

Fort Hancock I.S.D.

Business & Human Resources Divisions



Internal Control Procedures

2017-2018

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Introduction:

The purpose of these Internal Controls is 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 Fort Hancock ISD is a small district, the Business Department staff shall perform multiple roles; however, adequate controls of separation of duties shall be maintained at all times. The staff consists of:

- Superintendent
- Business Manager
- Finance Director
- Data Processing Specialist (PEIMS, Data Processing Specialist)

All Business Department staff are expected to comply with the Code of Ethics and Standard Practices for Texas Educators [Board Policy DH (Exhibit), the Fort Hancock ISD Code of Conduct (Employee Handbook), and the Confidentiality and Use of Information Agreement.

Business Division Annual Deadlines

- ❑ Business and Payroll Annual Deadlines will be posted on the Business Webpage every year. This list of daily, weekly, monthly, or yearly deadlines has been established to ensure that we receive documents on a regular, timely basis.
- ❑ Each Business Division staff member shall monitor the submission of required documents [in their respective area of responsibility] by the established deadlines. If a campus/department fails to meet a deadline, an email shall be sent to the originator of the document as a reminder within 5 business days of the missed deadline.
- ❑ If the respective campus/department does not submit the document(s) within 10 business days of the deadline, the Superintendent shall be notified via email.

Accounts Payable Functions:

- ❑ Accounts payable checks should be processed on a bi-weekly basis for release by Friday afternoon, or earlier dependent upon work schedules or holidays
- ❑ All invoices shall be entered separately into the finance system by invoice number, amount, and date.
- ❑ Payments shall not be made from statements.
- ❑ 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 Data Processing Specialist and/or 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 non-purchase order payments [except for travel documents] should be paid via a fund request authorization.
- ❑ The Superintendent or Business Manager should approve all payment authorizations.

- ❑ Recurring invoices such as utilities, monthly rentals, payroll deductions, etc. should be entered into the finance system for payment as noted below:
 - ❑ Utilities: All utility invoices shall be approved by the Superintendent. After approval, the invoice(s) shall be entered into the finance system.
 - ❑ Cell phones: All charges shall be reconciled and posted on the spreadsheet to include the payment for each phone by account number and amount.
 - ❑ Copiers: All charges shall be reconciled with meter readings and posted on the spreadsheet.
- ❑ 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 Finance Officer and/or Business Manager for review and approval.
- ❑ All travel authorizations and settlements should be forwarded to the Transportation Director for approval.
- ❑ All construction payments to general contractors shall be approved by the Superintendent.
- ❑ All invoices or supporting documentation for payments should be stamped “paid” to ensure that duplicate payments do not occur.
- ❑ All payments should be made from original documents to ensure that duplicate payments do not occur. If payment is made from a copy, the copy shall be stamped “original”.
- ❑ 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 and approval. The check payment report shall be accompanied by all payment documentation in alpha order.
- ❑ The Business Manager shall approve all check payments.
- ❑ After receiving the approved check payment list, the Finance Officer may proceed with generating the check payments.
- ❑ All checks should be endorsed by the Finance Officer/Business Manager or Superintendent. The signature plates shall be maintained by the Business Manager. The encrypted signatures of the Board President and Secretary shall be maintained by the Business Manager. Two (2) signatures are required for all checks. The depository bank shall be notified when changes occur in the authorized signers.
- ❑ The Finance Officer shall verify that all checks have two (2) board signatures prior to releasing the checks to vendors.
- ❑ All “paid” check copies should be filed in alpha order by vendor last name or company name.
- ❑ The Superintendent shall pre-approve all “emergency” checks.
- ❑ At fiscal year-end, the Business Manager shall prepare a report of all Accounts Payables as of August 31st for audit purposes.
- ❑ Statements from vendors should be reconciled with check payments on file, discrepancies should be researched and resolved, and reconciled statements should be filed for a period of 60 days, and then discarded after the administrative value (AV) period.
- ❑ All returned purchases should be coordinated by the Finance Officer and the Data Processing Specialist:
 - ❑ The Data Processing Specialist or Finance Officer shall notify the vendor for authorization to return goods.
 - ❑ 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. The Finance Officer shall be notified if the vendor has not complied with the 60 day timeline.
- ❑ 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 purchase order encumbrances should be reduced and/or liquidated when check payments are made for the purchase order.
- ❑ Checks shall not be issued to “Cash” or “Bearer”.
- ❑ All check stock shall be maintained in a locked cabinet or room and shall be inventoried for the purpose of restocking when less than a two (2) month supply of checks is on hand.

Accounts Receivable Functions:

- ❑ The Business Manager shall track all monies owed to the district, i.e. receivables. Receivables that known and measurable shall be posted to the general ledger by the Business Manager
- ❑ Funds due from one district fund to another shall be posted to the appropriate fund and account code as noted below:
 - Due from General Fund 1261
 - Due from Special Revenue Fund 1262
 - Due from Debt Service Fund 1263
 - Due from Trust & Agency Funds 1267
- ❑ Funds due to the district from other sources shall be posted to the appropriate fund and account code as noted below:
 - Due from state 1241
 - Due from federal 1242
 - Due from other governments 1243
- ❑ The Collection Procedures and Collection Form shall be utilized by campuses/departments to collect monies owed by parents or students. The 1st through 5th notice will be handled by the campus/department up through the Superintendent. Upon receipt of a “Final” notice, the amounts owed shall be recorded on the general ledger.
- ❑ At the end of each month, the Business Manager shall reconcile the general ledger balances for all due from accounts
- ❑ At the end of the fiscal year, all amounts owed to the district shall be reconciled [as of 8/31/XX] between the general ledger and a detailed spreadsheet as noted above.

