

William W. & Josephine Dorn Charter School Financial Policies & Procedures

Internal Controls Handbook



March 2018

Table of Contents

Section I - Internal Control Structure

Introduction.....3
Control Environment3
Accounting System4
Control Procedures4
Organizational Structure5

Section II - Budget

Budget Development.....6
Budget Adjustment and Modifications.....6

Section III - Purchasing

Requisition Purchasing8
Procurement Code Update & Process.....8
Verification and Approval10
Exemptions from the Procurement Code.....11

Section IV - Accounts Payable Processing

Receiving.....12
Invoice Processing12

Section V - Travel

Travel13

Section VI - Bank Reconciliations

Bank Reconciliations.....15

Section VII - Payroll

Payroll Setup.....16
Processing Payrolls.....16

Section VIII - Capital Assets

Capitalization.....	17
Acquisitions	17
Dispositions	17
Asset Records.....	17
Section IX - Cash Controls	
Cash Receipts.....	19
Depositing	19
Revenue Ledger.....	19
Section X - Student Activity Funds	
Deposits	20
Disbursements	20
Section XI - Journal Entries	
Journal Entries	22
Section XII - General Ledger	
General Ledger	23
Section XIII - Financial Reporting	
Financial Reporting	24
Section XIV - Record Retention	
Record Retention	24
Section XV - Account Reconciliations	
Asset Account Reconciliations.....	25
Liability Account Reconciliations.....	25
Fund Balance AccountReconciliations.....	25
Expenditure Account Reconciliations.....	25

Section I - Internal Control Structure

1) Introduction

The Charter School has established and works hard to maintain an adequate internal control structure that ensures compliance with all applicable laws and regulations. Our internal control structure consists of the policies and procedures established to provide reasonable assurance that our objectives will be achieved.

Persons involved in the Internal Control Structure of the Charter School are:

Governance	Management	Business Office
Governing Council (GC) Members	Principal	On site: Office Manager Off site (The Vigil Group): Business Manager, Payroll Coordinator, Payroll Liabilities Coordinator

2) Control Environment

Our control environment represents the collective effort of various factors to establish, enhance, and mitigate the effectiveness of specific internal controls.

These factors include the following:

- a) Management’s philosophy and operating style;
- b) Charter School’s organizational structure;
- c) The functioning of the Governing Council;
- d) Management’s control methods for monitoring and following up on performance, including internal auditing;
- e) Personnel policies and practices; and
- f) Various external influences that affect Charter School’s operations and practices.

We have established our control environment so that it reflects the overall attitude, awareness and actions of the Governing Council, Management and others concerning the importance of control and its emphasis within the Charter School.

3) Accounting System

Our accounting system consists of methods and records that have been established to identify,

assemble, analyze, classify, record and report the Charter School's transactions and to maintain accountability for the related assets and liabilities.

We have focused on establishing methods and records to ensure the following:

- a) All valid transactions are identified and recorded;
- b) Transactions are recorded on a timely basis and described in sufficient detail to permit proper classification for financial reporting;
- c) The value of transactions is measured in a manner that permits the proper recording of their monetary value in the financial statements;
- d) Accuracy is maintained when determining the time period in which transactions occurred to ensure that transactions are recorded in the proper accounting period; and
- e) Transactions and related disclosures are in the financial statements.

4) Control Procedures

Our control procedures are those policies and procedures in addition to the control environment and accounting system that Management has established to provide reasonable assurance that specific objectives will be achieved. We have devised, established and continuously strive to maintain a structure of internal accounting controls to provide that the following are in place:

- a) Segregation of responsibilities to ensure that the following duties are segregated:
 - i. Authorization to execute a transaction;
 - ii. Recording the transaction;
 - iii. Custody of assets involved in the transition.
- b) A system of authorization and recording procedures to ensure that all transactions are properly approved and recorded.
- c) Sound accounting practices are in place in the performance of duties and functions.
 - i. This includes varied error-checking routines that are performed in connection with record keeping and comparing recorded amounts with existing assets and liabilities.
 - ii. Appropriate action shall be taken with respect to any differences.
- d) Employees handling significant amounts of cash must be adequately bonded.
 - i. Access to assets is permitted only in accordance with Management's authorization.
- e) The following shall be sequentially pre-numbered:
 - i. Receipts;
 - ii. Checks or warrants;
 - iii. Purchase requisitions;
 - iv. Purchase orders;
 - v. Vouchers;
- f) Proper safeguards are in place to protect unused checks (and other pre-numbered forms), cash that has not been deposited, and other receipts.
- g) All transactions are recorded as necessary to permit preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP); and
- h) Independent checks on performance and proper valuation of recorded amounts is performed including:

