

Culver Community Schools Corporation

Internal Controls Manual



Adopted May 2021

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INTERNAL CONTROLS MANUAL

CULVER COMMUNITY SCHOOLS COORPORATION:

INTRODUCTION

The purpose of this manual is to document the internal controls for accounting, budgeting, treasury, and procurement policies and procedures of the Culver Community Public Schools System. This manual is designed to provide guidance and direction of Culver Community Schools Board policies. The policies to achieve these objectives are derived from various financial best practices, state and federal laws and regulations. Policies may be developed to suit the specific needs of Culver Community Schools functions and resources. Detailed procedures are developed and documented as a means for entities to comply with its established practices.

INTERNAL CONTROLS:

1. ADOPTION OF INTERNAL CONTROL STANDARDS-POLICY:

Indiana law at IC 5-11-1-27 requires all Indiana school corporations to adopt a minimum level of internal control standards after June 30, 2016.

The purpose of internal control is to provide reasonable assurance that the mission and objectives of the school corporation will be achieved. State law required the State Board of Accounts (SBOA) to develop the internal control standards for political subdivisions which includes school corporations. The SBOA has already developed the internal control standards and may be found at <http://www.in.gov/sboa/files/UniformInternalControlStandards.pdf>.

The same law requires that training be given to all employees whose duties include receiving, processing, depositing, or having access to funds that belong to the federal government, state government, school corporation, or another governmental agency. This training must be done for current employees and new employees whose duties entail any of the above are described duties hired after the internal control standards are adopted by the school board. The training must be documented. The SBOA has developed training materials and these materials may be found on the following website <http://www.in.gov/sboa/5072.htm> under the training section.

The internal control standards define legislative body as the school board for both corporation funds and extracurricular activities funds oversight and define “management” as a combination of the superintendent and the financial officers, i.e. business manager, treasurer, deputy treasurer, ECA treasurer and food service director.

The internal control system consists of three objectives and five main components.

Three (3) Objectives of Internal Controls:

1. Reporting-reliability
2. Operations-effective and efficient
3. Compliance-compliant with applicable laws, regulations, contracts, and grant agreements

Five (5) Main Components of Internal Controls that are Required to be Addressed:

1. CONTROL ENVIRONMENT
2. RISK ASSESSMENT
3. CONTROL ACTIVITIES
4. INFORMATION AND COMMUNICATION
5. MONITORING ACTIVITIES

INTERNAL CONTROL SYSTEM

The Corporation's internal control system comprises the policies and procedures established to provide reasonable assurance that specific Corporation objectives will be achieved. Accounting responsibilities, procedures, and policies should be implemented and designed to prevent:

1. Misstatement of account balances because errors go undetected (both intentional and unintentional); and
2. Misappropriation of cash and other resources of the School Corporation.

These objectives are pursued through a sound internal control structure which is carefully established and followed by business office personnel as well as all other applicable personnel. Such an internal control structure can also tend to promote operational efficiency. From a financial statement perspective, the accounting system, control procedures and internal control systems. This internal control structure will ensure that the five requirements are met-Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities.

FIVE COMPONENTS OF INTERNAL CONTROL

Control Environment

Overview

The control environment is the foundation for all other components of internal control, providing discipline and structure. Moreover, management establishes the tone regarding the importance of internal control and the expected standards of conduct; and reinforces those expectations at various levels. Control environment factors include the integrity, ethical values, and competence of Culver Community Schools' District personnel; the distribution of authority and responsibility; the development of its personnel; and the attention and direction provided by the governing body.

Objectives

1. The governing body and management should conduct business with integrity and ethical behavior.
2. The governing body and management should provide direction and oversight for Culver Community Schools internal control system.
3. The governing body and management should hire qualified and competent employees.
4. The governing body and management should establish structure, authority, and responsibility to hold individuals accountable for internal control responsibilities.

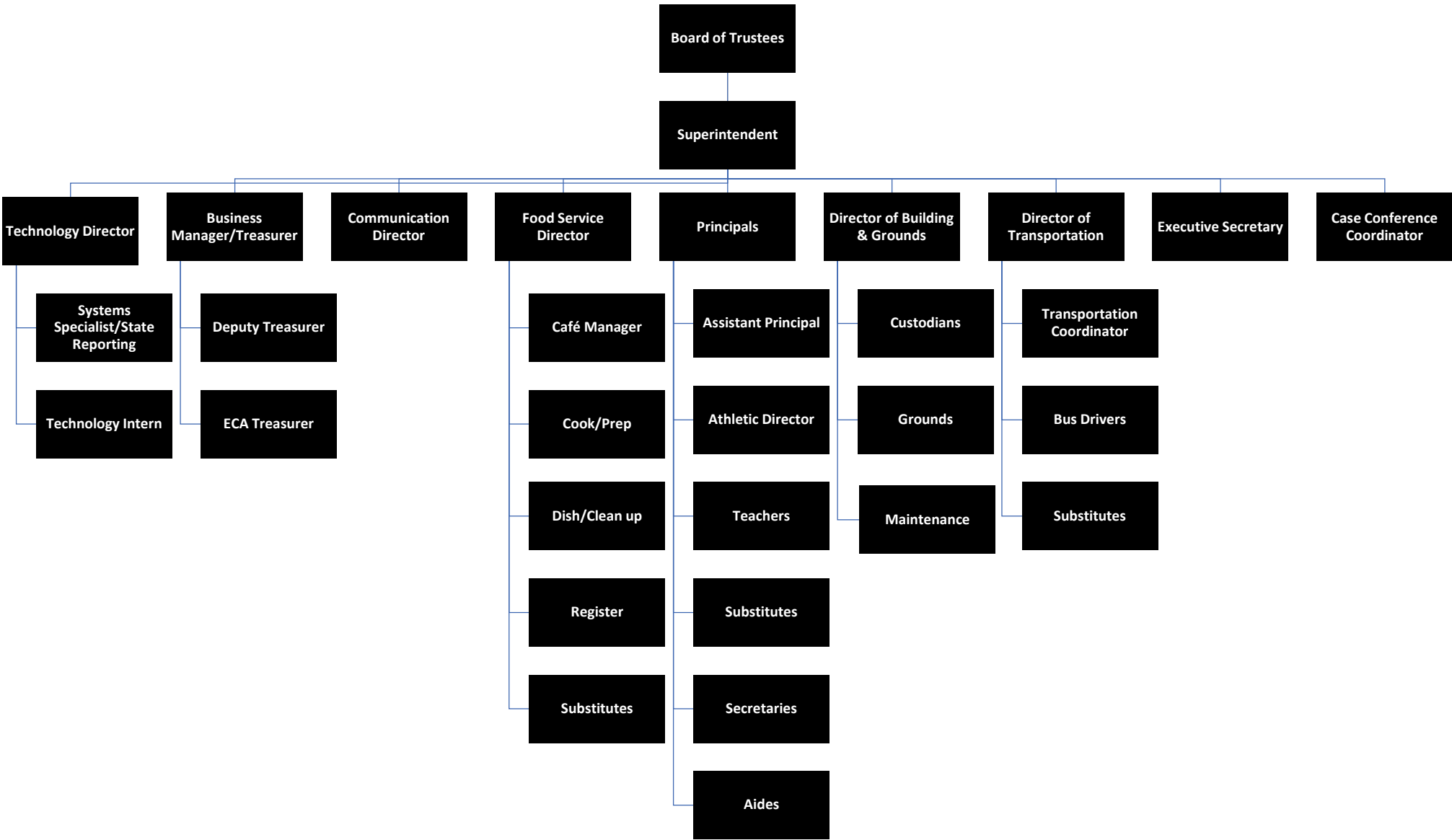
Policies

1. Conflicts of interest must be disclosed before business is conducted.
2. A code of Ethics has been adopted by the Board of Education and management and is reviewed annually with all employees.
3. The Board of Education has adopted a policy manual.
4. The Board of Education uses the budget process as a means of oversight with department heads.
5. Organizational charts are reviewed for needed changes regarding authority and responsibility.

Procedures

1. If there is a conflict of interest, the disclosure statement from the policy manual must be completed and signed in front of a witness and given to the appropriate supervisor.
2. The policy manual and corresponding forms are available to all employees and board members on the Culver Community Schools website.
3. The governing body formally adopts an annual budget.
4. Culver Community Schools adopted a Policy Manual based on SBOA guidelines. Those policies are reviewed and updated annually by the governing body.
5. Based on legislative changes, SBOA provides recommended policy updates.
6. The Board of Trustees has adopted a personnel policy related to the recruitment and retention of highly qualified employees for the Culver Community Schools District.
7. All positions shall be approved through the budget process in accordance with the organizational plan submitted by the Superintendent.
8. Culver Community Schools organizational chart is available on the system website and included in this manual to establish a defined chain of command.
9. All positions require a job description and copies shall be maintained in the administration office.

10. All Culver Community Schools employees are required to complete annual online training and are encouraged to obtain additional professional and/or continuing education credits.



