

BUSINESS OFFICE PROCEDURES MANUAL



Building - Challenging - Succeeding

October, 2014

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SECTION 1. CASH MANAGEMENT

A. Policies

1. At its annual July meeting, the Baldwin Community Schools' Board of Education authorizes all bank accounts and persons permitted to be designated as check signers.
2. Policies and procedures have been updated to reflect changes made necessary for the Check 21 Act as the Act pertains to returning substitute checks or check images rather than original cancelled checks.

B. Cash Receipts

1. Incoming mail is opened by the Central Office Administrative Assistant and checks are logged into a register by date received, issuer, check number, check amount and date given to the Director of Business and Operations.
2. Check stubs are retained with backup materials; if no stub is present, a copy of each check is retained. Proper account number is written on the stub or copy, when necessary.
3. Student Activity Funds are submitted by advisors to building offices. Amounts are verified by the building Administrative Assistant and signed by both the Advisor and the Administrative Assistant.
4. A copy of the deposit slip detailing the account distribution should be sent to the Business Office to be entered into the financial accounting software.
5. Amounts in excess of \$100.00 should be deposited daily. At no point should a building office retain funds in excess of \$100.00.
6. Receipts are logged into the accounting software by the Accounting Assistant. They are filed by computer-generated receipt number and by month. Deposits are made by individual departments (Food Service, Athletics, etc.) or by the Director of Business and Operations. Amounts of cash receipts are verified when entered into the accounting software.
7. Deposit slips include three NCR copies; one copy goes to the bank with checks, one copy is retained by the department, and one copy is submitted to the business office. That copy is attached to the retained copy and other back-up materials.
8. Receipts are compared to bank deposits and postings to cash receipts journals as entered and also during the monthly account reconciliation process.
9. Receipts of currency are deposited by individual departments after verification by the building administrator and receipts are sent to the Business Office. Cash register receipts are reconciled daily by each department. Cashing of checks out of cash register receipts is prohibited. Receipts are pre-numbered and issued in numerical sequence.

C. Cash Disbursements

1. All disbursements, including payroll, are made by check except for small petty cash purchases.
2. Checks are numbered sequentially by the financial software package; check numbers are verified during check runs. Blank check stock is only available to Business Office employees and not to unauthorized users.

3. Checks are prepared by specified employees in the Business Office independent of those giving voucher and invoice approval. Employees preparing checks verify data to vouchers for accuracy.
4. Check requests are approved for payment by an appropriate official before checks are written in the Accounts Payable area. Checks are only made payable to a specific payee and are not written to "Cash" or "Bearer".
5. A record of checks written is retained in a Disbursements Journal.
6. Check signers are authorized by the Board of Education each July at its regular meeting. No authorized check signers have responsibility for voucher preparation, approval for payment, check preparation, cash receiving, petty cash, purchasing and receiving, or timekeeping for payroll records. Signing of blank checks is prohibited.
7. Voided checks are stamped with a "Void" stamp and retained.
8. All non-check disbursements, such as wire transfers, are approved by the Director of Business and Operations before they are made.

D. Reconciliations

1. Bank accounts are reconciled at the end of each month by the Accounting Assistant. Bank statements are received unopened from banks for all accounts.
2. The Accounting Assistant compares dates and amounts of daily deposits on bank statements to the cash receipts journal as well as bank transfers and any items rejected by the bank due to non-sufficient funds, etc.
3. Reconciliation procedures include the following:
 - a. Comparison of bank statements with the disbursement journal for number, date, payee and amount
 - b. Review of sequence of check numbers
4. Checks outstanding for six months are investigated by the Director of Business and Operations.
5. Upon completion of the reconciliation process, the Director of Business and Operations reviews the statements and performs adjustments to cash accounts.

SECTION 2. EXPENDITURES – PURCHASING

A. Purchasing Policies

1. Purchases are made in accordance with applicable legal requirements. Except for small purchases made from petty cash, purchase requisitions/orders are required for all purchases not made by a school credit card.
2. Competitive bids are required for all purchases costing over the current State of Michigan mandated amount.
3. Purchase orders are prepared by the Accounting Assistant upon receipt of a purchase requisition. In some instances, a purchase order may be prepared by the individual department and then forwarded to the Business Office for approval.
4. All purchase requisitions must be submitted at least two weeks prior to the desired order date and must be approved by an appropriate Building Administrator or Director. Purchase requisitions for items costing more than the current State of Michigan mandated amount must be approved by the Board of Education or its designee.
5. All purchase orders are reviewed and approved by the Director of Business and Operations. The Director of Business and Operations determines if an appropriation exists for the purchase contemplated and if a sufficient amount is available in the appropriation account.
6. A copy of the purchase order is distributed to the vendor and the original is retained in the Business Office.
7. The accounting software package assigns purchase order numbers sequentially.