- i. Clerical checks;
- ii. Reconciliations;
- iii. Comparison of assets with recorded accountability;
- iv. Computer-programmed controls;
- v. Management review of reports that summarize the detail of account balances; and,
- vi. User review of computer generated reports.

5) Organizational Structure

The Charter School has devised, established and maintains an effective organizational structure to give appropriate consideration to ensure the following:

- a) A system of measurement of, and accountability for, employee performances is in place;
- b) A policy has been established in which the delegation of responsibility for employee actions is combined with sufficient authority to perform the assigned activities;
- c) Budgets and financial reports are created and maintained;
- d) There is adequate monitoring of activities at each level of the organizational structure; and,
- e) There is a system of checks and balances in place which separates incompatible activities to preclude absolute control by any individual or unit.
 - i. This system also provides supervision by higher levels of Management and for the monitoring of overall school activities.

Section II - Budget

1) Budget Development

- a) The Business Manager is responsible for developing the proposed budget with the administration which covers all funds. In addition, a budget calendar must be developed to include a meeting for community input.
- b) The prior year budget will be reviewed, and a budget to actual report will be developed.
 - i. This report will be given to the Governing Council to review.
- c) The Business Manager will consult with the Principal and the Governing Council regarding the strategic direction of the budget for the upcoming year. The following will also be considered when developing the proposed budget:
 - i. Current and expected growth patterns;
 - ii. The budget to actual report from the prior year; and,
 - iii. The Educational Plan for Student Success (EPSS).
- d) Once the proposed budget has been developed, which is done on an Excel spreadsheet, it is forwarded to the Principal for approval.
- e) The proposed budget is then presented to the Governing Council for approval in an open meeting.
- f) For District Authorized Charter Schools, once the budget has been approved by the Governing Council it is sent to be included in the overall District Budget.
- g) For State Authorized Charter Schools, once the budget has been approved by the Governing Council it is submitted directly to the Public Education Department (PED).

2) Budget Adjustments and Modifications

- a) Budget adjustments, which do not alter the total amount of the budget, include the following:
 - i. Intra-budget transfers: which are transfers between expenditure codes within the same function
 - ii. Inter-budget: which are transfers between expenditure codes outside state functions
- b) Budget modifications, which do alter the total amount of the budget, include the following:
 - i. Budget increases: which increase the funds available for the current year
 - ii. Budget decreases: which decrease the funds available for the current year
- c) There are no budget transfers allowed between funds.
- d) The Business Manager is responsible for preparing a proposal for all budget adjustments and budget modifications.
- e) The Business Manager will submit the proposed modified budget to the Principal for approval.
- f) Once approved by the Principal, the proposed modified budget is submitted to the Governing Council for approval at a scheduled meeting.

- i. If the changes are approved, the approval is noted in the meeting minutes.
 - ii. A budget adjustment request is then submitted either electronically or manually to the PED for approval.
- g) Once all approvals are in place, the Business Manager makes the approved changes to the budget in the Budget Module in the APTA Financial System.

Section III - Purchasing 1) Requisition Purchasing

- a) The requisitioning employee completes a purchase requisition form.
- b) After all applicable information has been obtained, based on the procurement terms (see below for the procurement process), the requisitioning employee must sign and date the purchase requisition and forward it to the Principal for approval.
- c) The Principal will review the purchase requisition and either approve, change or deny the purchase.
 - i. If the purchase requisition is approved, the Principal will sign and date the purchase requisition to signify approval.
 - ii. If the purchase requisition is denied:
 - 1. The reason will be documented on the purchase requisition;
 - 2. The Office Manager/Administrative Assistant will make a copy of the denial to be filed; and
 - 3. The form will be sent back to the requisitioning employee.
- d) Once approved, the purchase requisition is forwarded to the Business Manager to be entered into the Purchasing Module in AptaFund.
- e) The selected vendor must be entered into the system as follows:
 - i. If the vendor is an existing vendor, their name is chosen from the vendor list.
 - ii. If the vendor is a new vendor, at a minimum the vendor name, federal tax ID number and 1099 delegation must be entered.