Culver Community Schools Organizational Chart

RISK ASSESSMENT

Overview

Culver Community Schools officials and management assess the risk of operations continually. The Culver Community Schools has chosen to transfer the most common types of risk through the purchase of the following types of insurance:

1. Property and Casualty
2. Liability
3. Errors and Omissions
4. Workers Compensation
5. Surety Bonds

There are some risks that cannot be anticipated as they relate to financial and compliance issues. We have assessed the following areas and identified certain risks that necessitate the development of internal control policies and procedures. Internal controls will not eliminate all risk but will help reduce risk to gain reasonable assurance that reporting, and compliance objectives are met.

Objectives

1. Collections are complete, timely and accurate.
2. Disbursements are for valid Culver Community Schools purposes and are properly recorded.
3. Assets are properly safeguarded.
4. Culver Community Schools is in compliance with contractual, local, state, and federal laws and regulations.

Significant Areas of Risk

Collections (General)

1. Deposits not made within 3 days as required by law.
2. Deposits not made intact.
3. Funds not locked away until they are deposited.
4. No segregation of duties in counting and preparing deposits.
5. Receipts not coded to proper revenue codes.
6. Receipts not assigned to appropriate funds.
7. Unreconciled accounts.
8. Comingling of funds.

Disbursements/Drafts

1. Broken law – expenditures must be appropriated.
2. Owing late fees and penalties.
3. Improper reporting on financial statements; inaccurate reporting for the governing body – monthly budget vs actual.
4. Possible loss of school district funds; inappropriate disbursement; theft malfeasance.

Safeguarding Assets

1. Misuse or loss of assets, not just capital assets (i.e. checking accounts, investment accounts, etc.).
2. Payback of grant funds.

Reconciliation of Accounts

1. Misuse or loss.
2. Missing entries.

Control of Investments

1. Lower than expected rates of return.
2. Assessed liability for OPEB investment fund subject to change based on school district policy.

Debt Management

1. Debt issuances not in compliance with state law.
2. Violations of the policies of the Board of Trustees.
3. Additional effort with the annual budgetary practices.
4. Potential for defaulting on principal and interest payments.

Grant Management

1. Grant requirements may have changed.
2. The Business Manager/Treasurer is not made aware of the grant transactions.

The significant areas of risk are identified above, and policies and procedures will be documented in the next section to explain how Culver Community Schools plan to implement internal controls to help reduce the risks associated with these areas of operations.

CONTROL ACTIVITIES

Overview

This section is where detailed implemented procedures are documented. The objectives, policies, and procedures are described for each of the significant areas identified in the Risk Assessment section.

COLLECTIONS (GENERAL)

Objectives

1. Collections are complete, timely, and accurate.
2. Collections are safeguarded.
3. Collections are recorded accurately and in a timely manner in the accounting system.

Policies

1. To receipt all revenues to the appropriate fund and revenue code.
2. To receipt all monies in compliance with the state statutes and intact.
3. Pre-numbered receipts are issued for all collections.
4. Two people are involved in the receipting/depositing process.
5. All collections are recorded in Komputrol.
6. Reconciliations are completed monthly.

Procedures

For District Funds Collected at School Locations

1. All monies collected are receipted on pre-numbered receipts.
2. Money receipted at the school is counted by the employee who collects the funds and initials for accuracy.
3. Deposit slips are prepared in duplicate and initialed.
4. Funds are deposited daily if possible, but no later than three (3) days after receipt. If funds are kept at school overnight, they must be kept in a secure location.
5. The Deputy Treasurer reviews and approves receipts.

For ACH Collections

1. Funds collected at the district office are usually deposited via ACH. The Business Manager/Treasurer prints the remittance advice or verification of deposit, applies the proper revenue code.
2. The Business Manager/Treasurer enters the cash receipt into the financial software using the proper revenue code.
3. The Deputy Treasurer reviews the Cash Receipt Batch for accuracy and Business Manager/Treasurer posts the receipt(s) to the G/L.

For Collections at Administrative Office

1. Deputy Treasurer receives payments through U.S. Mail and forwards the payment to the Business Manager/Treasurer for review.
2. The Business Manager/Treasurer enters the cash receipt into the financial software using the proper revenue code.
3. The Deputy Treasurer prepares the deposit slip in duplicate, then the Business Manager/Treasurer initials, and makes a copy of the payment or stub.
4. Deputy Treasurer carries to the bank to execute deposit within three (3) days of receiving and returns with the deposit receipt.
5. The Deputy Treasurer attaches the deposit to duplicate deposit slip.
6. The Deputy Treasurer reviews the Cash Receipt Batch for accuracy and Business Manager/Treasurer posts the receipt(s) to the G/L.

DISBURSEMENTS/DRAFT

Objectives

1. Disbursements are for a valid school system purpose and are necessary.
2. Disbursements are timely.
3. Disbursements are accurately coded and recorded in the accounting system.
4. Disbursements are legally appropriated.

Policies

1. Accounts Payables (A/P) payments are processed daily, weekly, or monthly as needed.
2. More than one person reviews the A/P payment process.
3. Checks are printed using Financial Software based on approved AP Check Batches.
4. Separate employees will code invoices and PO's, enter requisitions, and process check files.
5. All vendor checks are mailed.

Procedures

1. Before purchases are made, requisitions and purchase orders are approved by the Superintendent and Business Manager/Treasurer. (Additionally, building principals, department supervisors, and grant administrators are required to approve the requisition for their location/area)

2. The Purchase Order is printed and provided to the Vendor by the Deputy Treasurer. A blue color copy is provided to the Department ordering the items. A pink color copy is given to Deputy Treasurer to await payment.
3. When purchases are received, or a service is completed, the packing slip is matched with the blue copy of the Purchase Order. The receiving department signs the blue purchase order to acknowledge that the items or services have been received and submits it with any backup information to the Business Manager/Treasurer or Deputy Treasurer.
4. The Deputy Treasurer matches invoices with both copies of the Purchase Order and provides to the Business Manager/Treasurer for review.
5. The Deputy Treasurer enters them into the financial software as accounts payable.
6. The Deputy Treasurer creates accounts payable vouchers and then are reviewed by the Business Manager/Treasurer.
7. The Deputy Treasurer enters all vouchers into the financial software during the accounts payable process.
8. The Deputy Treasurer processes the checks using the Financial Software.
9. Once the Accounts Payable checks are run, the Deputy Treasurer provides all original checks and backup to the Business Manager/Treasurer for review and confirmation of the vendor's name and amounts on the actual checks.
10. The checks are then returned to the Deputy Treasurer for mailing and filing.
11. At the end of the month, all checks are reconciled by the Business Manager/Treasurer. An outstanding check register is pulled and filed with the bank reconciliation.
12. At year-end, the Business Manager/Treasurer will review all the previous years' accounts, prior year activity, and invoices received to help determine what is still outstanding.

SAFEGUARDING ASSETS

Objectives

1. Ensure school system assets are properly valued and protected.
2. Ensure cash, accounts receivable and other asset accounts are reconciled.
3. Ensure school system assets are protected against loss, misappropriation, or theft.
4. Ensure inventory items are available when needed.
5. Ensure inventory is necessary and reasonable.
6. Ensure all capital assets and inventories are properly recorded.

Policies

1. Business Manager/Treasurer reconciles all bank and investment accounts on a monthly basis. The Deputy Treasurer reviews and approves.
2. Bank accounts are appropriately collateralized.
3. All bank accounts are held in the School System's name.
4. The School System keeps an asset and inventory log that is updated as assets are acquired and disposed of.

Procedures

1. Business Manager/Treasurer reconciles all bank and investment accounts monthly and gives to Deputy Treasurer for review and approval.
2. All reconciliations are kept in the Business Manager/Treasurers office.
3. All employees who handle school monies are bonded and all accounts are in the School System's name and properly collateralized.
4. When new assets are acquired, the Deputy Treasurer records them on the appropriate list.
5. When items are determined to be surplus, destroyed, or need to be sold, the Deputy Treasurer is responsible for editing the inventory and asset logs.
6. Annually, the Business Manager/Treasurer will review the fixed asset listing. The fixed asset list is provided to auditors during the audit period.

RECONCILIATION OF ACCOUNTS

Objectives

1. Ensure that all bank and investment accounts are recorded and reconciled.
2. Ensure that change funds are secure and properly accounted for.

Policies

1. Business Manager/Treasurer reconciles all bank and investment accounts monthly.
2. Any funds not immediately deposited are placed in vault for safe keeping.
3. All accounts are accounted for in the accounting software.

Procedures

1. Monthly, the Business Manager/Treasurer reconciles all general ledger accounts with the bank statements.
2. Business/Manager and the Deputy Treasurer reviews and approves all reconciliations.

3. All signed reconciliations are filed in the Business Manager/Treasurers office.
4. Any funds not immediately deposited are counted daily and locked in vault for safekeeping.
5. Deposits are made within the three (3) day rule and verified by multiple employees.
6. All accounts (assets, liabilities, revenues, and expenditures) are listed within the accounting software.
7. The State of Indiana's Uniform Chart of Accounts is used, and all active account numbers are in the accounting software.
8. Trial balances are periodically pulled and reviewed by the Business Manager/Treasurer.

