



**BUSINESS SERVICES  
ACCOUNTING PROCEDURES  
MANUAL**

**UPDATED JUNE 2015**

## **TABLE OF CONTENTS**

SECTION 1	CASH MANAGEMENT
SECTION 2	FINANCIAL MANAGEMENT SYSTEM AND REPORTING
SECTION 3	PURCHASING
SECTION 4	ACCOUNTS PAYABLE – EXPENDITURES
SECTION 5	ACCOUNTS RECEIVABLE – REVENUE
SECTION 6	CAPITAL ASSETS – FIXED ASSETS
SECTION 7	GRANT PROGRAMS
SECTION 8	PROCUREMENT – CONFLICT OF INTEREST
SECTION 9	RETENTION AND ACCESS OF RECORDS
SECTION 10	COPYRIGHT
SECTION 11	PAYROLL AND TIME KEEPING
SECTION 12	TRAINING FOR INTERNAL CONTROLS AND PROCEDURES
SECTION 13	CONSEQUENCES OF COMPLIANCE FAILURES
SECTION 14	JOB RESPONSIBILITIES GRID

## **SECTION 1            CASH MANAGEMENT AND REPORTING**

At the annual July organizational meeting of the Board of Education, the Charlotte Public Schools Board of Education authorizes all bank accounts as depositories for the school funds and authority to open new accounts as necessary. In addition, the Board of Education authorizes all bank account signers for the District.

All monthly expenditures are approved by the Board of Education at the monthly Board of Education meeting. A monthly accounts payable report is given to the Board of Education listing all accounts payable checks and automatic withdrawals for the month. In addition, the Board of Education is given a monthly report of prior month ending cash balances for all District bank and investment accounts, as well as, total payroll for the month and a financial summary of the general fund and all auxiliary program funds.

### **CASH RECEIPTS**

Incoming mail is sorted by Central Office staff (Administrative Assistant for Instruction) and given to the appropriate personnel. Any checks received by Central Office are logged by Administrative Assistant for Instruction or Administrative Assistant for Superintendent. All payments received are then taken to the Business Services Office to be stamped and placed in the vault until processing.

Deposits are prepared and taken to the bank by the following personnel:

- Daily Food Service Sales/Payments – Food Service Secretary and Director
- Athletic Gate Receipts, Passes, and Fees – Athletic Secretary
- Childcare Payments – Childcare Supervisor and Business Director
- Daily Aquatic Center Payments – Aquatic Center Supervisor and Business Director
- Performing Arts Center Sales – Business Director
- Property Tax Receipts, Misc – A/R Accountant and Business Director

All payments received by Central Office are given to the A/R accountant to enter the cash receipts in the financial software package. Deposits are prepared and taken to the bank as outlined above. All transactions are compared to the bank statement during the bank reconciliation process. Any discrepancies are noted on the bank reconciliation and researched by the Business Director. Corrections are given to the A/R accountant and completed in a timely manner.

A copy of the deposit ticket and bank confirmation is scanned and kept electronically by the Business Director. All checks are scanned by the A/R accountant prior to deposit and saved electronically.

### **CASH DISBURSEMENTS**

All disbursements are made from payroll by direct deposit or by check. Any employee over the age of 18 is required to use either direct deposit or a pay card issued by PNC. Employees under the age of 18 are encouraged to use the payroll direct deposit option. All disbursements from accounts payable are made by check, ACH, wire transfer or commercial purchase card. All ACH and wire transfers are dual approved by business office staff.

Checks and vouchers are numbered by the accounting system and then verified during the check run process. Missing numbers are reviewed during the bank reconciliation process by the Business Director.

Blank check stock is only available to the Business Office staff and not to unauthorized users. Check stock is kept secure in the Business Office vault when not in use.

Check requests are approved for payment by authorized personnel and the Business Director before checks are issued in Accounts Payable.

Payments made from Payroll are approved on the service record changes or contracts that are updated on an annual basis for employees. Payments made from Payroll are approved through the electronic timekeeping system by the appropriate supervisor for all hourly employees. Payroll registers are prepared by the Payroll accountant and reviewed by the Human Resources Specialist prior to process completion. Checks and direct deposit files are processed by the Payroll accountant upon approval.