2) Procurement Code Update & Process

- a) Services, construction, or items of tangible personal property under \$20,000 may be obtained from the best obtainable source, considering cost, service, delivery and prior use of similar goods. Although quotes are not required, they are strongly recommended in order to ensure the best obtainable price is achieved.
 - i. A purchase order may be issued directly if the services, construction, or items of tangible personal property are under \$20,000.
- b) Services, construction or items of tangible personal property having a value not exceeding \$60,000, excluding applicable state and local gross receipts taxes, may be procured by the central purchasing office without going through the RFP competitive bid process.
- c) Competitive bids must be obtained on a Request for Proposal (RFP) form and in accordance with New Mexico State Statute for purchases exceeding the following thresholds:
 - i. Bids are required for tangible items estimated to cost more than \$60,000.
 - ii. Bids are required for professional services estimated to cost more than \$60,000.
- d) In all instances where it is possible, the "Piggy Back" process will be utilized in accordance with New Mexico State Statute (13-1-129 NMSA).
 - i. A letter will need to be provided from the vendor stating the uniformity of the contracted cost.

e) Chief Procurement Officer (CPO)

- i. Each State Agency and Local Public Body is required to identify its Chief Procurement Officer by January 1, 2014.

1. 13-1 -38.1 Definition; chief procurement officer:

“Chief Procurement Officer” means that person within a state agency’s or local public body’s central purchasing office who is responsible for the control of procurement of items of tangible personal property, services, or construction. “Chief Procurement Officer” includes the state purchasing agent.

f) Responsibilities of the CPO

- i. 13-1 -38 Responsible for the issuance of change orders

1. “Change Order” means a written order signed and issued by a procurement officer directing the contractor to make changes which the changes clause of the contract authorizes the procurement officer to order with or without the consent of the contractor.

- ii. 13-1 -70 Responsible for the issuance of invitations to bid

1. “Notice of Invitations to Bid” means a document issued by the CPO which contains a brief description of the services, construction or items of tangible personal property to be procured, the location where copies of the invitation to bid may be obtained, the location where bids are to be received, the cost, if any, for copies of plans and specifications, the date and place of the bid opening and such other information as the procurement officer deems necessary.

- iii. 13-1 -95 Responsible to make determinations, including determinations regarding exemptions, pursuant to the Procurement Code; issue purchase orders and authorize small purchases pursuant to the Procurement Code; and approve procurement pursuant to the Procurement Code.

- iv. 13-1-1 06 Any decision by a procurement officer to permit or deny the withdrawal of a bid on the basis of a mistake contained therein shall be supported by a determination setting forth the grounds for the decision.

- v. 13-1-111 Responsible for making the determination of when to use competitive sealed proposals.

- vi. 13-1-1 17.1 Responsible for adopting and carrying out regulations regarding the selection of professional service awards.

- vii. 13-1-125 Responsible for following the small purchase procedures for his/her local public body [Charter School].

1. *See 2a, 2b, 2c of this document*

- viii. 13-1-126 Responsible for the approval of sole source awards; this includes determining the basis for the sole source procurement, conducting negotiations, and maintaining all written determinations on file.

- ix. 13-1-1 27 Responsible for making determinations regarding emergency procurements.

- x. 13-1-146 Responsible to determine when a security bid is required.

- 1. For construction contracts that exceed \$25,000
- xi. 13-1-1 56.1 Responsible to determine how to dispose of tangible property.
- xii. 13-1-175 Responsible for issuing a determination relating to a protest.
 - 1. Determination will explain the reasons for the actions taken, and inform the protestant of the right to judicial review of the determination.
- xiii. 13-1-179 Responsible for issuing a determination to debar or suspend.
- g) Penalties
 - i. Any business or person that willfully violates the Procurement Code is guilty of:
 - 1. A misdemeanor if the transaction is \$50,000 or less;
 - 2. A fourth-degree felony if the transaction involves more than \$50,000.