CONTROL OF INVESTMENTS

Objectives

1. Ensure investments are safe and in accordance with adopted investment policy.
2. Ensure that investments are authorized and provide for maximum returns with minimum risks.
3. Ensure investments comply with legal requirements.
4. Ensure investments are recorded accurately.

Policies

1. The Business Manager/Treasurer is authorized to invest excess funds of Culver Community Schools with board approval.
2. Interest earned shall be credited to the appropriate funds and revenue codes.

DEBT MANAGEMENT

Objectives

1. Ensure that school, state, and federal regulations are understood and followed regarding issuance of debt.
2. Ensure that all grant regulations are understood and followed regarding issuance of debt.
3. Ensure that note disclosures in the financial statements contain all required elements.

Policies

1. All debt issuances are made in compliance with state law and school code.
2. All transfers are examined to ensure they do not meet qualifications to be classified as debt.
3. All debt issuances will only be made after approval of the Board of Trustees.

Procedures

1. Culver Community Schools complies with all legal requirements for notices and public meetings related to issuing debt.
2. In the interest of transparency, all associated costs (including interest, issuance, continuing, and one-time) are disclosed in a timely manner.
3. Professionals involved in debt transaction are required to disclose any conflicts of interest.

GRANT MANAGEMENT

Objectives

1. Ensure that all grant requirements are met.
2. Ensure that all grant transactions are properly recorded.
3. Ensure that matching funds are available and approved.

Policies

1. Every department must notify the Superintendent and Business Manager/Treasurer and/or Communication Director when a grant application is submitted and awarded.
2. All grant applications must be approved by the Superintendent, and all grants with matching requirements must be approved by the Board of Trustees prior to submission of the application.
3. Once awarded, a detailed budget is prepared outlining the grant.
4. Grant management responsibilities are assigned to an appropriate employee for every grant.

Procedures

1. Appropriate personnel complete the grant application and submit to the Business Manager/Treasurer prior to Superintendent for approval. If the grant requires matching funds or maintenance of effort, the application must be approved by the Board of Trustees and budgeted.
2. A copy of the grant application and award letter is given to the Business Manager/Treasurer. The Business Manager/Treasurer assigns a project code specific to the grant for tracking in the accounting system.
3. The awarded grant has an approved budget detail, and that budget is entered into school system accounting software. If any amendments need to be made to the grant budget, state approval is required.
4. The Superintendent assigns grant management responsibilities to the appropriate employee. Accounting office submits grant reimbursement requests. Grant reimbursements are issued through the proper grant portal. The Business Manager/Treasurer reviews grants monthly to ensure that funds are properly expended.

5. District Uniform Grants Guidance and Policy Manual (UGG) is reviewed and updated annually or as necessary.

INFORMATION AND COMMUNICATION

Overview

Management has the responsibility to adequately communicate information to both internal and external parties. It is important that employees know the objectives, policies and procedures management has established and what the expectations are for internal controls. External stakeholders may also seek information regarding objectives and reliable financial information.

Objectives

1. Necessary information for achieving the entity's objectives is available and used.
2. Necessary information for achieving the entity's objectives is internally communicated by management.
3. Necessary information for achieving the entity's objectives is externally communicated by management.

Policies

1. Information maintained in a format should be communicated in that same format. For example, if the general ledger is maintained on a computer, the monthly budget to actual reports should be provided through a computer-generated report from that software package.
2. Reliable and accurate information from Culver Community Schools must be communicated to the people who need it in a timely and useful format.
3. Because the credibility of Culver Community Schools, its Board of Trustees, and its employees is at stake whenever information is released to outside parties, management should be confident the information being released is accurate and in compliance with policies and procedures.

Procedures

1. The staff of Culver Community Schools is required to submit quality information that allows the Board of Trustees to make informed decisions and evaluate whether the school system is achieving its objectives.
2. Culver Community Schools clearly defines lines of communication through the policy manual and organizational chart.
3. The Corporation has a written organizational chart for employees to show clear lines of authority (who manages whom) and written job descriptions for all employees and open positions.
4. The internal control manual is available to all staff via the Culver Community Schools website.

5. Culver Community Schools abides by Indiana's Open Records laws for communicating with external parties, which includes the redaction of sensitive information.

6. System generated reports pulled from various software programs are available in both electronic and printed formats.

7. Information presented to the Board of Trustees is provided monthly and is also available upon request.

MONITORING ACTIVITIES

Overview

The internal control system changes as technology, staff, objectives, and policies change. Management is charged with continually monitoring the internal control system to determine if it is operating as designed and to ensure the policies are being followed.

Objectives

1. To practice activities that monitor the internal control system and evaluate the results.
2. To address deficiencies noted in the internal control system in a timely manner.

Policies

1. To ensure that internal controls do not deteriorate and continue to work as designed over time, an annual risk assessment will be conducted by Culver Community Schools.
2. To establish more efficient and effective operations over time.
3. To ensure that accurate and reliable financial information is used in decision-making.

Procedures

1. Monitor internal control through built-in monitoring activities and separate periodic evaluations and document the results.
2. Evaluate differences to determine if:
 - A. Changes in internal control have occurred but have not been documented.
 - B. Internal control has not been properly implemented.
 - C. Internal control design changes are needed.
3. All accounts with financial institutions (checking, savings, investment, etc.) will be reconciled to the general ledger within 10 days of receipt of any statement from the financial institution.
4. The above reconciliation will include a listing of outstanding checks and will be reviewed by the Business Manager/Treasurer.
5. Reports comparing actual to budget amounts for revenues and expenditures will be generated monthly and reviewed by those in a position of authority over financial operations. Those in a position

of authority include, but are not limited to, the Principal, Business Manager/Treasurer, Deputy Treasurer, Superintendent, and Board of Trustees.

School Corporation Accounting Activities

Internal Control Procedures

DAILY PROCEDURES:

Cash Receipts Activities:

Activity	Employee	Separation of Duties
Open mail and give checks to Business Manager/Treasurer	Deputy Treasurer	
Receive money, issue official receipts	Deputy Treasurer, BM/Treasurer	
Prepare bank deposits	Deputy Treasurer	
Review bank deposit in detail before taking to bank	BM/Treasurer	Treasurer initials all deposits
Take Deposits to bank	Deputy Treasurer	
Post receipts	BM/Treasurer	Deputy Treasurer initials all receipts
Access to computer system to make receipt adjustments	Deputy Treasurer, BM/Treasurer	
Approves Adjustments	BM/Treasurer, Deputy Treasurer	

Cash Disbursement Activities:

Activity	Employee	Separation of Duties
Authorize purchases	Superintendent, Principles, BM/Treasurer	
Prepare purchase orders	Deputy Treasurer	Treasurer approves PO before its issued
Prepare claim for payment	Deputy Treasurer	The person preparing the claim is not approving the claim
Approve Claim	BM/Treasurer	Claim is approved before processing

Audit claims Review's invoices/receipts attached to each claim to support the disbursement	BM/Treasurer, Deputy Treasurer	
Approve Claims-Disbursing Officer	BM/Treasurer	Deputy Treasurer does not approve claims
Write checks (generated by accounting system) Write manual checks Have receipt of W-9 before paying vendor	Deputy Treasurer BM/Treasurer Deputy Treasurer	Deputy Treasurer does not sign checks
Post Checks	BM/Treasurer	
Sign A/P checks—automated in accounting system Manual checks have a “live” signature	BM/Treasurer	BM/Treasurer signs check but does not prepare checks
Mail or distribute checks A/P checks are accounted for in numerical order A/P check numbers are reconciled to the A/P bank account A/P checks are in a secured location	Deputy Treasurer BM/Treasurer BM/Treasurer Deputy Treasurer	Access limited to Deputy Treasurer and BM/Treasurer
Custodian of petty cash—we do not have petty cash	N/A	
Custodian of Investments	BM/Treasurer	
Access to check stock	Deputy Treasurer, BM/Treasurer	Check stock is locked
Access to computer system to make adjustments	Deputy Treasurer, BM/Treasurer	Treasurer approves adjustments

Payroll Activities:

Activity	Employee	Separation of Duties
Post vacation, personal, family illness and sick leave	Deputy Treasurer, BM/Treasurer	BM/Treasurer submits electronically, and Deputy Treasurer submits hard copy
Check and extend time cards Approve corrections to recorded time Input corrections to recorded time	Deputy Treasurer, BM/Treasurer, Supervisor	
Prepare payroll claims	BM/Treasurer	