Invoices:

- ❑ The Finance Officer shall create invoices, as appropriate, to seek reimbursement from a vendor or other source. The invoices shall be approved by the Business Manager and/or Superintendent.
- ❑ After approval, the Finance Director shall print and distribute the invoice.
- ❑ The Finance Officer shall maintain a copy of all invoices and/or anticipated refunds.
- ❑ The following information shall be maintained: amount, date of invoice, payee, and date amount received.

Cash Management & Investments:

Bank Deposits and Cash Balances

- ❑ All cash and checks received from campuses and departments should be counted, receipted, and prepared for bank deposit by the Finance Officer or Business Manager on a daily basis.
- ❑ 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 district courier should deliver all deposits to the bank branch at Pecos County State Bank.
- ❑ The bank deposit receipt should be forwarded to the Business Manager or Finance Officer for posting to the general ledger and bank reconciliation purposes.
- ❑ All supporting documents for the bank deposits should be forwarded to and maintained by the Business Manager for audit purposes.
- ❑ Notices of checks which were not deposited due to “insufficient funds” shall be received by and processed by the Finance Officer or Business Manager.
 - A form letter should be prepared and sent by the Finance Officer or Business Manager to all makers of rejected checks. The established fee for rejected checks shall be noted on the form letter.

- ❑ A JV or Cash Receipt Reversal shall be prepared by the Finance Officer or Business Manager to record the returned deposit. After approval of the JV by the Superintendent.
- ❑ All cash transfers between cash and investment accounts shall be initiated by an investment officer and posted by the Business Manager.
- ❑ All other cash withdrawals from a bank account such as ACHs or wire transfers shall be initiated by the Finance Officer or Business Manager and posted to the general ledger by the Business Manager.
- ❑ All electronic deposits to the bank accounts, such as state aid or impact aid payments, shall be coded and posted to the general ledger on a monthly basis by the Business Manager.
- ❑ All recurring miscellaneous revenue, such as vending commissions, shall be forwarded to the Business Office for receipting and depositing purposes. The Business Manager shall post the deposits to the general ledger.
- ❑ All travel reimbursements to the district shall be submitted to the Business Office for receipting and depositing purposes. The Business Manager shall post the deposits to the general ledger.

Bank Reconciliation:

- ❑ Upon receipt of the monthly bank statements, the bank statements should be delivered to Business Manager in the original sealed envelopes.
- ❑ The Business Manager shall reconcile all bank accounts with the general ledger. The Business Manager shall review and approve all bank reconciliations.
 - ❑ 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.
- ❑ The Reconciliation Form shall be used to reconcile all bank accounts.
- ❑ The Business Manager shall review and research checks that have remained outstanding for a period of six (6) months if the lost checks are not claimed within twelve (12) months, the outstanding checks should be reversed on the general ledger and voided. The Business Manager shall prepare the JV for the posting to the general ledger. The State of Texas Unclaimed Property guidelines shall be followed to submit the unclaimed funds.
- ❑ The on-line banking system should be utilized on a daily basis by the Business Manager to monitor cash flow in and out of the bank accounts.
- ❑ The Business Manager shall prepare a Daily Cash Available report of any excess or deficit cash balances. Pending payroll and/or finance checks shall be factored into the cash needs for each day.
 - ❑ The Business Manager shall maintain an up-to-date balance of un-cleared checks.

Investment Functions:

- ❑ The 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.
- ❑ All investment officers shall execute a "Statement of Compliance" indicating that they will maintain independence in all investment transactions.
- ❑ The Business Manager shall prepare all delete, add and/or change forms, obtain the appropriate approval(s), and submit the forms to the respective investment broker/pool.
- ❑ A monthly investment report should be prepared by the 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.
- ❑ All purchase of CDs and/or securities shall be via fax quotes.

- ❑ Securities shall be purchased only from authorized investment brokers who have completed and filed with the district the appropriate certification and have been authorized by the School Board
- ❑ 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 on at least a monthly basis, if possible, or as appropriate upon receipt of the investment statements.
- ❑ All investment statements shall be reconciled to the general ledger on a monthly basis and at fiscal year-end by the Business Manager.

Fixed Asset Functions:

[All fixed asset functions are assigned to the Data Processing Specialist]

- ❑ The Technology Director shall maintain an up-to-date database of all fixed assets.
- ❑ Upon receipt of a Fixed Asset Transfer form, the Technology Director shall post the change to the database and file the form for audit purposes.
 - ❑ All fixed assets transferred to the Technology Building as surplus or salvage shall be tracked on the database.
 - ❑ A list of all salvage items shall be submitted to the Superintendent for approval prior to a public sale or auction. The signed list shall be maintained for audit purposes.
 - ❑ All items sold via a public sale, auction, or disposal shall be removed from the fixed assets database.