For checks issued in Accounts Payable, a copy of the check and supporting documentation is kept electronically within the financial software. The supporting documentation includes an approved invoice or check request and a purchase order if applicable. Expense reimbursements are strongly discouraged but in the event that employee payment is necessary, the purchase must be approved by the immediate supervisor in advance and the appropriate reimbursement form must be completed and the itemized receipt must be attached with proper administrative signatures. Under no circumstances will Michigan sales tax be reimbursed. Proper sales tax exempt documentation can be obtained through the District Business Office.

For checks issued in Payroll, an account distribution list of the payments and the employee timecards are maintained electronically in the system. Employee contracts are retained by the Human Resources Assistant or the Superintendent's Administrative Assistant and are kept in locked files for limited access.

Check signers are authorized by the Superintendent and Board of Education before any changes are made. Checks may be endorsed electronically by the financial software when checks are printed. Check preparation is the responsibility of the Business Services accountants.

## **BANK RECONCILIATIONS**

Bank accounts are reconciled at the end of each month by the Business Director. Bank statements are obtained by the banks through the mail.

Bank reconciliations are completed monthly by the Business Director for the following accounts: General Operating, Food Service, Payroll, Capital Project Accounts, Debt Retirement Accounts, Performing Arts Center, Child Care Program, and Aquatic Center.

The Business Director compares the dates and amounts of the daily deposits and bank transfers on the bank statements to the daily cash flow journal. Any deposits charged back (returned checks, etc) to the account are researched and necessary steps are taken to collect the funds (see returned check administrative guideline). Interest received and fees charged on the accounts are provided to the accountant by the Director to be entered in SDS.

The check registers are compared to the general ledger to verify that the correct amount is credited to the cash account and posted to the daily cash flow. The listing of the checks cleared on the bank account is compared to the cash flow. An outstanding check listing is prepared in SDS by the Business Director for checks that have not cleared the bank account.

Checks that are outstanding for 6 months from the date of issue are researched by the accountant and contact is made with the vendor/payee to resolve. If necessary, a check will be sent to the State of Michigan as Unclaimed Property, according to State of Michigan guidelines.

Any discrepancies on the bank reconciliements are researched by the Business Director.

### **NSF Administrative Guideline:**

When Charlotte Public Schools receives a returned check from a banking institution, a contact will be made by phone or letter to the person that wrote the check by the department receiving the check. The department will debit the payee's account in the amount of the NSF check. In addition, a returned check fee of \$25.00 will be withdrawn from their account.

The payee has a maximum of five (5) days to repay the amount of the returned check and fee. If this timeline is not met the case will be turned over to the CPS Business Services Office for legal action.

For Food Service accounts, if this deduction results in a negative balance, it will lead to a stop being applied to the account and no additional student charges allowed.

In the event that the total repayment amount is not paid in full within the final 5 day notice provided by the CPS Business Services Office, the case will be turned over to the Eaton County Prosecuting Attorney's Office – Economic Crimes Unit.

If two checks are returned from the same maker and bank account to Charlotte Public Schools, the District may no longer accept checks as a form of payment from that individual. The District will only accept payment by cash or money order from that point forward.

A list of all returned checks is maintained by the Business Services Office. District offices are provided with a list of payees from whom checks are not accepted. Once someone is on this list they remain on it for one year, at which time their payment history is reviewed and may be taken off. A copy of all returned check notices, check copies, and communications are retained electronically by the Business Services Office.

## **INVESTMENTS (BOE POLICY 6144)**

The Board of Education has adopted an investment policy that limits the school district's allowable investments and addresses the specific types of risk to which the district may be exposed.

The authorization to invest District assets is expressly stated within the notes of the annual organizational meeting of the Board of Education.

The Business Director is charged with the responsibility of determining that investments are of the character and type permitted by legal requirements and that income earned is dispersed for authorized purposes.

Detailed investment records are maintained including the following information:

- Date of acquisition, identification, purchase amount or cost
- Physical location of the item
- Interest, dividend, income rates and accrual or receipt dates
- Ownership by fund

Detail records are periodically reconciled to the general ledger accounts and to broker/safekeeping statements by the Business Director.

Securities are adequately protected in the Business Office safe.