Check payroll claim with excel spreadsheet	BM/Treasurer	
Approve payroll claim to be run in accounting system	BM/Treasurer	
Approve payroll claims for department	Supervisor, BM/Treasurer	
Calculate deductions and net pay	BM/Treasurer	
Generate payroll checks	BM/Treasurer	
Sign payroll checks—automated in accounting system	BM/Treasurer	
Manual checks have a “live” signature		
Distribute payroll checks	BM/Treasurer	
Payroll checks are accounted for in numerical order		
Payroll check numbers are reconciled to payroll account		
Payroll checks are in a secured location		
Prepare Earnings and Deductions reports	BM/Treasurer	
Access to computer system to make adjustments	BM/Treasurer, Deputy Treasurer	
Approves adjustments	School Board	School Board authorize payroll changes but does not input data
Authorizes Payroll Changes (new hires, terminations...)	School Board	
Inputs Payroll Changes into accounting system	BM/Treasurer	

MONTHLY PROCEDURES:

Cash Activities:

Receive bank statement online or by mail, open and print	BM/Treasurer	
Compares checks cleared to disbursements posted	BM/Treasurer	
Compares deposits to receipts posted	BM/Treasurer	
Prepares bank reconciliation	BM/Treasurer	
Prepare bank reconciliation statement summary	BM/Treasurer	
Prepare Food Service analysis of 3-month operating cash balance	Food Service Director	
Balance revenue to receipts	BM/Treasurer	
In depth review and approve bank reconciliation	Deputy Treasurer	In depth review is done monthly because of lack of separation of duties in cash receipt activities due to the lack of the number of employees
Close month in account system	BM/Treasurer	

Cash Disbursement Activities:

Prepare monthly docket for board meeting Run voucher register for docket Organize claims alphabetically and verify claim total	Deputy Treasurer Deputy Treasurer Deputy Treasurer	
Approve claim docket Approve claims in accounting system (See daily procedures for more details)	School Board, BM/Treasurer BM/Treasurer	Claims are approved by School Board prior to payment

Other Activities:

Update Cash Flow spreadsheets	BM/Treasurer	
Prepare Grant reimbursement forms Run grant expenditure reports Sign and approve Grant reimbursement forms	BM/Treasurer BM/Treasurer BM/Treasurer, Superintendent	
Balance Appropriations w/ Budget Order and Cash by Fund	BM/Treasurer	

Payroll Activities:

Prepare and pay WH-1 form online on or before the 20 th (State and County monthly payroll taxes)	BM/Treasurer	
Enter leaves and terminations in accounting system	BM/Treasurer	
Submit PERF and TRF files to INPRS after each payroll	BM/Treasurer	
Process payment	BM/Treasurer	
Enter leaves and terminations in INPRS	BM/Treasurer	

QUARTERLY PROCEDURES:**Cash Activities:**

Prepare and submit Federal interest report	BM/Treasurer	
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Cash Disbursement Activities:**Other Activities:**

Prepare and submit CE report to DOE Print CE report and prepare file for transmission	Superintendent	
Prepare and submit CP report to DOE via STN	SIMS Coordinator	

Payroll Activities:

Prepare Form 941 Print 941 reports from financial system Print vendor reports for payroll and EFTPS	BM/Treasurer	
Review Form 941 and sign Review and sign all back up documentation	Deputy Treasurer Deputy Treasurer	
Upload file for SUTA report online and submit Prepare and print SUTA reports and electronic file from accounting system	BM/treasurer	
Review SUTA forms UC-1 and UC-5a Review and sign all back up documentation	Deputy Treasurer Deputy Treasurer	

SEMI-ANNUAL PROCEDURES:

Prepare Form 9 Print and verify all required reports Prepare debt analysis for the 6-month period Submit Form 9 info on DOE website Print and save files after DOE approval	BM/Treasurer	
Review Form 9 in detail and sign signature page	BM/Treasurer, Superintendent	
Review form 9 and sign signature page	Board President and Superintendent	
Report ADM to DOE Sept and Feb Prepare attendance report and send to Admin	SIMS Coordinator School Principals	

Payroll Activities:

Prepare Form 100R Prepare and print 100R report and electronic file from accounting system Submit Form 100R to County Treasurer via email Submit Form 100R to Gateway	BM/Treasurer	
Review Form 100R Review and sign all back up documents	BM/Treasurer, Superintendent	

FISCAL YEAR END AND OTHER ANNUAL PROCEDURES:

Void stale dated checks by end of February each year	Deputy Treasurer	Approved by Treasurer
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OTHER ACTIVITIES:

Prepare Annual Financial Report	BM/Treasurer	Reviewed by Deputy Treasurer
Free and Reduced Applications	Food Service Director	Reviewed by ECA Treasurer
Audit of Free and Reduced Applications	Director Support Services	
Textbook Rental Reimbursement Report	Principals, ECA Treasurer	BM/Treasurer complies and reviews report
Monitoring Segregation of Duties	BM/Treasurer	
Bidding Procedures Post bid in newspaper Bid Opening Award Bid Oversee work Prepare claims for payment	Director Support Services BM/Treasurer or Superintendent Bid Committee School Board Director Support Services Deputy Treasurer	Approved by Director Of Support Services
Prepare and submit CE report to DOE	Superintendent Deputy Treasurer	

Print CE report and prepare file for transmission		
Prepare and submit CP report to DOE	SIMS Coordinator	
Prepare and submit NE report to DOE	Secretary	
Balance Appropriation with Budget Order and Funds	BM/Treasurer	
Budget Process	BM/Treasurer	Board Review and Approve
Review and Update Corporation Policies and Administrative Guidelines	Superintendent	Board Review and Approve
Review and Update the Classified Employee Handbook	Negotiation Committee	Board Review and Approve

CALENDAR YEAR END PROCEDURES:

Cash Activities:

Present the Annual Report	BM/Treasurer	Board of Finance Review and Approve
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Cash Disbursement Activities:

Prepare forms 1099 and 1096 Order 1099 and 1096 forms Update W-9 File Print Calendar year vendor reports and review all activity Balance vendor report to 1099 report Print 1099 Forms and mail to vendors	BM/ Treasurer BM/Treasurer Deputy Treasurer Deputy Treasurer/BM Treasurer BM/Treasurer BM/Treasurer	
Review: reports, 1099's and 1096 prior to mailing	Deputy Treasurer	
Review 1099's and sign 1096	BM/Treasurer	
Review PO's and void if necessary	Deputy Treasurer	
Make Year End appropriation adjustments within funds	BM/Treasurer	School Board review and approve

Other Activities:

Prepare 1095-C forms (Affordable Health Care Act) Reconcile 1095 C reports to Ins. Co. monthly billings Print forms 1095C and distribute to employees Transmit 1095-C and 1094-C to federal government	BM/Treasurer	
Review reports and spot check 1095-C Forms	Deputy Treasurer	
Responsible for 1095-C and 1094-C contents	BM/Treasurer	
Balance Appropriations to Budget Order to Cash by Fund	BM/Treasurer	

Close Year End in Accounting system	BM/Treasurer	
GATEWAY REPORTING:		
Other Post Employee Benefits Report Prepare and Review Data from Accounting system	BM/Treasurer BM/Treasurer, Deputy Treasurer	
Debt Management Report (prepare and submit)	BM/Treasurer	
ECA Risk Report	ECA Treasurer	School Principals and BM/Treasurer
Annual Financial Report Prepare and Review Data from Accounting system	BM/Treasurer BM/Treasurer	
Collective Bargaining Report Prepare Data from contract and Accounting system	BM/Treasurer BM/Treasurer	Superintendent reviews
Collective Bargaining Upload Data from CBA	BM/Treasurer	
Bargaining Status Form (Pre-Impasse)	Superintendent	Treasurer Submits

Payroll Activities:

Prepare W-2's Order W-2 Forms Print Calendar year wage and PR deduction reports from accounting system Balance W-2's Print and distribute W-2 Forms to employees Transmit W-2 files to state and federal governments	BM/Treasurer	
Review and approve W-2 balancing report	BM/Treasurer	

Data System Security and Access to Records

The School Corporation employs numerous information systems for financial processes, absence management, time and attendance, student processes, and reporting. To maintain effective controls over these systems, access to them must be controlled and monitored.

Policy dictates that departments are responsible for ensuring that access to information systems is granted only to those employees who must use the specific information contained in those systems to conduct business.

Business Staff Training

a. Indiana Code 5-11-1-27 requires Internal Control Policy Training

After June 30, 2016, [IC 5-11-1-27\(g\)](#) provides that the legislative body of each political subdivision must adopt the minimum internal control standards as defined by the State Board of Accounts. The legislative body must also ensure that personnel receive training concerning the internal control standards and procedures adopted by the political subdivision.

The fiscal officer must certify that the minimum internal control standards have been adopted and that personnel who are not otherwise on leave status have received training regarding these standards and procedures. This certification will be filed as part of the Annual Financial Report submission in Gateway.

In addition, a certification for each elected official, appointee, and employee should be signed as evidence of their individual training. A certification form can be found in the Appendix in the Uniform Internal Control Standards for Indiana Political Subdivisions manual. These certifications are to be maintained by the political subdivision.

b. Uniform Internal Control Standards for Indiana Political Subdivisions

[Indiana Code 5-11-1-27\(e\)](#) provides that through the compliance guidelines authorized under [IC 5-11-1-24](#) the State Board of Accounts (SBOA) shall define the acceptable minimum level of internal control standards for internal control systems of political subdivisions, including the following: (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information and Communication, and (5) Monitoring.