3) Verification and Approval

- a) When the purchase requisition is entered into the financial system, a purchase order is assigned to the purchase and a pre-numbered purchase order is automatically generated.
- b) Once the purchase order is generated, the Business Manager will verify the accuracy of the cost account by reviewing the purchase order within the Purchasing Module.
 - i. If any changes are mandated, they are entered into the system at this time.
- c) The Business Manager is responsible for comparing the purchase order to the current budget to verify that the funds are available. During this verification process, the specific line within the budget that corresponds to the purchase must be considered rather than the total amount of the remaining budget.
 - i. If the funds are not available, the Business Manager will review whether there are funds available to transfer to this line item to allow the purchase order.
 - ii. If funds are available, the Business Manager documents the fund availability on the purchase order.
- d) Prior to printing the purchase order, the Business Manager must review the vendor information for completeness and accuracy as follows:
 - i. If a different vendor is utilized because the vendor noted on the purchase order was not on the state approved vendor list, the new vendor and product information is entered.
 - ii. If the original vendor is on the state approved vendor list, any omitted information is entered into the system and all existing information is checked for accuracy.
- e) The financial system maintains a copy of every purchase order. Either an electronic copy or a hard copy of the purchase order is sent to the vendor.
- f) The CPO signs purchase orders and sends them to the school to send to the vendor.
- g) The vendor copy is filed in the Open Purchase Order file until an invoice is received.

4) Exemptions from the Procurement Code

- a) There are several items that are exempt from the Procurement Code, listed in Section 13-1 - 98 NMSA 1978. Those related to school districts include:
 - i. Procurement of items of tangible personal property or services from another state

- agency or local public body;
 - ii. Purchases of publicly provided or publicly regulated gas, electricity, water, sewer and refuse collection services;
 - iii. Travel or shipping by common carrier or by private conveyance or to meals and lodging;
 - iv. Contracts for public school transportation services are covered under regulation;
 - v. Minor purchases consisting of magazine subscriptions, conference registration fees and other similar purchases where prepayments are required;
 - vi. The issuance, sale and delivery of public securities pursuant to the applicable authorizing statute with the exception of bond attorneys and general financial consultants;
 - vii. Contracts for retirement and other benefits pursuant to Sections 22-11 -47 through 22-11 -52, NMSA 1978; and,
 - viii. Entertainers.
- b) SB 443 - *Updated* Exempt Purchases from the Procurement Code
- i. Training materials in printed or electronic format
 - ii. Magazine subscriptions, web-based or electronic subscriptions, conference registration fees, and other similar purchases where prepayment is required not exceeding \$10,000
 - iii. Legal subscriptions and research services
- c) When a purchase is exempt from the Procurement Code, or is a recurring purchase or a reimbursement payment, the normal purchasing process does not need to be followed. In any of these instances, the following procedures are followed:
- i. For recurring payments, no purchase requisition, purchase order or check request is required. The Business Manager will enter the payment into the Accounts Payable Module during the invoice processing.
 - ii. For reimbursements or other items that are exempt from the Procurement Code, the requester must complete a check request form and submit the supporting documentation to the Business Office.
- d) The Business Manager will review the voucher summary report that is created during the invoice processing cycle and authorize that all payments that are not supported by a purchase order or do not follow the normal procurement process are mandated and appear to be reasonable expenses.

Section IV - Accounts Payable Processing

1) Receiving

- a) A designated individual at the School is responsible for receiving all purchased goods and performing the following steps when goods are received:
 - i. Inspect the goods for visible damage in the presence of the carrier. Damaged goods should not be accepted.
 - ii. The employee will inspect all goods received and compare the items and quantities to the open purchase order.
 - iii. If discrepancies are discovered, they are documented and investigated.
- b) The goods are delivered to the requisitioning employee.
- c) The packing slip are forwarded to the Office Manager to be matched and maintained with the corresponding purchase requisition.

