monitored to ensure that the full shipment is received within a reasonable time period. Partial payments should not be made unless prior arrangements have been made with the vendor.
- All check stock shall be maintained in a locked safe and shall be inventoried for the purpose of restocking when less than a two (2) month supply of checks is on hand.

- ❑ The Accounts Payable Clerk will reconcile and prepare required 1099s each year. These will be mailed to the applicable vendors by January 31 each year, and submitted to the Internal Revenue Service by the required deadline.

Accounting Functions:

- ❑ All changes to the general ledger should be posted within the same month as the changes occurred.
- ❑ Within 5 days after the end of the month, all end-of-month reports should be saved and verified and the end-of-month posting processed.
- ❑ Board Reports and a detailed Check Payments report for the previous month should be generated. All reports should be saved for audit purposes to include:
 - ❑ Cash Journal
 - ❑ General Journal
 - ❑ Check Payments & Check Register
 - ❑ Detail General Ledger
- ❑ The Business Manager shall review a Summary General Ledger on a monthly basis to ensure the accuracy of fund accounting.
- ❑ The Business Manager shall prepare a Financial Report for the School Board on a monthly basis that is supported by existing accounting records. The report shall include:
 - ❑ Budget Status Report
 - ❑ Cash Flow Analysis
 - ❑ Depository Report
 - ❑ Tax Collections Report
- ❑ The PEIMS Coordinator and Business Manager shall review and approve all PEIMS submissions with budget and actual expenditures data.

Grants and Entitlements:

- ❑ All grant awards shall be maintained by the Business Manager and prepared for posting to the general ledger.
- ❑ The Business Manager shall coordinate the budgets received from grant administrators and/or campus principal to ensure compliance with grant award documents.
- ❑ Grant reporting timelines shall be monitored by the Business Manager and all financial reports prepared and submitted via paper form or electronic submission in accordance with grant requirements.
- ❑ The Business Manager shall establish purchasing deadlines to ensure that all grant purchases and payments are settled prior to the end of the grant period.
- ❑ All grant receipts shall be posted to the general ledger on a monthly basis.
- ❑ All ARRA grants shall be maintained by the Business manager and prepared for posting to the general ledger.

Cash/Check Handling & Bank Deposits:

- ❑ Departments and sponsors shall complete and sign a “Tabulation of Monies Collected” form for all cash and checks received. The deposits shall be given to the campus office for verification.
- ❑ All deposits shall be verified by two people. The personnel verifying may include sponsor, teacher, campus secretary or business officer personnel.
- ❑ All cash and checks received from departments should be counted, receipted and prepared for bank deposit on a weekly basis. Deposits are verified by the Accounts Payable Clerk, the Payroll/Benefits Clerk or the Business Manager, on a rotating basis.
- ❑ Deposits received directly in the Business Office are recorded in the appropriate receipt book. Weekly deposits are balanced with the receipt book. These deposits are completed weekly.
- ❑ The bank courier shall take the deposits in locked bags, and bring the verified deposit slips back to the district the following business day.
- ❑ All deposits shall be recorded in the general ledger within 3 days of the deposit.

- ❑ Deposits which cannot be made on the same day shall be stored in the district's safe until such time as the deposit can be made.
- ❑ All checks shall be stamped upon receipt for endorsement purposes.
- ❑ The Business Office petty cash account (the "local box") will be verified weekly.
- ❑ Notices of checks which were not deposited due to "insufficient funds" or "closed account" shall be received by the Accounts Payable Clerk. She shall record the returned check in the ledger and notify the check writer by prescribed letter. Returned checks which are not resolved will be forwarded to the District Attorney's office within 60 days.
- ❑ A \$25 handling fee is charged for each returned check. The Superintendent may waive the handling fee if circumstances warrant.
- ❑ All cash transfers between cash and investment accounts will be initiated and posted by the Business Manager.
- ❑ All other cash withdrawals from a bank account such as ACHs or wire transfers will be recorded within five days.
- ❑ All transfers between district bank accounts will be recorded within five days.
- ❑ All travel reimbursements to the district shall be submitted to the Business Office by the traveler. The Business Office personnel shall receipt the reimbursement and include it in the weekly deposit.
- ❑ All expense reimbursements to the district shall be submitted to the Business Office. The Business Office personnel shall receipt the reimbursement and include it in the weekly deposit.