In response, the SBOA developed the [Uniform Internal Control Standards for Indiana Political Subdivisions](#) manual, which contains the acceptable minimum level of internal control standards that a political subdivision is expected to maintain.

c. Annual Training Calendar to include but not limited to topics such as

- Payroll and Human Resource Compliance Issues
- Audit Requirements
- Procurement Rules
- Legal Changes
- State and Federal Grants Management
- Financial Software
- Travel Guidelines
- Budget Development
- ECA Treasurer Training

Training Calendar

All training groups will receive instruction on the generalized topics, including the Internal Control Standards, their five components and the seventeen principles, the Budget Development Process, Audit Requirements, and Legal Changes. The State Board of Accounts has issued a power point presentation called the *Uniform Internal Control Standards for Indiana Political Subdivisions*. This can be found at www.in.gov/sboa/5072.htm

February Central Office Staff shall be trained as a group to cover generalized topics such as Internal Control Standards, their five components and seventeen principles, the Budget Development Process, Audit Requirements, and Legal Changes. This training session will also include Payroll and Human Resource Compliance, Receipting, Disbursing and Procurement, Travel Guidelines, and State and Federal Grant Guidelines.

August The Extra Curricular Bookkeeper shall meet at Central Office and receive training on generalized topics such as Internal Control Standards, their five components and seventeen principles, Budget Development Process, Audit Requirements, and Legal Changes. In addition, training will include more specialized topics in the area of their responsibility for Extra Curricular Accounting including, but not limited to safeguarding of assets and money collected, receipting, recording transactions, depositing funds, returned checks, bank reconcilements, procurement and disbursement procedures, and quality reporting functions.

August The Administrative Team including the Superintendent, Directors, Principals, Managers of Technology, Transportation, Facilities & Grounds, Food Service, Athletic Director, and the Supervisors of the Corporation counselors and Communication Director will also receive training on generalized topics such as Internal Control Standards, their five components and seventeen principles, Budget Development Process, Audit Requirements, and Legal Changes. This will be completed at the Back-to-School Annual Meeting.

August An individual meeting will be scheduled with the Coordinator of Instructional Technology to ensure control activities are secure such as: employee user id's and passwords, access restrictions within the software system allowing employees access to areas only necessary to complete their duties, ensure audit trails are maintained and transactions are identified by user name, confirm back-up processes and disaster recovery procedures are in place and still relevant.

(Sample) Resolution to Adopt Materiality and Acceptable Risk Procedures

Whereas, IC 5-11-1-27(j) requires erroneous or irregular material variances, losses, shortages, or thefts of political subdivision funds or property shall be reported immediately to the State Board of Accounts; and

Whereas, State Examiner Directive 2015-6 directs each political subdivision to determine its own policy on materiality; and

Whereas, School Corporation does not condone any erroneous or irregular variances, losses, shortages, or thefts of political subdivision funds or property but recognizes that relatively small items may not justify the cost of the involvement of the State Board of Accounts:

Now, therefore, the Board of Trustees "Board" directs as follows:

1. All erroneous or irregular variances, losses, shortages, or thefts of School Corporation funds or property shall be reported to the Superintendent or his/her designee promptly.
2. It will be the policy of School Corporation to report to the State Board of Accounts any erroneous or irregular variances, losses, shortages, or thefts of cash in excess of \$500.00 as a single occurrence or multiple occurrences, except for inadvertent clerical errors that are identified timely and promptly corrected with no loss to the School Corporation.
3. It will be the policy of School Corporation to report to the State Board of Accounts any erroneous, or irregular variances, losses, shortages, or thefts of non-cash items in excess of \$5000 as a single occurrence or multiple occurrences, except for those resulting from inadvertent clerical errors or misplacements that are identified timely and promptly corrected with no loss to the School Corporation.
4. School Corporation reserves the right to report any and all occurrences of irregular variances, losses, shortages, or thefts of School Corporation cash or non-cash items to the State Board of Accounts and other authorities regardless of the amount.
5. All School Corporation elected officials, and all School Corporation employees and volunteers are directed to comply with this policy.

Adopted this ____ Day of _____, 2____.

Board President

(Sample) SCHOOL BOARD OF TRUSTEES

RESOLUTION TO ADOPT INTERNAL CONTROLS

WHEREAS, Internal Controls encourage the efficient use of government time and resources; and

WHEREAS, Internal Controls convey the School Board of Trustees' commitment to detect fraud, waste, and abuse; and

WHEREAS, the School Board of Trustees' desires to have a successful and effective internal control system; and

WHEREAS, Indiana Code 5-11-1-27 requires each political subdivision to maintain a system of internal controls to promote government accountability and transparency; and

WHEREAS, Documentation is a necessary part of effective internal control; and

WHEREAS, after 6/30/16, Indiana Code 5-11-1-27 (g) requires the School Board of Trustees' to officially adopt minimum internal control standards as defined by the State Board of Accounts; and

WHEREAS, after 6/30/16, The School Board of Trustees must ensure that personnel (as defined under IC 5-11-1-27) receive training concerning the internal control standards and procedures that are officially adopted

NOW, THEREFORE, BE IT RESOLVED by the School Board of Trustees that the Administration shall make recommendations to the School Board of Trustees in compliance with the State Board of Accounts' approved minimum level of internal controls set forth; and shall further develop a program or procedure for training all applicable employees and board members concerning the internal control standards established by the School Board of Trustees.

PASSED AND ADOPTED BY THE SCHOOL BOARD OF TRUSTEES THIS _____ DAY OF _____, 2016.

AYE

NAY

(Sample) Bonding Resolution

Whereas, IC 20-26-4-5 requires for each school year commencing July 1,

(a) (1) the treasurer of each governing body and the governing body's School Corporation;

(2) a deputy treasurer, if so appointed; and

(3) any individual whose official duties include receiving, processing, depositing, disbursing, or otherwise having access to funds that belong to a school corporation or the governing body of a school corporation;

shall give a bond for the faithful performance of the treasurer's, deputy treasurer's, or individual's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the governing body.

The treasurer shall be responsible under the treasurer's bond for the acts of a deputy treasurer appointed as provided in section 1 of this chapter.

(b) A governing body may authorize the purchase of a blanket bond that:

(1) is endorsed to include faithful performance to cover the faithful performance of all employees and individual acting on behalf of the governing body or the governing body's school corporation, including the individuals described in subsection (a); and

(2) includes aggregate coverage sufficient to provide coverage amounts specified for each individual who is required to give bond under this section.

Now; therefore, the Board of School Trustees of the School Corporation authorizes the following be provided by an insurance company licensed to do business in Indiana.

1. Treasurer faithful performance bond in the amount of \$50,000.
2. Deputy Treasurer faithful performance bond in the amount of \$50,000.
3. Any other individual whose official duties include the access to public funds, including but not limited to extracurricular treasurers, shall be covered under either a blanket bond or public employee dishonesty coverage at \$30,000 per occurrence.

Executed this _____ day of _____, 2_____.

Federal Grant Regulations

- a. List Departmental Responsibilities
- b. Insert any Local Policies
- c. Completion of Forms (7, 9, 13) from SBOA
- d. Acronyms and Definitions listed in EDGAR

CFR - Code of Federal Regulations contains the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal government. The CFR is divided into 50 titles that represent broad areas subject to federal regulation.

EDGAR -CFR Title 34 Parts 74-99 are known as the *Education Department General Administrative Regulations* and contain regulations for administering discretionary and formula grants awarded by the US Department of Education.

Acronyms and Definitions can be found on the Electronic Code of Federal Regulations.

Title 2: Grants and Agreements

[PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#)

http://www.ecfr.gov/cgi-bin/text-idx?SID=4dad7d645c2db75dc80ebd732b33af65&mc=true&node=sp2.1.200.a&rgn=div6#se2.1.200_10

LEA –Local educational agency

CFR § 300.28 (a) **General. Local educational agency** or *LEA* means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school Corporation, or other political subdivision of a State, or for a combination of school Corporations or counties as are recognized in a State as an administrative agency for its public elementary schools or secondary schools.

SEA – State Educational Agency

CFR § 300.41 State educational agency *State educational agency* or *SEA* means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary schools and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

- e. Financial Management Rules/Internal Controls

Sound financial management is fundamental in the operation of a business. Rules and processes should be in place to protect the financial interests of the entity and to provide

guidance and direction to employees. The resources below provide guidance in developing/maintaining internal control standards and processes.

After June 30, 2016, IC 5-11-1-27(g), states that every corporation must adopt the minimum internal control standards defined by the State Board of Accounts (SBOA). Employees must receive training on the internal control processes and standards.

The *Uniform Internal Control Standards for Indiana Political Subdivisions*, released by the SBOA in September 2015, provides guidance for implementing internal controls standards. Link to the manual:

<http://www.in.gov/sboa/5071.htm>

The *Standards for Internal Controls in the Federal Government (Green Book)* by the Comptroller General of the United States, provides in-depth internal controls guidance.