2) Invoice Processing

- a) All invoices are forwarded to the Business Manager. When an invoice is received, the Business Manager will pull the corresponding purchase order from the open purchase order file and attach to the invoice.
- b) Accounts Payable will be processed semi-monthly.
- c) The Business Manager is responsible for comparing the invoice, purchase order. The following should be performed:
 - i. Compare the items and quantities shown on the invoice to the items and quantities shown shipped or delivered on the receiving reports.
 - ii. Verify the calculations and totals on the invoice, such as quantities received multiplied by unit price.
 - iii. Verify that the total on the invoice is no more than 10% and \$100 over the amount approved on the Purchase Order.
 - iv. If the total exceeds the limit, a new Purchase Order must be created and the verification and approval process must be redone with the new total.
- d) The Business Manager will enter all invoices to be paid into the Accounts Payable Module.
- e) The Business Manager will print all checks and attach all supporting documents to each check.
- f) The Business Manager then takes checks and supporting documents to the school to be signed by the authorized signers.
- g) The Office Manager will mail out all signed checks to the appropriate vendor.
- h) The supporting documents are given back to the Business Manager to be filed in the appropriate vendor files.

Section V - Travel

1) Process for Travel

- a) Employees traveling for work-related purposes must document their proposed itinerary on a travel requisition form. The form must include the following information:
 - i. Employee Name;
 - ii. Dates of Travel;
 - iii. Reason for the travel;
 - iv. Estimated cost and description of related expenses, including:
 1. Hotel
 2. Flight
 3. Rental car, mileage
 4. Per diem
 5. Registration fees, etc.
 - v. An indication as to whether advanced funds or reimbursement will be utilized.
- b) Per diem and mileage rates will be applied according to the state rates established by the Department of Finance and Administration.
- c) Once the requisition is completed, the requisitioning employee must sign and date the form.
- d) The travel requisition form must be submitted to the Principal for review and approval.
 - i. If the travel requisition is denied, the Principal will document the reason for the denial.
 - ii. If the travel requisition is approved, the Principal will sign and date the requisition.
- e) If the Principal is the employee that is submitting a travel requisition, it must be reviewed and approved by the Governing Council President.
- f) The travel requisition form will be distributed as follows:
 - i. Original form to the requisitioning employee;
 - ii. Duplicate copy to the School's Office Manager; and,
 - iii. Triplicate copy to the Business Manager.
- g) Funds may be advanced, if requested up to 80% of the total estimated travel cost. If advance funds are required, the payment will be processed by the Business Manager during the next accounts payable cycle and in accordance with the accounts payable policies and procedures.
- h) The requisitioning employee is responsible for making all travel arrangements.
- i) All receipts must be maintained.
- j) When the employee returns from travel, they have to complete a prenumbered travel voucher. The corresponding receipts or other supporting documentation must be attached to substantiate each expense. The travel voucher must include, at a minimum, the following information:
 - i. Employee Name;
 - ii. Corresponding travel requisition number;
 - iii. A description of each expense incurred;
 - iv. The actual cost of each expense; and,
 - v. For advances, a reconciliation must be performed between the expense totals on the travel requisition and those on the travel voucher with a total of how much is owed to

the employee or due from the employee.

- k) The completed travel voucher must be signed and dated by the employee and forwarded to the Principal for approval.
- l) If the Principal is the employee that is submitting the travel voucher, it must be reviewed and approved by the Business Manager.
 - i. If the travel voucher total exceeds the approved total on the Travel Requisition form by greater than 10% and by more than \$100, the Business Manager will forward the Travel Voucher to the Governing Council for approval.
- m) The travel voucher form has triplicate copies that will be distributed as follows:
 - i. Original form to the requisitioning employee;
 - ii. Duplicate copy to the Office Manager; and,
 - iii. Triplicate copy to the Business Manager
- n) The Charter School's Office Manager will match the travel voucher to the corresponding travel requisition and file the forms in the appropriate personnel file.
- o) The Business Office will match all travel vouchers received to their corresponding travel requisitions and determine if payment is due.
- p) Any payment due to the employee will be processed by the Business Manager during the next account payable cycle and in accordance with the accounts payable policies and procedures.

Section VI - Bank Reconciliations

Bank Reconciliations

- 1) A bank reconciliation is performed on a monthly basis by the Business Manager.
- 2) The bank reconciliation is completed upon retrieval of the previous month's bank statement at the beginning of each month utilizing the systematic processes on the financial accounting system.
- 3) The reconciliation must be completed by the 15th of each month.
- 4) All differences between Bank and Book will be posted in the month reconciled.
- 5) The Business Manager will review and approve the bank reconciliation after completion.
- 6) The bank reconciliation will be provided in summary to the governing council at each month's regularly scheduled open meeting for review.