Monthly Reconciliation:

- ❑ All equipment with a unit cost over \$5000 (account codes 663X) should be tagged, posted in the Fixed Asset System and posted to the general ledger. These items are defined as fixed assets for audit purposes.
- ❑ All equipment with a unit cost over \$100 **and** equipment such as TVs, VCRs, DVDs, PDAs, camcorders, and digital cameras should be tagged and posted in the Fixed Asset System for inventory purposes.
- ❑ All inventory and fixed asset items shall be tagged by the Technology Director upon receipt before delivery to the campus or department.
- ❑ A capital outlay report shall be generated at the end of each month by the Business Manager and provided to the Technology Director for reconciliation.
- ❑ All items on the capital outlay report shall be reconciled with the new inventory and fixed asset items tagged during the month.
 - ❑ The total 663X expenditures should be added to the fixed asset system and general ledger.
 - ❑ The total 664X expenditures should be added to the fixed asset inventory system.
- ❑ The Finance Officer shall prepare all Application for Vehicle, Title, and License Plate forms for all new vehicles purchased by the district. The forms shall be submitted to the Superintendent for approval and signature of all forms. [The Application for Vehicle Registration, Titles, and License Plate procedures shall be followed in securing the documents.]
 - ❑ The Finance Officer shall submit the forms for processing.
 - ❑ The Finance Officer shall notify the auto insurance carrier of the new vehicles.
- ❑ All inventory and fixed asset relocation forms received from campuses and departments shall be entered in the fixed asset system upon receipt.
- ❑ All inventory or fixed asset items purchased with federal grants should be tagged and the appropriate federal grant indicated on the item.
- ❑ The disposal of assets via surplus sales, stolen, or lost assets shall be recorded in the fixed asset system.
- ❑ The inventory and fixed asset schedules maintained in the fixed asset system should be used to purchase property and casualty insurance.

Annual Reconciliation:

- ❑ Annually, by May 1st, a list [sorted by room #] of all inventory and fixed asset items should be sent to each campus and department for reconciliation purposes.
- ❑ The reconciliation process should be complete by June 1st, and all changes posted on the fixed asset system soon thereafter.
- ❑ All discrepancies and/or missing items should be compiled in a summary report and forwarded to the appropriate campus and/or department administrators.
- ❑ The staff members (teachers) should not be released for the summer until all missing items have been accounted for.
- ❑ A list of all fixed assets (over \$5000 unit cost) should be prepared by September 15th for audit purposes.
- ❑ The fixed asset depreciation schedules and spreadsheet should be prepared by September 15th and submitted to the Business Manager for audit purposes.

Fixed Asset Disposal:

- ❑ All efforts will be made to obtain the best return value to Fort Hancock ISD and consideration will be made to responsible protection of our environment.
- ❑ Fort Hancock ISD identification will be removed from items as part of the sales process. Any items that might contain data or any association with Fort Hancock ISD will be cleared or disposed of in a manner that ensures the data is destroyed (example: hard drives will not be sold, but would be destroyed to prevent any possible data recovery).
- ❑ The following 3 steps would be the method of disposal.
 - ❑ Silent/Public Auction. Generally standard items will have a sale price established on the disposal list that will serve as the bid price. Other unique items will have a starting minimum price as established on the disposal list, but will be sold on a silent auction basis.
 - Two types of items will be identified – standard and unique.
 - Preset minimums will be established for “standard” item as shown on the approved disposal list. A few items will be marked as “unique” and will be sold using a silent bid format with the last and highest bid being the sales price as long as it exceeds the minimum value.
 - The unique items bid price will be the last highest price as reflected on the item bid sheet at the close of the sales day.
 - Employees have a preview to see what is for sale and to identify items that may have some instructional value for re-use in their classrooms and/or offices
 - Employee pre-sale sale 1 day prior to the public sale
 - Public sale for a designate period of time
 - All prices on standard items, as posted on the disposal list, will be in effect until 1 hour prior to the close of the sale at which time the prices may be reduced by 50%.
 - Unsold items that are suitable for sale shall be retained in storage for the next surplus sale.
 - ❑ Recycling. Items that are not sold during the garage sale will be disposed through recycling if possible.
 - ❑ Trash – Items that are not disposed of through recycling will be considered trash and disposed of as trash.
- ❑ All surplus auctions shall be advertised via website and The Hudspeth County Herald, as appropriate.
- ❑ All items disposed of shall be removed from the system by the Technology Director.
- ❑ The Business Manager shall reconcile and deposit all monies collected at the surplus auction.
- ❑ All surplus revenue shall be deposited to a miscellaneous revenue account in the General Fund (199), with the exception of surplus revenue from the sale of Food Service equipment which shall be deposited to the Food Service Fund (101).