<http://www.gao.gov/assets/670/665712.pdf>

Green Book definition - Internal control is a process used by management to help an entity achieve its objectives.

CFR § 200.61 Internal controls *Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations

CFR § 200.62 Internal control over compliance requirements for Federal Awards

Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
 - (1) Permit the preparation of reliable financial statements and Federal reports;
 - (2) Maintain accountability over assets; and
 - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:
 - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

(2) Any other Federal statutes and regulations that are identified in the Compliance Supplement

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

There are five components of internal control and a set of principles within each component.

Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities

- Allowable Costs CFR Part 200 Subpart E – Cost Principles

§ 200.403 Factors affecting allowability of costs.

1. Factors

- a. Necessary and Reasonable - Is the purchase -

- i. Necessary to accomplish the grant objectives?
- ii. Listed in the detailed budget?
- iii. Allowable according to the grant guidelines?
- iv. Reasonable -§ 200.404 Reasonable costs.

1. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

- b. If a purchase is not listed in the award budget or there may be concern that the cost may not be allowable, get written approval from the grantor before making the purchase.

- c. Classification of costs – Direct or Indirect

- i. CFR § 200.412 Classification of costs.

1. Direct costs – those that can be associated with a specific cost objective
2. Federal Awards – important to determine whether costs are direct or indirect.

- Indirect Cost Rates

The Indiana Department of Education determines the indirect cost rates for each corporation. Corporations are notified yearly when the application process begins.

Indirect costs are classified as Restricted and Unrestricted. The restricted rate is used for most awards and must be approved through the budget process. Unrestricted rates are allowable in limited circumstances.

- General Administrative Responsibilities

Collaboration among the grant writer/administrator and business office personnel is essential and ongoing communication is key to ensure the grant is executed as written. All will have responsibilities for some internal control processes.

Grant Administrator

1. Responsible for carrying out grant activities according to the approved grant.
2. Direct contact with the grantor.
3. Approves all purchases.
4. Executes budget amendments.
5. Approves reimbursement requests.
6. Completes narrative for required reports.

Business Office personnel

1. Responsible for the grant fiscal activity.
2. Maintains an award file for each grant.
 - a. Application.
 - b. Approved grant and budget.
 - c. Start and end dates.
 - d. Fiscal reports.
 - e. Communication from grantor/grant administrator.
3. Meets with grant administrator on a regular basis.
4. Monitors grant timelines, expenditures.
5. Creates salary / benefits projections.
6. Requests timely reimbursements.
7. Completes fiscal reports.
8. Prepare for fiscal audit.

- Cash management— Included in internal controls processes

Internal Control practices – all staff who handle paperwork should initial and date

1. Processing-
 - a. Requests to Purchase –
approval by requestor, grant administrator
processed into purchase order
 - b. Payments –
approval for payment by requestor/administrator
processed by Business Office
 - c. Reimbursements –
 - ii. Request on timely basis after expenditures

- iii. Federal awards
 - 1. Cannot have cash on hand
 - 2. Request funds after expended
- iv. Signed & dated by the staff completing the request form/grant administrator/ treasurer or CFO

- d. Fiscal Reports – signed by person completing report, Treasurer or CFO, grant administrator

- Carryover

Most grants require all federal awards are spent by the grant expiration date. Title I allows for carryover funds. Follow Title I rules for requesting a carryover.

- Recordkeeping

It is important to keep all documentation relating to awards, including personal documentation of concerns, questions, correspondence for questions that may arise during an audit. Keep award folders in the office until the audit of the award is completed. Follow the Indiana Records Commission timeline for retention and destruction of records.

- Documenting Time and Effort

Staff whose salary/benefits are paid by federal funds must document their time. There are two methods of recordkeeping.

1. Semi-Annual certification – This form is completed when a staff member is paid 100% from a single cost objective with federal funds. The form must be completed twice a year and states that the staff member was paid entirely with federal funds.
2. Personal Activity Report (PAR) – This form is completed when a staff member is paid from more than one funding source, including federal funds. The staff member must complete a monthly report documenting the percentage of time spent on each funding source. Example 1- a teacher is paid 100% from Title I instruction category. The teacher will complete a Semi-Annual certification form.
Example 2 - a teacher is paid 50% from federal funds and 50% from general fund OR a teacher is paid from federal funds with split cost objectives (50% Title I instruction and 50% Title I Improvement of Instruction). The teacher will complete the Personal Activity report documenting their daily time worked split between the 2 cost objectives.

The employee and the grant administrator must sign the report. The reports are kept for audit.

- Conflict of Interest

To address situations when outside interests may overlap or conflict with someone's activities in a corporation, the School Board should adopt policies regarding financial conflicts of interest. In the event of a possible conflict of interest, the staff member should complete a form and submit to the office that will hold the policy.

- Suspension/Debarment

CFR §200.213 Suspension and debarment. Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

The Suspension/Debarment process protects the Federal Government from fraud, waste, and abuse to avoid doing business with irresponsible contractors/vendors. This process also applies to federal awards to grantees. Before contracting or purchasing from vendors, check the Excluded Parties List System (EPLS) on the System for Award Management (SAM) at <https://www.sam.gov/portal/SAM/##11>.

The most effective way to search the database is using the DUNS number. The record can be printed, and the documentation kept with the contract/purchase for audit purposes.

g. Inventory and Asset Management (Capital Asset Policy)

Every corporation should have a capitalization policy that sets a dollar amount as a threshold to be used in determining which acquisitions should be included in the inventory of capital assets.

34 CFR Subtitle A CFR § 80.32 Equipment addresses the purchase, use, management, and inventory of capital assets purchased with federal funds.

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the grantee or sub grantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

State and Federal Programs

- Special Education
- Career and Technical Education
- High Ability
- English Language Learners
- School Safety Grant
- Any Other State or Federal Grants

Follow the grant guidelines as listed on the Grant Award Letter. Verify reporting requirements, amendments, and deadlines are followed.

Verify if the grant is reimbursable after expenses incurred or if the grant is payable via cash request by the submission of the proper request form.

Be sure to keep documentation on all expenditures and personnel transactions.

As with all grants, follow the five (5) internal controls cited in the [Uniform Internal Controls Standards for Indiana Political Subdivisions](#) which include the following:

- a. Documented segregation of duties
- b. For State and Federal reports, reimbursement requests, and bank reconciliations, for example, the SBOA will be looking to see if the document(s) have been reviewed (initialed) by a second party, other than the preparer.
- c. Verification that all expenditures are allowable under the grant guidelines

All other local grants will follow the grant award guidelines.

Extra-Curricular Accounting

- 1) Job Descriptions
- 2) Daily Processes – IC 20-40-1-3 – the treasurer shall receive, receipt, account for and disburse all funds flowing through the extra-curricular accounts. All transactions will be reviewed and signed by the building administrator.
- 3) Monthly Processes -

- a) Fund balances – The extra-curricular treasurer should advise the activity sponsor periodically, preferably monthly, of the current balance in the fund of their activity.
 - b) IC 5-13-6-1(e) The bank shall be reconciled to the books, or financial software, by the 15th day of the following month.
- 4) Semi Annual and Fiscal Year Processes
- a) Financial Report - IC 20-41-1-8 the treasurer shall file a copy of the treasurer's financial report of receipts and disbursements with the board of school trustees no more than 2 weeks after the close of each semester. Records and files of extracurricular activities for the entire school year shall be filed with the last financial semester report of any one school year. (Forms SA5-1 Financial Report of ECA's, SA5-2 Cash reconciliation, SA5-3 Detail of Receipts and Expenditures by Fund, and SA5-4 Report Certificate)
 - b) ECA Risk Assessment Report - Per IC 5-11-1-4 the Business Manager/Treasurer is required to provide electronically and, in a manner, prescribed by the State Examiner, financial reports for the fiscal year not later than **thirty days after the close of the fiscal year**.
 - i) Effective July 1, 2015, Public Law 181-2015 amended IC 5-11-1-25 to require the SBOA to develop risk-based examination criteria and then determine the frequency each audited entity is required to be examined based on the results of a risk-based assessment.
 - ii) The ECA Risk Report filed through Gateway is a part of the financial reports required to be filed by the Business Manager/Treasurer per IC 5-11-1-4 and has been designed as the tool for school corporations to provide the risk based criteria for their extra-curricular accounts (ECAs) to allow SBOA to evaluate for an appropriate level of risk.
- 5) Separation of Duties
- Part of the control activity component is segregation of duties. An individual should not be permitted to initiate, approve, undertake, and review the same duty. Separating the ability to record and authorize reduces the risk of error and/or fraudulent activities. In a school setting, segregation is not practical due to the limited number of staff available. Therefore, compensating activities will be utilized. This includes the principal reviewing and approving end of month ECA reports, and the Business Manager/Treasurer reviewing and approving bank statements.
- a) Expenditures and Endorsement of Checks –
 - i) IC 20-41-1-4 - Expenditures by the treasurer of the extra-curricular account are limited to those approved by the principal of the school and they should be in accordance with general administration policies of the school corporation since the law provides that all expenditures shall be subject to review by the local school board.