Section VII - Payroll

To provide a system of internal controls the following procedures over Payroll and Payroll Liabilities will be implemented:

1) Payroll Set-up

- a) The budget process will establish proposed positions, FTE's, and school budget lines (cost accounts) which will be used to develop the school budget. The school's business manager will work with the Principal to develop the budget which will be approved by the school's governing council.
- b) The Principal is responsible for hiring and terminating all school employees. All employees are required to fill out HR paperwork for their Employee File, if they need assistance they may contact the Payroll Specialist. The Principal and Payroll Specialist will review the files to ensure the payroll checklist is complete.
- c) Once the files are complete the Payroll Specialist will enter the employee information and job in the Human Resource Module in Apta.
- d) The Business Manager will review the job entry for budgetary compliance for FTE, Cost Account, salary amount and stipend amounts. If correct, the Business Manager will approve the job. If not correct, the Business Manager will make the correct changes and approve the job. Once the job is approved the Business Manager will notify the Payroll Specialist.
- e) The Payroll Specialist will then enter all deduction sets. Upon completion of the entry, The Payroll Specialist will notify another member of the payroll group that the deduction sets have been entered. This will initiate a review of the data entry. The Payroll Specialist will make any necessary changes. Upon correction of any errors, the Payroll Specialist will electronically notify the Business Manager that the employees are fully set up.
- f) The Business Manager can now review the overall budget for compliance with state regulations. The Payroll Specialist can now move employees into the payroll register.

2) Processing Payrolls

- a) The school will submit all time sheets and leave sheets to the Payroll Specialist. The Payroll Specialist will establish deadlines for each payroll. The Payroll Specialist will monitor the school's submission of required payroll sheets. If the school does not meet the deadline the Payroll Specialist may request the Business Manager to get the needed documents.
- b) Once all payroll documents are received, the Payroll Specialist will enter them in Apta and submit the payroll. The Payroll Specialist will then generate a Payroll Register and complete a variance report. If any discrepancies appear the Payroll Specialist will research the issue. The Payroll Specialist will submit the Payroll Register to the Principal copying the Business Manager. The Principal will approve the register and fax it to the Payroll Specialist. If for some reason the Principal is unreachable the Business Manager can approve the Payroll for the Principal. The Payroll Specialist will then approve in Apta.

Section VIII - Capital Assets

1) Capitalization

- a) A capital asset shall be defined as any single item of non-expendable personal property, the cost of which exceeds \$5,000 and has a useful life of more than one year.
- b) The cost basis of assets includes all charges relating to the purchase of the asset, including the purchase price, freight charges, and installation, if applicable.
- c) The cost of buildings includes all expenditures related directly to acquisition or construction. These costs include:
 - i. Materials
 - ii. Labor
 - iii. Overhead incurred during constructions
 - iv. Fees (such as attorney's fees, architect's fees, etc.)
 - v. Building permits
- d) Expenditures incurred in connection with maintaining an existing facility in good working order are expensed as a repair if the cost is less than \$5,000.

2) Acquisitions

- a) The purchase of capital assets is initiated using the same policies and procedures as all other purchases. (See Purchasing Policies & Procedures)
- b) The Business Office is responsible for ensuring that all purchases that qualify as capital assets are properly coded during the purchase order approval stage of the purchasing process.

3) Dispositions

- a) All dispositions will be processed according to the salvage process and in accordance with New Mexico State Statutes.
 - i. After the salvage process has been completed, the Business Office deletes the item from the asset records and records the disposition.
- b) Mission or stolen assets are reported in writing to the Principal as soon as possible.
 - i. A police report must be filed for all stolen assets.
 - ii. If unrecovered, the Business Office is notified in writing and the asset is then removed from the asset records.

4) Asset Records

- a) The Business Office maintains a detailed listing of capital assets; including the description, the date acquired, vendor, cost basis, useful life, depreciation information and salvage value.
- b) The Business Office updates the general fixed assets account group when new assets are acquired, disposed of, lost or stolen.
- c) Annually, the Business Office furnishes the Principal with a list of capital assets, including any quarter year acquisitions or disposals.