General Ledger Maintenance Functions:

- ❑ All general journals [except system-generated Payroll general journals] should be approved by the Business Manager.
- ❑ The Business Manager or Finance Officer shall prepare and submit all manual payroll general journals. The Business Manager shall submit the approved journal for posting to the general ledger.
- ❑ All other payroll general journals shall be interfaced to the finance system by the Business Manager.
- ❑ All changes to the general ledger should be posted within the same month as the changes occurred, if possible, or as soon as practicable.
- ❑ Within 15 days after the end of the month, the Business Manager shall print and verify all end-of-month reports and the end-of-month posting processed in accordance with the Finance EOM Checklist.
- ❑ The Business Manager shall prepare the School Board Reports [Financial Statement, Combined Funds Report, and a detailed Check Payments report for the previous month for board approval.
- ❑ The Business Manager shall file all finance reports for audit purposes to include:
 - ❑ Cash Journal
 - ❑ General Journal
 - ❑ Check Payments & Check Register
- ❑ Detail General Ledger
- ❑ A capital outlay report [all 66XX accounts] should be printed by the Business Manager and forwarded to the Technology Director.
- ❑ The Business Manager shall review a Summary General Ledger on a monthly basis to ensure the accuracy of fund accounting.
- ❑ The Superintendent shall review and approve both PEIMS submissions with budget and actual expenditures data. Corrections, if any, to the general ledger to adhere to PEIMS coding guidelines shall be prepared by the Business Manager and/or Finance Officer and posted.

Grants and Entitlements:

- ❑ All grant applications shall be prepared by the Business Manager and Director of Curriculum & Instruction and approved and submitted by the Superintendent. A copy of all grant applications shall be forwarded to the Business Manager for accounting and budgeting purposes.
- ❑ All grant awards [including the NOGA] shall be maintained by the Business Manager.
- ❑ The Business Manager shall coordinate the budgets received from grant administrators and/or campus principals to ensure compliance with grant award documents.
- ❑ The Business Manager shall prepare the grant budget in accordance with the grant requirements for posting to the general ledger.
- ❑ The Director of Curriculum & Instruction shall prepare and submit all grant program reports such as evaluations.
- ❑ Grant reporting timelines shall be monitored by the Superintendent 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 by the Business Manager on a monthly basis.

Payroll Functions:

Salary Calculations:

- ❑ The Superintendent should determine the placement of professional [except for administrative staff] and support staff on the pay scale.
- ❑ The Administrative procedure for placement on a pay scale should be utilized for all staff.
- ❑ The Business Manager shall verify the years of experience for pay purposes as calculated by Human Resources.

Leave Processing:

- ❑ All employees should complete an absent from duty form for all absences. All employees shall be allowed to select the order to use their state and local leave. Unless an employee elects otherwise, the order of use as stated in Board Policy DEC (Local) will be adhered to. Non-exempt staff shall use compensatory time off before any available state or local leave.
- ❑ Upon approval by the campus/department administrator, all absences along with any support documents i.e. jury duty card, doctor's note, needs to be routed to the Business Office each Monday morning.
- ❑ Ensure that all absent from duty forms are signed by employee and approval signature of campus/department administrator.
- ❑ Leave information shall be entered [and/or uploaded] into the Payroll system (TXEIS) by the Payroll Clerk for all absent forms received on a timely basis.
- ❑ Verify all leave transmittals entered into Payroll system are correct before posting to master file.
- ❑ A Leave Status Report shall be filed with the appropriate payroll pay date reports.
- ❑ Processed absent from duty forms will be filed in payroll files.

Direct Deposit:

(Payroll)

- ❑ All employees' (including substitutes) payroll wages will be direct deposited by ACH each payday.
- ❑ The Payroll Clerk will ensure that the bank table within the TXEIS system is updated with current information.
- ❑ Direct Deposit Forms shall be completed by each employee with their current bank/credit union information and shall be filed in the employees' individual payroll file. Direct Deposit forms must be signed by the employee.
- ❑ The Business Manager will review and oversee the preparation and submission of the payroll ACH transmit.
- ❑ The ACH verification information form shall be attached to ACH file source document.

(Deductions)

- ❑ The Business Manager will reconcile and verify payroll deductions to be sent via ACH and will also send reconciled deduction file via e-mail to First Financial billing department.
- ❑ A Journal Voucher for the amount of any overages or shortages due to adjustments will be prepared and submitted to the Business Manager for posting to the general ledger.
- ❑ Verification Information Form will be attached to ACH file source document and filed.

Supplemental/Overtime Pay:

- ❑ All supplemental payments will be paid from a supplemental payment form.

- ❑ Campus administrators will complete and approve the supplemental payment form. Payment information will include:
 - ❑ Employee Name
 - ❑ Reason for supplemental pay and amount
 - ❑ Budget code
 - ❑ Date employee worked
 - ❑ Amount to be paid
 - ❑ Employees signature & date
 - ❑ Campus administrator approval & date
- ❑ The Payroll Clerk will review and enter all overtime and supplemental payments. A summary of overtime and supplemental payments shall be forwarded to Business Manager for approval prior to every payday. The supplemental reports shall include:
 - ❑ Supplemental Pay Transmittals
 - ❑ Non-TRS Supplemental Transmittals
 - ❑ Overtime Pay Transmittals
- ❑ A copy of the supplemental payment form will be filed and the original form will be filed in the payroll file.
- ❑ Board approved stipends shall be paid annually in the June payroll. Exceptions, if any, to the June payment date shall be approved by the Superintendent. Pre-approved exceptions include:
 - ❑ Athletic staff with an excess of \$5,000 in stipends per year, may request to have the total stipends pro-rated with their regular monthly salary.
 - ❑ Athletic staff may be paid the full stipend after completion of the sport's season of play.
 - ❑ Other activities that end in the fall and/or first semester may be paid upon completed of the activity (such as UIL).