- ii) Unless specifically authorized by statute, payments made for goods or services which are not received shall not be made. Payments made in advance of receipt of goods and services may be the personal obligation of the responsible official or employee.
 - iii) All checks will be signed by both the extra-curricular treasurer and building administrator.
 - b) Bank Reconciliation – Bank reconciliation shall be done by the treasurer monthly, no later than the 15th day of the month following the reconciling month. The completed reconciliation shall be reviewed and approved by the building principal and Business Manager/Treasurer.
 - c) Entering and Posting Data
 - The ECA Treasurer is expected to keep current with the accounting of ECA funds, including entering and posting receipts and expenditures daily.
 - d) Purchasing and Receiving Functions
 - i) Purchase orders shall be created at the approval and direction of the building administrator.
 - ii) Orders will be checked in by the teacher/club sponsor. Signed purchased orders will be attached to the approved invoice.
 - e) Receipts – A receipt is to be issued for all money received.
 - i) The cash receipts collected by and for the benefit of any activity fund should oversee some designated official or sponsor of the activity, until turned over to the treasurer of the extra-curricular account.
 - ii) A receipt is to be properly issued, shall show the date, the name of the person from whom the money was received, the payment type, the activity fund for which it was received, the amount and the source of the receipt.
 - iii) The receipt must be signed by the extra-curricular treasurer or collecting authority.
 - iv) IC 20-41-1-9 states the treasurer shall deposit all receipts in one bank account without unreasonable delay.
 - f) Bank Deposits – IC 20-41-1-9 – the treasurer shall receive all funds and prepare a bank deposit. The deposit will be reviewed and approved by a second person. Deposits will be made without unreasonable delay.
 - g) Monitoring of Segregation of Duties
 - The Corporation Treasurer shall make unannounced visits to the school buildings to review the Segregation of Duties. In addition, the ECA Treasurer shall report internal control issues identified while executing their duties. These issues will be documented and evaluated by the Corporation Treasurer. Corrective actions will be implemented if needed.
- 6) Gateway Reporting
- The State Board of Accounts created the ECA Risk Report which is reported through Gateway. This report includes beginning balance, receipts and expenditures, along with questions designed to determine the risk level at each school building. The reporting

period runs from July 1st through June 30th each year. It is due near the end of August. Please check on Gateway for the specific due date. Additional information can be found on the State Board of Accounts website at <http://www.in.gov/sboa/4449.htm> . The user guide can be found at <https://gateway.ifionline.org/guides>

7) Bonding Requirements – IC 20-41-1-6 / 20-26-4-5

- a) Issued in an amount fixed by the Superintendent and principal of the approximated amount totaling the anticipated funds that will come into the possession the treasurer at any one time during the regular school year.
- b) Bonds shall be filed with the trustee or board of school trustee.
- c) IC 20-26-4-5 states a blanket bond may be purchased as long as it is endorsed to include faithful performance of all required bond holders and includes aggregate coverage for all of the specified amounts of the required bond holders.
- d) SBOA update issued 10/22/15 states that SVOA will not take exception to coverage via a crime insurance policy as long as it is authorized by resolution and endorsed to cover faithful performance and includes aggregate coverage.
- e) Will be required to submit a copy of the official bonds to the SBOA on subsequent submissions of the Gateway Annual Report.

8) Cash Handling Practices

Cash shall be collected and turned over to the ECA Treasurer along with a SA-8 form detailing the deposit. The ECA Treasurer will verify the amount of the deposit with the SA-8 Form and will issue a receipt. The deposit will be prepared and taken to the bank. If the Treasurer is unable to get to the bank at that time, all cash, checks, and money orders are required to be locked in the safe until they are able to make the deposit.

9) Athletics

Since most events take place in the evening hours when the ECA Treasurer is not duty, a safe must be maintained to lock up the proceeds from the game or event.

10) Concessions – Outside organization has taken over concessions and no longer a building or corporate level.

11) Fundraisers

- a) Permission of the Superintendent is required.
- b) School Board shall approve / accept donations to be received \$500 and over.

12) Gifts and Donations – The State Board of Accounts states that Cash donations that are extra-curricular in nature may be accounted for in extra-curricular accounts.

13) Ticket Taking – Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events which admission is required.

- a) These tickets shall be two parts with one part going to the person paying for admission, and the other part being retained as part of the financial accounting of the event.
- b) Tickets for each group shall be different colors and or different series numbers.
- c) The treasurer shall be responsible for the proper accounting of all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. (Form SA-4)

- i) The treasurer receipt issued therefor should show the number of tickets issued to the seller, and the balance remitted in cash.
- 14) Processing of Personnel Payments
- a) Employee – Pay of teachers or other personnel for service at interscholastic athletic events such as ticket takers, scoreboard personnel, etc., are expenses of the Athletic Fund of the extra-curricular account.
 - Pay of concession stand supervisors and of ticket takers, etc., for fine arts events should be paid from the proceeds of the activity sponsoring the event.
- 15) Gift Cards – The building principles must authorize gift card purchases.
- a) The responsible official shall maintain an official record which would include the name of the business from which gift cards were purchased, their amounts, fund to be charged, date the card was issued, and person gift card was issued to.
 - b) Purchase and issuance of gift card should be handled by an official or employee designated by the school principal.
 - c) Gift cards shall not be purchased to bypass the accounting system.
 - d) Procedures for payments should be no different than for any other claim. The school principal must approve the expenditure and supporting documents such as paid bills and receipts must be available.
- 16) Form Approval – IC 20-41-1-4 Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed.
- a) A desired change or addition to a prescribed form must be approved by the State Board of Accounts as discussed in the Accounting and Uniform Compliance Guidelines Manual for School Corporations at: www.in.gov/sboa/2821.htm
 - b) The use of computer-generated prescribed forms should be brought to the attention of the Field Examiner during the next regularly scheduled audit. The forms and computer system generating the forms are subject to a technical audit based upon the results of the Field Examiners risk assessment.
- 17) Write off Procedures
- a) Documentation should exist for all efforts made to collect amounts owed prior to any write-offs.
 - b) **SCHOOL BOARD POLICY** <https://www.culver.k12.in.us/>
- 18) Signature Stamps – A rubber stamp or other signing device should be used only under the personal direction of the public official and should be properly safeguarded when not in use since each official is responsible for his or her own signature.
- 19) Disposition of Old Outstanding Checks –
- a) No later than March 1 of each year, the Treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 last preceding year. The original copy shall be filed with board of trustees of the school corporation and the duplicate copy maintained by the Treasurer. The Treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund

on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the General Fund. Each list prepared must show:

- i) The date of issue of each check
- ii) The fund upon which the check was originally drawn
- iii) The name of the payee
- iv) The amount of each check issued
- v) The total amount represented by the checks listed for each fund

State Board of Accounts suggests that the school corporation attorney provide written guidance concerning claims that might be presented.

School Nutrition Program

Food Service Elementary School Daily Procedures

Description: Patrons are able to deposit money into their lunch account via eFunds or utilizing the drop box in the front office to purchase meals and ala carte. The account is then used each day for purchases and is drawn down for the amount of the purchases. All money taken in is then deposited daily into the bank.

- 1) Lunch envelopes are printed and sent home with students for the purpose of sending in money for purchasing meals and ala carte.
- 2) Each day, the FSD collects the envelopes from the drop box in the elementary front office.
- 3) The FSD then opens envelopes and verifies the amount inside against the amount listed on the envelope. The amount is recorded by student's name, amount and cash or check number.
- 4) The money is then counted by a second and third person and initials the recorded sheet. The FSD then completes the process.
- 5) The amounts are then entered into the food service system.
- 7) Once the process has been completed, the FSD prints a report, a deposit slip is completed with payments and placed in a bank bag. The FSD makes deposit to the bank. After deposit is made a fourth person assures all information is correct and initials the recorded sheet.

Secondary School Daily Procedures—Food Service

Description: Patrons are able to deposit money into their lunch account via eFunds utilizing the drop box located in the Middle/High School cafeteria to purchase meals and ala carte. The account is then used each day for purchases and is drawn down for the amount of the purchases. All money taken in is then deposited daily into the bank.

- 1) Each day the FSD collects envelopes from drop box.
- 2) The FSD then opens envelopes and verifies the amount inside against the amount listed on the envelope. The amount is recorded by student's name, amount and cash or check number.
- 3) The money is then counted by a second person and initials recording sheet. The amounts are then entered into the food service system.

Food Service Month End Processes

Description: At the end of each month, the Food Service Director (FSD) completes procedures to close the month.