- i. The Principal will be responsible for designating an employee to perform a physical inventory and identify capital assets that are not on the listing.
 - ii. Any discrepancies noted by the school are reported to the Business Office as soon as possible. The Business Office will be responsible for reconciling any differences.
- d) At year-end, the Business Manager will reconcile the ledger account to the school's inventory listing and make any necessary adjustments.
- e) The Business Office is responsible for keeping adequate records on the depreciation lives, depreciation method used and accumulated depreciation for each fixed asset.

Section IX - Cash Controls

1) Cash Receipts

- a) The Office Manager maintains a deposit log at the school.
- b) Coin, currencies, checks, money orders, and other forms of monies are received in the following ways:
 - i. Received at the school by the teacher and the amount received from each source must be entered on a cash receipts listing.
 - 1. The Teacher is responsible for turning in all monies received and the corresponding cash receipts listing on a daily basis to the School's Office Manager.
 - 2. The School's Office Manager is required to count all monies received in the presence of the teacher and issue to the teacher a prenumbered cash receipt at that time.
 - ii. Received directly by the School's Office Manager, who records it in the deposit log.
- c) All monies received must be kept in a locked drawer until they are deposited.
- d) All checks shall be endorsed with the "For Deposit Only" stamp when received.

2) Depositing

- a) All monies must be deposited into a checking account within 24 hours of being received.
- b) The School's Office Manager is responsible for completing deposit slips.
- c) The deposit slip and all monies being deposited are forwarded to the appropriate authority for approval.
 - i. The Principal or designee approves all deposits at the school.
- d) Deposits are made by the School's Office Manager or designee.
- e) A copy of the deposit slip, the deposit verification slips and all related cash receipts are filed together by date.

3) Revenue Ledger

- a) All revenue entries are entered into the revenue ledger by the Business Manager.
- b) The School's Office Manager is responsible for forwarding a copy of all cash receipts to the Business Manager on a monthly basis.

Section X – Student Activity Funds

1) Deposits

- a) Student Activity Funds are used to account for those resources owned, operated and managed by the student body, under guidance of a staff member or another adult, for educational, recreational or cultural purposes. These funds are used for a wide range of activities that can include the school yearbook, student athletics or various student clubs.
- b) The club sponsor or treasurer must bring all monies collected to the School's Office Manager for deposit by the end of the day of collection.
- c) Sponsors who fail to deliver funds to the School's Office Manager shall be reported to the Principal.
- d) The School's Office Manager will issue a pre-numbered cash receipt for the monies received and record the receipt on a Student Activity Funds Log. The depositor is required to sign the log to signify the noted amount of deposited funds is accurate.
- e) The Student Activity Funds Log must be forwarded to the Business Manager monthly in which the collection occurs, so that it can be entered into the system.
- f) The School's Office Manager will follow the normal deposit procedures when depositing Student Activity Funds.
- g) Sponsors are responsible for developing budgets upon deposit of funds.
- h) The Business Manager will reconcile the cash account on a monthly basis.

2) Disbursements

- a) Sponsors are responsible for submitting a check request and all other appropriate documents to withdraw funds from their account.
- b) Sponsors are responsible for obtaining the Principal's signature on the check request, approving the withdrawal of funds, prior to submitting the request to the Office Manager.
- c) Funds that are withdrawn shall be given to the adult sponsor; under no circumstances shall funds be released to individual students.
 - i. Funds will be dispersed in the form of a check.
 - ii. Absolutely no cash will be given as a form of withdrawal.
- d) All excess change that results from a withdrawal shall be re-deposited in accordance with the deposit procedures above.
- e) When a prepayment must be made or a reimbursement is being claimed, the appropriate receipts or other supporting documents must be attached to substantiate the amount of the withdrawal.
 - i. Again, funds that are not accounted for with receipts must be re-deposited.
- f) All goods purchased through Student Activities must follow the school's procurement policies.

- g) Any balances remaining of the account name shall be carried over into the new fiscal year under the same account. If a club or activity closes at the end of a fiscal year, the Principal shall be authorized to move any remaining funds into an administrative activity fund.