B. School Credit Card Policies

1. The school credit card policy applies to all faculty and staff members who possess cards to ensure appropriate credit card use in the event a purchase is made on a school credit card prior to completing a purchase requisition/order.
2. Faculty and staff members are required to obtain approval from the Director of Business and Operations prior to purchasing merchandise with a credit card.
3. In the event that a credit card is used to make a purchase the purchaser must complete a purchase requisition and forward it to the Business Office.

C. Approval Process for New Vendors

1. All new vendors must be approved by the Director of Business and Operations prior to a requisition being approved or a purchase order issued.
2. New vendor request forms are completed by the requesting department and forwarded to the Business Office. After a vendor is approved, the Accounting Assistant will assign a code to the vendor and the purchase order will be issued.

D. Encumbrances

1. All purchases for the current fiscal year are cut off on May 10th so that encumbrances can be properly recorded at year-end with the exception of necessary expenditures (i.e., graduation) made after that date.

2. Data is checked when processing encumbrances to assure that the amount on the approved purchase order matches the amount on the invoice. Discrepancies are investigated by the Accounting Assistant.
3. Open purchase orders are closed at the end of the fiscal year to avoid carryover amounts.

C. Receiving

1. The designated person in the school building uses the shipping documents to inspect items for condition and proper quantity.
2. The designated person in the school building sends paperwork to the Business Office indicating shipments received and noting any errors in quantity received, damage, etc.
3. The Accounting Assistant matches receiving paperwork against invoices for payment.

SECTION 3. EXPENDITURES – ACCOUNTS PAYABLE

A. Accounts Payable Policies

1. All vendor invoices are routed directly from incoming mail to the Central Business Office where they are date-stamped and given to the Director of Business and Operations.
2. Invoices are matched against receiving paperwork to determine that they are not duplicate invoices (duplicates are destroyed) and against approved copies of purchase orders.
3. All Payables are approved by the Director of Business and Operations either during the purchase order process or before a non-purchase order invoice is paid. The Director of Business and Operations also reviews and approves the invoice account distribution.
4. Original invoices are maintained in the Business Office and copies are only distributed when requested.
5. Payments are generated from invoices only; payments are not made based on statements.

B. Accounts Payable Procedures

1. Invoices are given to the Director of Business and Operations for final approval.
2. Upon proper approval, all Payables are entered into the business office software and checks are printed, as required.
3. Discounts, freight terms, etc., are checked for accuracy when Payables are entered into computer.
4. Checks are numbered consecutively by the software package.
5. Copies of check stubs are attached to invoices to prevent reuse.
6. Employees processing Payables are independent of those performing purchasing, receiving, inventory and general ledger functions, other than cash receipts.
7. Access to Accounts Payable functions is limited to those employees who have a logical need for access.
8. Accruals and other liabilities are periodically reviewed by the Director of Business and Operations for reasonableness.

SECTION 4.

PAYROLL

A. Personnel, Employment and Rate Authorizations

1. Requests for new personnel are initiated only by department or building heads. These requests are forwarded to the Director of Business and Operations for final approval.
2. The Central Business Office requires an employment application to be completed by all applicants and conducts an investigation of prospective new hires that includes background and reference checks, fingerprinting and contact with former employers. Contracted employees must sign an independent contractor contract.
3. Classes of positions and corresponding pay rates are periodically reviewed by the Accounting Assistant and the Director of Business and Operations.
4. Personnel files are maintained for each employee. Files in the Central Business Office contain applications and reference investigations, information on hire date, original and updated pay rates and positions, and termination data where appropriate. Payroll files contain W-4 forms, authorizations for payroll deductions, information on pay rates and positions and benefit applications.
5. Written termination documents are required from the Director of Business and Operations.
6. Employee personnel files are only accessible to employees working in the Central Business Office.

B. Payroll Preparation and Timekeeping

1. Employees are responsible for maintaining their own time cards and this is separated from payroll preparation.
2. Supervisors or building principals approve time cards before the cards are forwarded to the Business Office.
3. The Accounting Assistant uses attendance data on time cards as well as that entered into the computer system to determine paid or unpaid absences. The Accounting Assistant double-checks computation of hours on time cards and time sheets, reviews cards for approval by a supervisor or principal (including overtime hours), notes any alterations on time cards and verifies pay rates.
4. All employee leave requests, aside from sick leave, must be submitted at least 48 hours in advance to allow buildings an adequate amount of time to establish coverage. If coverage cannot be established, the request is denied.
5. Paychecks are numbered sequentially by the business office software package. The starting check number is verified before checks are printed. Check numbers are verified during the reconciliation process by the Accounting Assistant. Checks are signed by the printer with both the Superintendent's and the Board of Education treasurer's signatures.
6. Detail reports on white paper, rather than check stock, are printed for employees utilizing direct deposit of their net check.
7. Blank check stock is only accessible to employees in the Business Office.
8. Checks are drawn on an account separate from the general checking account.