Payroll Submission:

- ❑ The Business Manager shall ensure that all payrolls (Monthly) are processed and submitted to the depository bank at least 2 days before pay date.
- ❑ The Payroll Clerk shall input and/or interface (from Time Clock Plus and AESOP) all transmittals for payroll processing to include – hours worked, supplemental pay, substitute pay, leave used and update employees' deductions when needed and any comp time earned.
- ❑ Checklist for Processing a Payroll form will be used during the payroll process and initialed when payroll is complete. This form will be attached to the top of the “verified” Transmittal Reports, Leave Transmittal Reports and the Payroll Control Listing.
- ❑ Payroll reports for each payroll processed should be filed for audit purposes to include:
 - ❑ Payroll Journal
 - ❑ Account Distribution
 - ❑ Bank Account Listing
 - ❑ Deduction Register Report
 - ❑ Check Register
 - ❑ Calendar & School Year to Date Reports
 - ❑ Workers Comp Reports
 - ❑ Gross Pay/FICA Distribution Reports
 - ❑ Leave Days Posted Report
 - ❑ 1 set of Employee Wage and Earnings Statement sent electronically via email to each employee and one set filed electronically
 - ❑ Report shall be prepared in a PDF format and filed electronically.

Quarterly/Annual Functions:

- ❑ Quarterly 941 Employer Federal Tax Returns shall be reconciled with the 941 Worksheet Report (TXEIS), EFTPS Payment Worksheet and Payroll Excel File Spreadsheet each quarter.
- ❑ The Business Manager will complete & the Superintendent will approve the 941 Quarterly Tax Return.
 - ❑ The reconciliation process shall include a 3-way match of the following:

- 941 electronic return
- 941 spreadsheet for Calendar Year (input data from Payroll Earning Registers for each pay date)
- 941 Worksheet generated from TXEIS
- ❑ Unemployment Quarterly Reports processed and filed via the Internet.
- ❑ Reconcile and ensure W-2s are processed and sent via the Internet and mailed to employees. Employer's copy shall be filed for a period of 5 years.

Journal Vouchers and Employer Tax Payments:

- ❑ A Payroll General Journal Report shall be created after every payroll and a General Journal Voucher that has been approved by the Business Manager will be prepared for posting to the general ledger.
- ❑ Payroll employer taxes will be called into the EFTPS at least 2 day before each pay date and a Journal Voucher that has been prepared by the Business Manager will be posted to the general ledger. A copy of the General Journal Report, the Journal Voucher and the EFTPS will be filed in the 941 Information Folder and the originals will be filed for audit purposes.
- ❑ All payroll journals created by the Business Manager shall be posted to the general ledger.

Payroll Deductions:

- ❑ The Payroll Clerk shall enter the payroll deductions for each employee into the TXEIS payroll system.
- ❑ Reconcile and ensure that all payroll deductions are correct before submission of payroll.
- ❑ Reconcile all payroll deductions to billings and post amounts to Monthly Checklist for Checks.
- ❑ Deduction checks with billings to the appropriate vendor upon receipt of the checks will be mailed by the Payroll Clerk.

Updates:

- ❑ Any mass updates to the Payroll/HR TXEIS system will be processed and approved by the Business Manager to include:
 - ❑ Next Year Files – Salary, Years Experience, Beginning/Ending Dates, Payoff Date....
 - ❑ Deductions
 - ❑ Distribution

TRS Reporting:

- ❑ The Payroll Clerk shall prepare and submit all TRS reports via the Internet.
- ❑ Before the 6th of each month, the Business Manager shall prepare the TexNet form and submit via TexNet the amount due to TRS and TRS-ActiveCare Health Insurance.
- ❑ The Business Manager shall review and post the TRS general journal to the general ledger.
- ❑ TRS Internet Reporting Checklist will be attached to copies of each report submitted to TRS via the internet, TRS Member Detail Data Report, TRS 2 Report, TRS 372 Report, TRS 4 Report, TRS 374 Report, TRS 488 Report, TRS 118 Report, TexNet Form, and the Journal Voucher. These reports will be filed for audit purposes.
- ❑ The Journal Voucher, TexNet Form TRS 2 Report, TRS 372 Report, TRS 374 Report TRS 4 Report, TRS 118 Report, and TRS 488 Report will be filed.
- ❑ The Business Manager shall review and/or approve all TRAQS report submissions.
- ❑ Adjustments to the monthly reports shall be explained in a written letter to TEA and signed by the Business Manager or Superintendent.

TRS Retirement Procedures:

- ❑ The Business Manager shall meet with the retiring individual to provide guidance as noted below:
 - ❑ The employee should contact the Texas Teacher Retirement System and request a retirement packet. Some forms should be completed by the employee and others by the Business Manager.