- 3) The bank statement is then cross checked for all online payments by the FSD and any outstanding deposits in transit are highlighted and totaled.
- 4) The monthly food service reports are printed that reflect the daily/monthly activity.
- 5) The total for each Account Type (i.e. Student Lunch, Student Breakfast, etc.) is entered into the 800 Fund of the Financial Accounting Software by the Business Manager/Treasurer.
- 6) The total change to Prepaid Food in Trust is entered into the 8400 Fund of the Financial Software by the Business Manager/Treasurer.
- 7) Any catering, rebates or miscellaneous receipts deposited are entered into the 800 Fund of the Financial Accounting Software by the Business Manager/Treasurer.
- 8) The FSD then sends the bank statement and patron deposit information to the Business Manager/Treasurer for reconciliation.
- 9) FSD prints out meal count spread sheet from Food Service System.
- 10) FSD enters meal totals into CNP web claim site.
- 11) FSD prints out copy of claim and submits to Business Manager/Treasurer for review.

End of the Fiscal Year Process

Description: At the end of the Fiscal Year, the Food Service Director (FSD) completes tools and reports to close out the school year along with storage and destruction of appropriate records.

- 1) In July, the FSD completes the Non-Program Food Tool to ensure that all Non-Program Food revenue meets the new requirements in Section 206 of the Healthy, Hunger-Free Kids Act of 2010.
- 2) The Tool is then kept on file for review.

- 3) The FSD completes the Annual Financial Report (AFR) using info gathered from the Tool and other financial reports from the Financial Accounting Software.
- 4) The AFR is given to the Business Manager/Treasurer for review and signature.
- 5) Before September 1st, the AFR is submitted online to the Department of Education through the CNP web.
- 6) The approved copy is printed and given to the Business Manager/Treasurer for signature.
- 7) Once the process has been completed, the FSD prints a report, a deposit slip is completed with payments and placed in a bank bag. The FSD makes deposit to the bank. After deposit is made a fourth person assures all information is correct and initials the recorded sheet.
- 8) A list of all paperwork that is up for destruction is compiled by each Food Service Manager and the FSD and a list is sent to the Central Office Staff for approval for destruction. Once approval is given, all paperwork is destroyed, and the destruction record is signed by whomever is completing the destruction.

Prepaid Meals

Patrons are able to deposit money into their lunch accounts in excess of their purchases for future use (Prepaid Meals) at the Point of Sale (POS). This money does not actually belong to the Food Service Account until items have been purchased. The money must be accounted for in a separate fund until it has been used for purchases.

- 1) All deposits to patron accounts are accounted for in the food service system daily and broken down by the food service system by actual Sales or Prepaid Meals.
- 2) At the end of the month, the food service system generates the spreadsheet of the daily activity for the month including the change to Prepaid Meals and is printed out by the FSD.
- 3) The total for each Account Type (i.e. Student Lunch, Student Breakfast, etc.) is entered into the 800 Fund of the Financial Accounting Software by the Business Manager/Treasurer.
- 4) The total change to Prepaid Meals is entered into the 8400 Fund of the Financial Software by the Business Manager/Treasurer.
- 5) The balance of the 8400 Fund should equal the balance of all Patron Accounts.

Refunds and transfers of meal funds positive balances remaining on a student meal account will automatically follow the student regardless of the Culver Community School they attend the next school year.

- 1) There are no cash refunds at the cafeteria or offices. All refunds will be processed by the Deputy Treasurer and /or Business Manager/Treasurer.

- 2) Due to high costs in processing and mailing checks, refunds are not available for balances on student meal accounts that are less than \$3.00. Students are encouraged to spend down their account to a zero balance.
- 3) Refunds for amounts over \$3.00 may be made up to 90 days after a student leaves or graduates by filling out a Student Meal Account Refund Form, available at the cafeteria, front office, or our school webpage.
- 4) Transfers of remaining balances of any amount may be made to other students up to 90 days after a student leaves or graduates.
- 5) Positive balances remaining on a student meal account after 90 days will automatically be transferred to our General Fund, no account write offs will be approved.

Food Service Bad Debt

Description: Patrons who have been withdrawn during the school year are kept in the Cafeteria food service system database but made inactive so that their accounts cannot be used. In the event that the patron returns during the school year, the patron will be activated in the food service system and any balances will be available again.

Food Service Board Approval for Student and Staff Meal Prices

Description: Each year it is required that the School Board approve Student and Adult Meal Prices. Also, each school year the Food Service Director and ECA Treasurer is charged with calculating their paid lunch price increase requirement to meet the requirements in Section 205 of the Healthy, Hunger-Free Kids Act of 2010. The PLE Tool was created to help with the calculation. The completed PLE Tool is required to be sent to the Department of Education each school year.

- 1) The PLE tool is completed each spring to determine if a price increase is required. An exemption from raising prices can be requested if certain criteria are satisfied.
- 2) A student meal price recommendation is then submitted to the School Board for approval.
- 3) Adult lunch prices are required to be equal to or higher than the total cost of a high school student meal.
- 4) Adult prices are assessed each spring and based on the recommendation for student lunches, is calculated and submitted to the School Board for approval.

Separation of Duties

Description: Internal Controls are set in place to provide for separation of duties and to ensure the integrity of the Food Service Program.

1) Endorsement of Checks

a. All checks receipted by the FSD are entered directly into the patrons account and deposited into the bank.

2) Bank Reconciliation

a. Completed by the ECA Treasurer.

b. The FSD matches all online deposits to the food service reports.

c. The FSD and ECA Treasurer reconciles the bank statement.

3) Purchasing and Receiving

a. Completed by the Food Service Manager and Director.

i. Food and supplies

1. Food Bids are advertised and awarded to one single prime vendor by the FSD in May.

2. Food Orders are sent to the FSD weekly by the FSM.

3. Food orders are checked over by the FSD before placement.

4. The FSD places the order online.

5. FSM checks in all food deliveries.

ii. Other Purchases

1. Small purchase items not on the bid are placed by the FSD following the procurement guidelines of 3 quotes for each item for anything over the micro purchase threshold of \$3500.

2. Any items over the \$150,000 threshold will be bid with the assistance and guidance of the Business Manager/Treasurer.

iii. Payments

1. All invoice pricing is double checked against bid and quoted prices by the FSS. 2. Expenses are entered into the Financial Accounting Software by the Deputy Treasurer.

3. Checks, check registers and records are processed by the COS.

4) Contracts

- a. All contracts are evaluated by the FSD and signed by the School Board.

5) Free and Reduced Applications

- a. Free and Reduced Applications are processed and entered into the Free and Reduced Meal Application (FARMA) Program by the FSD within 10 days of receipt and signed and dated.

- 1. A double check of all processed applications for accuracy is completed by the FSD and signed.

- ii. Being that all applications are processed electronically and double checked for accuracy, the verification review is not necessary.

6) Textbook Assistance

- a. Textbook Reimbursement lists are generated by the (FARMA) Software.
- b. Status Information only is exported from the FARMA software into the Student Information System daily.
- c. Only those involved with billing for Textbooks have access to the information.

7) Receipts and Bank Deposits

- a. All receipts are received by the ECA Treasurer and counted and then double counted by a second person and then deposited.

8) Monitoring

- a. Audits are performed regularly by the Business Manager/Treasurer.

Employee Signature of Internal Control Training

All employees, board members, consultants, vendors, contractors and other parties maintaining a business relationship with the school corporation shall act with due diligence in duties involving the school corporation's fiscal resources.

Per state law, the Board adopts the *Uniform Internal Control Standards for Indiana Political Subdivisions* in order to aid in the prevention and detection of fraud, financial impropriety, or irregularity.

The Business Manager/Treasurer and Superintendent shall be responsible to implement the internal control standards designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the school corporation and to recommend to the Board any policies or procedures required to carry out the standards.

Training shall be provided on the internal control standards and procedures to all school employees and newly hired employees whose duties include receiving, processing, depositing, disbursing, or having access to school and extracurricular funds. Such training should be given periodically to these employees whenever the standards have been changed or updated, including new school corporation policies and procedures relating to the internal control standards and training to refresh the employees on the standards requirements.

LEGAL REFERENCE IC 5-11-1-270

Summary

The framework of this manual complies with the state requirements and was created using the Green Book as guidance. This manual will be reviewed annually and updated as needed. All members of Culver Community Schools will be required to abide by the policies and procedures outlined in this manual and it will be made available for reference on the school system website.

In turn, Culver Community Schools will abide by the Internal Control and Compliance Manual for Governmental Entities and other Audited Entities in Indiana issued by the Comptroller. This policy manual does not supersede the requirements outlined in the Culver Community Schools Policies and Procedures for Administration of Federal Education Programs Aligned with the Requirements of the New Uniform Grant Guidance (UGG). Application of the policies and procedures will default to whichever policy manual is most stringent in its requirements.

In addition, this policy manual does not supersede the requirements outlined in the Indiana Internal School Uniform Accounting Policy Manual. Culver Community Schools as a District and Individual School Locations (Internal School Funds) will apply the policies and procedures to whichever policy manual is most stringent in its requirements.

Finally, this policy manual does not supersede the requirements outlined in the Board of Education Policies, other District policies and procedures, State regulations, rules, and policies, and other sources. All applications of the policies and procedures will default to whichever policy manual is most stringent in its requirements.