Investment Functions:

- ❑ The Superintendent and Business Manager shall review the investment policies and strategies and recommend changes to the School Board on an annual basis. Recommended changes, if any, shall be adopted by the School Board by formal action during a regularly scheduled board meeting.
- ❑ All investment officers shall be designated by the School Board and shall attend the legally required training through an approved source of instruction.
- ❑ A quarterly investment report should be prepared, signed by all investment officers, and submitted to the School Board for approval.
- ❑ All securities purchased by the district shall be held in the name of the district.
- ❑ Securities shall be purchased only from authorized investment brokers or banks who have completed and filed with the district the appropriate certification.
- ❑ All cash transfers between cash and investment accounts will be initiated by an investment officer and posted by the Business Manager.
- ❑ All investment transactions shall be posted at least on a monthly basis.
- ❑ All investment reports shall be reconciled to the general ledger on a monthly basis and at fiscal year end.

Bank Reconciliation:

- ❑ Upon receipt of the monthly bank statements, the bank statements should be delivered to the Business Manager in the original sealed envelopes.
- ❑ The Business Manager should reconcile all bank accounts with the general ledger.
 - ❑ All deposits should be posted on the general ledger to appropriate revenue accounts.
 - ❑ All withdrawals should be on the monthly check register or posted on the general ledger via general journal.
 - ❑ All interest earnings should be posted on the general ledger via general journal.
- ❑ Endorsements on cleared checks should be checked on a periodic basis or at least for those items that appear suspect.
- ❑ Checks that have remained outstanding for a period of six (6) months should be researched and reissued if the original check was lost. If the lost checks are not claimed within twelve (12) months, the outstanding checks should be reversed on the general ledger and voided.

Personnel Functions:

- ❑ A New Hire Checklist should be utilized to ensure that all staff recommended for employment has passed all pre-employment criteria such as references, criminal background, certification/licenses (if applicable), prior employment, and nepotism prior to Superintendent and/or Board approval.
- ❑ The Superintendent/Business Manager /Superintendent Secretary shall properly authorize and document all changes in employment to include:
 - ❑ New employees
 - ❑ Terminating employees
 - ❑ Changes in status due to FMLA, Workers Compensation, Temporary Disability, etc.
 - ❑ Changes in salary rates due to promotion, demotion, educational level attained, etc.
- ❑ The Superintendent Secretary and/or Payroll Clerk shall prepare and maintain an up-to-date employment file for all employees to include:
 - ❑ Application, resume, credentials [transcripts/licenses], etc.
 - ❑ SBEC Certification, if appropriate
 - ❑ Disciplinary actions
 - ❑ Service Records
 - ❑ Job Description
 - ❑ Contracts
- ❑ The Superintendent Secretary and Payroll Clerk will ensure that all new staff submits all legally required documents within 30 days of employment.
- ❑ All new employees shall be entered into the HR system by the Superintendent Secretary and Payroll Clerk, including but not limited to demographic, certification, contract, experience, and PEIMS data.
- ❑ All changes to the above data shall be entered into the HR system by the Business Manager, Payroll Clerk and/or Superintendent Secretary.
- ❑ Separate files should be maintained by the Superintendent Secretary for the following items:
 - ❑ Criminal History verifications
 - ❑ Alcohol & Drug Testing
- ❑ Separate files should be maintained by the Payroll Clerk for the following items:
 - ❑ I-9 Forms
 - ❑ W-4 forms
- ❑ An Employee Resignation Checklist should be utilized when employment terminates to ensure all school property is obtained.

Payroll Functions:

Salary Calculations:

- The Superintendent/Business Manager should determine the placement of professional and support staff on the pay scale.
- The placement of administrative staff on the pay scale will be by the Superintendent.
- The Payroll Clerk and Business Manager shall verify the number of years experience for pay purposes as calculated.

Leave Processing:

- All employees should complete an absent from duty form for any days missed. If requesting personal leave, the form should be completed in advance. If requesting sick leave, the form should be completed on the first day of return to duty.
- Upon approval by the campus/department administrator, all absent from duty form along with any support documents i.e. jury duty card, doctor's note , needs to be routed to the Payroll Clerk.
- The Payroll Clerk ensures that all absent from duty forms are signed by employee and approval signature of campus/department administrator.