- ❑ Employees retiring at the end of their work calendar should receive their final pay check and benefits as follows:
 - ❑ 10 – Month employee’s final check in June if retiring through TRS in May. (Exception would be made if their work schedule extends into June more than 6 workdays. The employee must have enough available leave to cover any absences. If this exception applies, then a final check would be paid in May.) The Dental, Vision and Health Insurance will end August 31st
 - ❑ 11 – Month employee’s final check in June (as long as the employee has completed their work calendar by June 15th). Dental, Vision and Health Insurance will end August 31st
 - ❑ 12 – Month employee’s final check in July if retiring with TRS in June (term completed by June 30th). Dental, Vision and Health Insurance will end August 31st
 - ❑ All other payroll deductions will end the last day of the month in which employee resigns.

- ❑ Employees retiring at the end of their work calendar will be subject to payoff dates that are in accordance with normal pay period cycles. The dental, vision and health insurance coverage will lapse at the end of the retirement month.

Personnel Functions:

- ❑ A Personnel Checklist – Pre Employment should be utilized to ensure that all staff recommended for employment has passed all pre-employment criteria such as references, fingerprinting, criminal background, certification/licenses [if applicable], prior employment, and nepotism prior to Superintendent and/or Board approval.
- ❑ The Business Manager 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 Administrative Secretary/Finance Officer 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
 - ❑ Evaluations
 - ❑ Disciplinary actions
 - ❑ Service Records
 - ❑ Job Description
 - ❑ Contract
 - ❑ References
 - ❑ Criminal History Verifications
 - ❑ Medical Records, Requests for FMLA, Workers Compensation, and Temporary Disability
 - ❑ I-9 Forms
 - ❑ Alcohol & Drug Testing
- ❑ A Personnel Checklist – Post Employment should be utilized to 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 [TXEIS] by the Business Manager, 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 [TXEIS] by the Business Manager.
- ❑ The Business Manager should conduct an Exit Interview, or at a minimum collect a completed Exit Form, from all terminating employees

Work Site Posters:

- ❑ On at least an annual basis, the Finance Officer should utilize TASB's Work Site Posting Inventory template to verify that all campuses and departments have posted the state and federal required employment posters.
- ❑ All Campus administrators must ensure all posters are displayed at the appropriate locations.

Criminal History Record Information Requests (CCH):

- ❑ An applicant Criminal History Record Information Request (CCH) form is submitted to the Superintendent Secretary for processing via the DPS Computerized Criminal History (CCH) Verification Form.
- ❑ The respective campus submits a form for each parent/community volunteer.
- ❑ The Superintendent accesses the secure website with the assigned user name and password to submit requests and to retrieve reports.
- ❑ Information retrieved from DPS website is not printed out. The CCH request form is signed off for approval with the date.
- ❑ The Superintendent acts on the information as appropriate, in the event of criminal history information that is not suitable for employment or volunteerism.
- ❑ The CCH request form is retained in accordance with the district's records retention plan.

Purchasing Functions:

Purchase Requisitions

- ❑ Requisitions are internal documents and should not be forwarded to a vendor to place an order.
- ❑ All requisitions from grant funds (state/federal) shall comply with the **TEA Guidelines for Related Costs** and the **State & Federal Grants Handbook**.
- ❑ The requestor (and/or the campus secretary/bookkeeper) shall "submit" a Purchase Orders/Fund Request using the Forms.
 - If the vendor that the requestor intends to purchase from does not exist in the vendor database, the requestor shall follow the **Adding and/or Renewing Vendors Procedures**.
 - If the account code(s) that the requestor intends to purchase with do not have sufficient funds, the requestors shall follow the **Budget Change/Amendment Procedures**.
 - The requestor shall attach to the Purchase Order/Fund Request any order forms, registration forms, or other special instructions.
 - If the requisition is for travel, follow the **Travel Procedures**.
 - If the requisition is for a field trip, Co-Curricular, or Extra-Curricular trip, follow the **Student Travel Procedures**.
 - If the requisition is for the purchase of food and non-food items, follow the **Food and Non-Food Purchase Procedures**.
- ❑ The requestor's supervisor (campus principal or department head) should be notified that the requisition(s) are pending approval.
- ❑ The campus principal or department head shall review and approve all requisitions.
- ❑ The review shall include the following:
 - Requestor name
 - Shipping address
 - Vendor name and number
 - Reason - Verify that the reason matches the purchase and is properly spelled out

- Reference – Name of person (and room number if classroom teacher) that goods should be delivered to
- Attachment - If box is checked, the requisition should not be released until the attachment is received and reviewed
- Bid Number – Bid, quote, or Co-Op contract number, as appropriate. NOTE. If the requisition is for goods or services that were competitively procured, a copy of all bid/proposals shall be on file in the purchasing department.
- Catalog number
- Description – Detailed description of item or service (exceptions may include: Web Order, Order List attached, Contract/Scope of Services attached, etc.
- Unit of measure
- Unit price – If equipment with a unit cost equal to or over \$500, the object code must be 664X; if equipment with a unit cost equal to or over \$5,000, the object code must be 663X.
- Account code(s) – the account code(s) must match the purchase and location/department
- ❑ If any deficiencies are noted with a requisition, the Finance Officer shall contact the requestor to resolve the discrepancies.
 - If the discrepancies cannot be remedied, the Business Manager shall “return” the requisition to the requestor.
- ❑ The Business Manager shall “approve” all requisitions that meet the required review.
- ❑ The Superintendent has Final Approval.