9. Check stubs and direct deposit reports contain detailed information on gross pay, withholdings and deductions.
10. All pay rates are entered into an appropriate distribution account and these are monitored by the Director of Business and Operations prior to payroll being processed.
11. Voided or spoiled checks are marked "Void" and maintained in a file.
12. The Director of Business and Operations reconciles gross and net pay amounts on tax returns to payroll registers both quarterly and annually.
13. After payroll is processed the Accounting Assistant places checks in envelopes along with any documentation going to the employee. The Accounting Assistant then places checks in a locked file and they are distributed on payday by building secretaries.
14. Access to payroll records and materials is limited to those with a need for such access.

C. Year-End Preparation of W-2s

1. W-2s are prepared by the Director of Business and Operations.
2. The total of W-2 wages, including taxable fringe benefits, is reconciled to the general ledger and payroll register before W-2 information is printed or transmitted.

D. Payroll Bank Account

1. A separate bank account is used for Payroll.
2. Deposits to the payroll bank account are compared to the payroll register during each pay period and during the reconciliation process.
3. Payment of wages in cash is prohibited.

E. Payroll Withholdings

1. Procedures are in place to ensure that payroll taxes are paid when due (bi-weekly) and that payroll returns are filed as required.
2. Procedures are in place to ensure that other withholdings, such as 403(b) payments, direct deposits, cafeteria plan deductions, etc., are remitted in a timely manner, mostly on a bi-weekly basis.
3. Payroll-related accruals are reviewed by the Director of Business and Operations for reasonableness and completeness.

SECTION 5.

REVENUE AND RECEIVABLES

A. Property Tax and Intergovernmental Receivables

1. Tax levies are established by the Board of Education in accordance with applicable legal requirements.
2. Intergovernmental revenues are accrued each fiscal year in accordance with GAAP requirements.

B. Inter-fund Receivables and Payables

1. Inter-fund receivables and payables are properly authorized and are balanced on a monthly basis.
2. Inter-fund receivables and payables are classified as current and long-term as appropriate.

C. Receivables Policies

1. Reimbursement claims are filed and invoices prepared on a timely basis by the Director of Business and Operations.
2. Claims and invoices are reviewed periodically for accuracy by the Director of Business and Operations.
3. Uncollected items are reviewed on a periodic basis by the Director of Business and Operations. A report of this action is sent to the Board of Education.
4. Credit balances in receivables are reviewed by the Director of Business and Operations with follow-up action taken by the Accounting Assistant.

SECTION 6.

INVESTMENTS

A. Investment Policies

1. Authorization for acquisition and disposition of investments is vested with the Baldwin Community Schools Board of Education.
2. The Board of Education has formally adopted an investment policy that limits the school district's allowable investments and addresses the specific types of risk to which the school district may be exposed.
3. The Director of Business and Operations is charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that the income earned is dispersed for authorized purposes.

B. Safekeeping

1. Securities are adequately protected in a safe deposit box. All persons having access to securities are authorized by the Board of Education.
2. All securities are held in the name of Baldwin Community Schools.

C. Recordkeeping

1. General ledger control accounts are reconciled to broker/safekeeping statements by the Accounting Assistant on a monthly basis. Reconciliations are reviewed by the Director of Business and Operations.
2. Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment. Any adjustments of investment accounts are approved by the Director of Business and Operations.
3. Calculations of fair value and investment income are periodically reviewed for accuracy by the Director of Business and Operations.
4. Recordkeeping functions for securities and income are performed by employees without access to physical securities, who cannot authorize security transactions. Access to computerized investment records is limited to those with a logical need for access.

SECTION 7. FIXED/CAPITAL ASSETS

A. Purchased Asset Policies

1. Custodians of assets are required to report any changes in their status such as transfers, sales, scrapping, obsolescence or excess.
2. Sales of assets are formally approved by appropriate officials.
3. Wherever practical, assets are tagged or labeled with identification and are inventoried on a systematic basis with detail records adjusted as appropriate.