Section XI - Journal Entries

Journal Entries

- 1) All journal entries are made at the Business Manager.
- 2) The Business Manager prepares a journal entry in the financial system. The system will date the day of entry; the Business Manager will date the effective date.
- 3) Another Vigil Group Business Manager must review the journal entry, ensure the accuracy of the account coding, and post the journal entry into the system indicating their approval by the action.

Section XII - General Ledger

General Ledger

- 1) The general ledger is a record containing the accounts needed to reflect the financial position and the results of the operations of the school. Double-entry bookkeeping is utilized, and therefore the debits and credits in the general ledger equal.
- 2) The school utilizes the PED Uniform Chart of Accounts (UCOA). The structure of the UCOA is as follows:

Component	Structure
Fund	X/XXXX
Function	X/XXX
Object	x/xxxx
Program	XXXX
Location	XXX/XXX
Job Class	XXXX

- 3) The Business Manager is responsible for maintaining the following journals:
 - a) Cash Disbursement Journal
 - b) Cash Receipts Journal
 - c) Payroll Journal
 - d) All other accounting data is summarized in the General Ledger at month end
- 4) These journals are all used to update the General Ledger (summary of accounts) at month end.

Section XIII - Financial Reporting

Financial Reporting

- 1) All reports are generated by the Vigil Group Business Managers.
- 2) The following reports are generated:
 - a) Expenditure report
 - b) Revenue
 - c) Bank Reconciliation report
 - d) Open Purchase Order Report
 - e) Bank Account Register Report
- 3) All reports are reviewed and approved by the Business Manager prior to being submitted to the Governing Council.
- 4) All monthly and quarterly reports must be submitted to the state by the last day of the following month.
- 5) The 4th quarter cash report must be submitted by July 31st (last day of the month following year-end).

Section XIV - Record Retention

Record Retention

- 1) The school retains records in an orderly fashion, for time periods that comply with the State Records Retention Act.
- 2) Filing at the school is performed and maintained by the Office Manager.
- 3) Filing at the Business Office is performed and maintained by the Business Office Staff.
- 4) All archived files, manual and CD ROM, will be stored by category and dated in filing boxes, and maintained in a locked room. The filing boxes will be clearly labeled indicating what files are in the box.
- 5) The Office Manager and the Business Manager are responsible for maintaining adequate and up-to-date records of where all records are maintained.
- 6) The Office Manager maintains a permanent list of all destroyed records for future reference.

Section XV - Account Reconciliation

1) Asset Account Reconciliations

- a) Asset accounts, which may include investments, inventory, prepaid expenses, travel advances, employee accounts receivable, etc., will be reconciled by the Business Manager on a monthly basis. This reconciliation is necessary to make adjustments to the asset account to correct previous posting errors, to correct detail in the asset account as a result of the discovery of subsequent information about an account and other miscellaneous adjustments needed to bring the asset account in agreement with the supporting detail.
- b) These asset accounts should first be reconciled to any supporting subsidiary ledgers. The subsidiary ledgers maintain the detail by individual transaction. All debit and credit entries to the individual subsidiary ledgers should be agreed to the total posting in the General Ledger for that period.
- c) Once the subsidiary ledgers have been reviewed, corrected and are deemed accurate, adjusting journal entries may be necessary to bring the General Ledger in agreement with the totals from the subsidiary ledgers. The information necessary to complete these adjusting journal entries will be uncovered during step b) above.

2) Liability Account Reconciliation

- a) Liability Accounts, which may include payroll taxes payable, capital lease liability, accounts payable, etc., should be reconciled by the Business Manager on a monthly basis. This reconciliation is necessary to make adjustments to the asset account to correct previous posting errors, to correct detail in the asset account as a result of the discovery of subsequent information about an account and other miscellaneous adjustments needed to bring the liability account in agreement with the supporting detail.
- b) These liability accounts should first be reconciled to any supporting subsidiary ledgers. The subsidiary ledgers maintain the detail by individual transaction. All debit and credit entries to the individual subsidiary ledgers should be agreed to the total postings in the General Ledger for that period.
- c) Once the subsidiary ledgers have been reviewed, corrected and are deemed accurate, adjusting journal entries may be necessary to bring the General Ledger in agreement with the totals from the subsidiary ledgers. The information necessary to complete these adjusting journal entries will be uncovered during step b) above.