- Leave information shall be entered into the HR system for all absence forms received. Leave information will also be entered into the Time Clock system for all non-exempt personnel.
- Processed absent from duty forms will be filed with records for the school year.

Direct Deposit:

- If an employee chooses, their payroll wages will be direct deposited by ACH each payday. The employee must complete an Authorization Agreement for Automatic Deposits (ACH Credits) form.
- The Payroll Clerk will ensure that the bank table within the HR system is updated with current information.

Deductions:

- The Payroll Clerk will reconcile and verify payroll deductions. Authorizations for any payroll deductions will be kept in the deduction files or in the employee's personnel file.
- The Payroll Clerk will balance the deduction payments with the ledger balances each month, identifying any differences.
- The Payroll Clerk will provide to the Business Manager each month, a completed spreadsheet verifying any remaining balances in the payroll liability balance sheets accounts.

Supplemental Pay:

- All supplemental payments will be authorized by the Business Manager or Superintendent.
- The Payroll Clerk will add authorized supplemental payments to the appropriate monthly payroll.

Payroll Submission:

- The Payroll Clerk will input all transmittals for payroll processing to include – hours worked, supplemental pay, substitute pay, leave used and update employees' deductions when needed.
- Payroll reports for each payroll processed should be saved for audit purposes to include:
 - Payroll Journal
 - Account Distribution Journal
 - Bank Account Listing
 - Deduction Register Report
 - Check Register
- A Payroll General Journal Report will be created after every payroll and a General Journal Voucher will be prepared and posted to the general ledger.
- Payroll employer taxes will be submitted to the EFTPS system within 5 days after each pay date and a Journal Voucher reflecting this payment will be prepared and posted to the general ledger.

Quarterly/Annual Functions:

- Quarterly 941 Employer Federal Tax Returns shall be reconciled with the 941 Worksheet Report from the HR system, the EFTPS Payment Worksheet and Payroll Excel File Spreadsheet each quarter.
- The Payroll Clerk will complete the 941 Quarterly Tax Return, and the Business Manager will review and sign the return.
- The Payroll Clerk will complete the Unemployment Quarterly Reports and file via the Internet.
- The Payroll Clerk will reconcile and ensure W-2s are processed and mailed to employees by January 31 each year. The Payroll Clerk will file the completed W-2s online with Social Security Administration by the deadline each year. Employer's copy shall be filed for a period of 7 years.

TRS Reporting:

- The Payroll Clerk shall prepare and submit all TRS reports monthly online via the TRS TRAQS system.
- Before the 6th of each month, the Payroll Clerk shall prepare the TexNet form and submit via TexNet the amount due to TRS and TRS-ActiveCare Health Insurance.
- The Payroll Clerk will prepare and input monthly a Journal Voucher recording the payment made via TexNet.

Additional guidelines due to requirements of SAS 99 – Anti-fraud**Consequences for Inappropriate Behavior (zero tolerance)**

- ◆ Dishonest actions will not be tolerated.
- ◆ Violators will be disciplined, may be terminated and may be reported to the appropriate authorities.

Notification/Communication of fraudulent activities:

- ◆ We all have a duty to report certain matters such as theft, fraud, and dishonest in the workplace.
- ◆ Actual or suspected fraud should be reported to the Superintendent.
- ◆ Any and all concerns about potential fraudulent activities should be reported to the Superintendent.

Training:

- ◆ Training requests should be submitted to the employee's supervisor. It is the employee's responsibility to request additional training that he/she feels will be beneficial in performing the assigned job tasks.

Records Management & Security of Data

- ◆ All finance records are the property of Roosevelt ISD and should be maintained in accordance with the established Records Retention Schedule
- ◆ System backups are performed nightly in accordance with established guidelines
- ◆ No district records and/or data backups shall be destroyed, removed from the district, or shared with any individuals outside the business department without appropriate authorizations.

Suggestions for Improvement:

- ◆ Suggestions to improve business operations and/or internal controls are welcome and encouraged.
- ◆ Submit any suggestions to the Business Manager.