Purchase Orders

- ❑ Purchase Orders are similar to a “promissory note” in the sense that it conveys to the vendor that if they provide the goods or services, the district promises to promptly pay for the goods or services.
- ❑ The Business Manager shall serve as the approver of all Purchase Orders/Fund Request and Superintendent is the final approver. Upon approval by the Superintendent, the Purchase Order/Fund Request is assigned a number.
- ❑ The Finance Officer shall distribute the purchase orders as noted below:
 - 1 District copies –1 for Accounts Payable files
 - 1 Vendor copy – Distribute to the vendor via fax or email
- ❑ The Finance Officer shall file a district copy of all purchase orders in an alphabetic file pending receipt of the invoice, packing list, and receiving confirmation.

On-line Purchasing:

- ❑ The district shall use a Purchase Order/Fund Request for all purchases, except for non-purchase order purchases such as petty cash.
- ❑ The Finance Officer shall create all requisition system users and assign the appropriate account code(s).
- ❑ The Business Office shall create all of the requisition approval paths in accordance with the district’s Purchasing Flow Chart (refer to Exhibits).

Petty Cash:

- ❑ The campus administrators and the Business Office are authorized to have a petty cash account.
- ❑ Petty cash accounts are provided for convenience when making small cash purchases and/or minor emergencies arise unexpectedly.

- ❑ Each transaction shall be supported with an original, detailed receipt and a Petty Cash Voucher.
- ❑ The Principal shall be responsible to ensure that funds exist in the account(s) which will be utilized to pay for the petty cash expenditures.
 - Sales tax shall not be reimbursed with petty cash funds.
- ❑ The Business Office shall review all Petty Cash Reimbursement Forms prior to releasing the requisition for review by the Business Manager.
- ❑ At all times, the petty cash account shall be balanced. The sum of the disbursed cash, purchase receipts and/or cash shall equal the authorized amount.
- ❑ The review shall include the following:
 - Original, detailed receipt – the reimbursed amount must not include sales tax
 - Account code(s) for each transaction – the account code(s) must be appropriate for the purchase
 - Approval from the campus principal or department head
- ❑ If any deficiencies are noted with a Petty Cash Reimbursement Form, the Finance Officer shall contact the requestor to resolve the discrepancies.
- ❑ The Business Manager shall approve all Petty Cash Reimbursement Form that meet the required review and Finance Officer will process for payment.

Receiving Functions:

The district utilizes a centralized receiving system – all goods are delivered to the Technology Building. A copy of every purchase order for goods (supplies/equipment) will be forwarded to the receiving clerk. Upon receipt of the goods, the receiving clerk shall promptly verify that the order was received complete and in good condition. All assets and inventory that require a tag will be tagged [by the Technology Director] before delivery to the appropriate campus/department. All orders will be delivered to the respective campus or department with a packing list for “check-off” and verification of receipt. Discrepancies, if any, should be reported to the Finance Officer. Upon receipt of the receiving report and the invoice, the vendor will be paid for the order. Staff members that receive authorization to pick-up goods directly from a vendor shall submit written confirmation of receipt to the business office.

The Business Office shall resolve all receiving discrepancies such as damaged goods, shortage of goods, etc. directly with the vendor.

Travel Expenditures

Travel Authorization Forms:

- ❑ All travel requests shall be submitted by completing a requisition **prior** to the travel event (meeting, conference, workshop, athletic event, etc). Include hotel costs, registration costs, meal and transportation costs even if the costs will go to different vendors. Comments need to be added showing the vendor and the amount each should receive
- ❑ The travel request will be forwarded to the appropriate administrator for approval. The final approval will rest with the Superintendent. After the final approval, the Travel Authorization/Settlement Form and requisition shall be submitted for approval by the immediate supervisor.
- ❑ Requisitions shall be submitted for each of the following, as appropriate:
 - ❑ Registrations: Payable to the vendor (with supporting document such as conference schedule that reflects the start/stop dates and agenda outline that indicates if meals are provided as part of the registration cost.
 - ❑ Commercial transportation (flights): Payable to AMEX. Requests for flights shall be submitted. A preferred schedule may be submitted, but the final purchase of flight shall be determined by the

- required travel dates and best price. Southwest Airlines shall be the default airline for flights, exceptions shall be approved by the Superintendent, as appropriate.
- Lodging: Payable to the vendor (with supporting document such as a receipt)
- Meals and other Expenses: Payable to the traveler for encumbrance purposes only. Cash will be issued to the traveler. All receipts should be submitted. Any unused funds need to be reimburse back to the district.
- The Business Manager shall match the travel authorization form with the various vendors, i.e. traveler, registration fees, field trip entry fees, lodging, etc.
- The Business Manager shall approve all travel requisitions if the following criteria is met, otherwise the campus/department shall be notified to correct the deficiency.
 - Ensure that all travel authorizations are signed by the appropriate administrator (principal/director)
 - Ensure that funds are appropriate to the expense, staff travel to 6411, student to 6412, etc.
 - Ensure that the travel dates, description of training, and city/location are noted on the travel requisitions.
 - Ensure that all travel with state and federal grants comply with the TEA guidelines related to allowable costs (TEA Website: Grant Management Resources).
 - Ensure that all travel expenditures comply with the district's Travel Guidelines for Employees.
- All check advances should be processed through and posted to the finance system.
 - Payments for flights shall be made upon receipt of the AMEX billing.
 - Payments for registrations shall be made upon receipt of supporting document that reflects the registration cost.
- Payments for meals, lodging, etc. shall not be made by Business Manager unless approved by Superintendent .
- No advance checks should be issued to a traveler more than 30 days prior to their trip (IRS Regulation).