B. Depreciable Asset Policies

1. Estimated life and method of depreciation is initially reviewed and authorized by a responsible official.
2. The computation of depreciation is reviewed by the Director of Business and Operations.
3. Estimated life is periodically reviewed for adequacy based on actual experience.

C. Fixed/Capital Asset Policies

1. Titles of sites, buildings, vehicles, etc., are held in the name of Baldwin Community Schools.
2. Items are adequately safeguarded from loss due to fire, theft or misplacement.
3. Duties of initiating asset transactions, asset custody and recordkeeping are adequately separated.
4. Detailed fixed asset records are reviewed annually by the Director of Business and Operations.
5. Disposition or transfer of assets requires appropriate supporting documentation.
6. Periodic review and appraisal is completed to meet insurance considerations.
7. Access to computerized asset records is limited to those employees with a logical need for access.

SECTION 8. GRANT PROGRAMS

A. General Policies

1. Accounting procedures, chart of accounts and other records are structured to provide for identifying receipts and expenditures of program funds separately for each grant.
2. The accounting system used provides for accumulating and recording expenditures by grant and by cost category as shown in the approved budget.
3. A documented time schedule is in place for filing financial reports with grantors. Grant financial reports are prepared for required accounting periods and filed within the time period required by agencies. Reconciliations of grant financial reports are prepared, reviewed and approved before filing.
4. A determination is made that grant financial reports and claims for advances and reimbursement agree with supporting financial records and the general ledger.
5. When grant provisions or regulations impose requirements that differ from the school district's normal policies and procedures, employees utilizing the grant are given notification.

B. Program Receipts

1. The school district holds grant agreements that provide for funding under requests for advance payment or letter of credit.
2. The school district has procedures in place, including cash requirement projections, which minimize the time between the transfer of funds from the Federal government and disbursement of those funds. The Director of Business and Operations approves requests for advances or reimbursements from grant funds.

C. Purchasing

- a. The Director of Business and Operations reviews costs charged to direct and indirect cost centers in accordance with applicable grant requirements and applicable Federal management circulars pertaining to cost principles.
- b. In the event that grant-loan agreements or regulations impose requirements that differ from the school district's normal policies, such as competitive bid requirements, these differences are communicated to appropriate employees.

D. Direct Program Expenses

- a. The school district has established policies and procedures that preclude charging Federal award programs with unallowable costs and expenditures in compliance with the terms of OMB Circular A-87.
- b. For awards or programs with matching requirements, levels-of-effort or earmarking limitations, the Director of Business and Operations monitors activities to ensure that requirements and limitations are met, and that amounts claimed or used for matching are determined in accordance with applicable laws and regulations in OMB Circular A-87 and the Common Rule.

E. Payroll

- a. To meet grant requirements, the school district has in place written personnel policies covering job descriptions, hiring procedures, promotions and dismissals.
- b. All wages paid for grant activities are paid at or above the Federal minimum wage.
- c. The school district has a written non-discrimination policy in place prohibiting discrimination based on race, sex, age or marital status in its employment practices.

F. Property and Equipment

1. The school district's depreciation policies or methods of computing use allowances are in accordance with the standards outlined in Federal circulars or agency regulations.

G. Indirect Costs

1. The school district has an indirect cost allocation plan or negotiated indirect cost rate prepared in accordance with the provisions of OMB Circular A-87.
2. Audit cognizance of the plan has been established and the rates are acceptable to all participating Federal and State agencies.
3. The school district has procedures in place that provide reasonable assurance that consistent treatment is applied in the distribution of direct and indirect charges to all grants.

SECTION 9. FUND RAISING

A. General Policies

- a. In order for any employee, student group, etc. to engage in fund raising activities a Fund Raising Request Form must be completed and submitted to the building Principal for approval. If approved by the building Principal, the Fund Raiser Request Form is directed to the Superintendent. If approved by the Superintendent the employee, student group, etc. may begin its activities.

B. Purchasing

- a. If any supplies or materials are required the employee, student group, etc. must submit a requisition to its building office. Once the requisition has been approved the Business Office will submit a purchase order to the vendor for the supplies or materials (if the order can only be placed with a credit card the Business Office will contact the employee, student group, etc. to inform the individual(s) that it is okay to place the order).

C. Program Receipts

- a. All revenue generated from the fund raising activity must be submitted to the building office for deposit into the employee, student group, etc. account (If no account exists, please contact the Business office to have one established).

AT NO TIME SHOULD AN EMPLOYEE, STUDENT GROUP, ETC. RETAIN REVENUE TO PAY VENDORS. THIS IS DONE EXCLUSIVELY BY THE BUSINESS OFFICE.