Travel Settlement Forms:

- The traveler should complete a travel settlement form within 5 days after returning from the business trip. The immediate supervisor should sign the travel settlement form.
- Campuses and departments should forward all travel settlement forms to the Business Manager for reconciliation. The reconciliation shall include the following:
 - Ensure that the settlement does not include expenditures in excess of the per diem limits
 - Ensure that non-allowable expenditures such as entertainment, alcohol, guest costs, or other expenditures are not included in the settlement.
 - Violations of the district Travel Guidelines shall be reported immediately to the Business Manager or Superintendent.
- The Business Manager and/or Finance Officer shall approve all travel settlements.
- The travel settlement forms should have all required receipts attached to the form.
- The travel authorization shall be removed from the pending file for use in reconciling the travel advance with the settlement.
- If no funds are due to the traveler or FHISD:
 - the travel settlement shall be attached to the advance check copy
 - the note "settled" should be written on the advance check copy, and
 - both should be filed in the accounts payable files
- If funds are due from the traveler:
 - the traveler should submit cash or a check for the entire amount with the settlement form,
 - the funds should be receipted and deposited to the appropriate budget code
 - the travel settlement shall be attached to the advanced check copy
 - the note "settled" should be written on the advance check copy, and
 - both should be filed in the accounts payable files
- If funds are due to the traveler:
 - ensure that funds exist in the designated account(s)
 - the note "settled" should be written on the advance check copy,
 - the settlement check should be processed and forwarded to the traveler after approval through the normal Accounts Payable procedures.

- ❑ a copy of the travel settlement should be returned to the originator with their settlement check
- ❑ each check disbursement should be filed in the accounts payable files separately

Vendor Maintenance:

- ❑ All vendors shall be approved for addition to the vendor database in TxEIS. The Finance Officer/Business Manager shall verify that all required vendor documents are on file prior to adding the vendor on the vendor database. The required vendor documents include:
 - ❑ W-9 Form (signed and fully completed)
 - ❑ Conflict of Interest Questionnaire (signed and fully completed)
 - ❑ Felony Conviction Notice (signed and fully completed)
 - ❑ Vendor Application form
 - ❑ Criminal History Verification (If applicable)
 - ❑ Certificate of Insurance (with Fort Hancock ISD as additional insured, if applicable)
- ❑ The Finance Officer or Business Manger shall add the vendor in the database after approval. The data entry shall include, but not be limited to:
 - ❑ Vendor name (as it appears on the W9 Form)
 - ❑ Vendor address under order address. If a different address is provided for remittances, that address shall be enter, too
 - ❑ EIN/SSN (as it appears on the W9 Form)
 - ❑ Flags: 1099 Eligible, Bid Eligible, Local Vendor (if address is in San Antonio), and Minority Owned (if documentation has been received from vendor)
 - ❑ W9 Date: date the W9 Form was mailed and received
 - ❑ Local Use: Field 2 shall be used to denote that the Felony Conviction Notice has been received from the vendor.
 - ❑ CIQ: indicate if the CIQ was received and enter the date of receipt.
 - ❑ Comments: Enter any other related information such as change in vendor name.

Additional guidelines due to requirements of SAS 99 – Anti-fraud

Confidentiality

- ❑ Business department staff handles and/or processes a substantial amount of confidential information. All staff is strictly prohibited from revealing confidential information to an unauthorized individual. Among the most critical information is documentation related to employee’s health, benefits, financial, family members, or other personal information.
- ❑ All Business division staff members must execute a Confidentiality and Use of Information Agreement and submit to the Business Manager.
- ❑ Violators will be disciplined, may be terminated and may be reported to the appropriate authorities.

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:

- ❑ Every staff member will be scheduled to attend at least one training and/or conference opportunity per year.
- ❑ Staff members that have attained TASBO certification status will be afforded an opportunity to attend at least 20 hours per year (for a total of 60 every 3 years) through an approved CEU provider.
- ❑ Additional training requests should be submitted to the Superintendent. 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 Fort Hancock ISD and should be maintained in accordance with the established Records Retention Schedule
- ❑ TXEIS system backups should be performed on a regular basis 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.

Acknowledgement of Receipt

Name _____

Position _____

I hereby acknowledge receipt of the 2015-2016 Fort Hancock ISD Internal Control Procedures. I agree to read the procedures and abide by the processes and procedures defined or referenced in this document.

The information in this procedural manual is subject to change. I understand that changes in district policies may supersede, modify, or eliminate the information summarized in this procedural manual. Changes, if any, may be provided by the Superintendent or Business Manager through the fiscal year.

Signature

Date

Note: Please sign and date and forward it to **the Business Manager**.