Investment income is recorded on a timely basis. Investment earnings are credited to the fund "owning" the investment.

Calculations of fair value and investment income are periodically reviewed for accuracy by the Business Director.

Access to computerized investment records is limited to those with a logical need for access.

Monthly investment and cash balance reports are provided to the Superintendent.

## **SECTION 2            FINANCIAL MANAGEMENT SYSTEM AND REPORTING**

### **SYSTEM OF ACCOUNTING (BOE POLICY 6800)**

It is the policy of the Board of Education that a chart of accounts be established in accordance with the requirements of the State Department of Education for the accounting of all District funds. The Superintendent is responsible for an accounting of all capital assets to protect the financial investment of the District against catastrophic loss. Further, the Superintendent will establish procedures and regulations necessary to properly account for capital assets and comply with generally accepted accounting principles (GAAP) and ensure that the District's capital assets are properly insured.

### **GENERAL OVERVIEW**

All monthly financial reports are given to the Superintendent to review. A copy is saved on the computer system. Approval to access records in the Financial System is approved by the Business Director or the Superintendent.

The monthly financial reports include a balance, sheet, income report, and expenditure report. The cash disbursements report includes payments from the Accounts Payable system. The information is compiled by the accountant on a monthly basis and stored on the secure accounting server space.

The Purchase Order System is available to the employees that have been given access to enter the purchase order requisitions which includes the administrative assistants, supervisors, directors, and accountants. The accountants and business director have access to approve the requisitions and print the purchase orders that are approved by building/department administrators and the business director.

### **DISTRICT BUDGET (BOE POLICY 6220)**

The budget is determined by the Superintendent, Principals and other member of the administration. Once compiled, the original budget, and any revisions, is recommended to the Board of Education. The original budget is adopted before June 30<sup>th</sup> of each fiscal year by the Board of Education. Once adopted the budget is entered into the general ledger system by the accountant. The budget is reviewed on an ongoing basis to determine if adjustments are necessary. Any revisions are compiled at least twice per fiscal year and presented to the Board of Education for approval. The Budget and Budget Resolution reports are maintained by the business director.

Monthly budget summary reports are sent to each building or program administrator for review. These reports can also be accessed via our secure financial software application as needed by the administrator throughout the year. The monthly budget summary reports show the current budget, year to date, remaining budget, and percent of budget used for each general ledger account.

### **GENERAL LEDGER ACCOUNTS**

Separate general ledger accounts are maintained for the separate funds. General ledger accounts are created on the accounting system for each fund based on need and accounting principals/guidelines. The general ledger accounts are maintained for the salaries, benefits,

retirement, FICA, purchased services, supplies, and other necessary areas for each fund. General ledger accounts are also established for local, state, federal, and restricted revenue items as required.

### **AUDIT (BOE POLICY 6830)**

The Board of Education requires that, after the close of the fiscal year (June 30<sup>th</sup>), an audit of all accounts of the District be made annually by an independent, certified public accountant. The audit examination shall be conducted in accordance with generally accepted auditing standards and shall include all funds over which the Board has direct or supervisory control.

## **SECTION 3 PURCHASING (BOE POLICY 6320) AND PROCUREMENT**

### **PURCHASE ORDERS PROCEDURE**

No purchases will be made without a purchase order, with the exception of items being placed on a district issue purchase card.

Authorized staff submit purchase order requisitions on line through the accounting software to the building administrator or department supervisor for electronic signature showing approval. Purchase order requisitions will be used to create purchase orders in the system by authorized personnel.

The purchase order requisition is viewed and checked for accuracy in the system by the accountant. All purchase orders are then reviewed and approved by the Business Director. Any items over budget are noted and a request for budget amendment is sent to the authorizing administrator.

A copy of the purchase order is maintained in SDS and can be viewed by the administrator and employee creating the invoice, as well as business office staff. Invoices over \$50 will not be paid without authorized proof of receipt (email or verbal verification from the receiving employee is acceptable).

The purchase order system assigns purchase order numbers sequentially.

Once approved the purchase order is placed by the accountant by fax, phone, US mail, or internet. The date in which the order is placed is noted on the purchase order listing. Faxing the purchase order is always assumed unless otherwise stated in the comments section of the purchase requisition.

### **OPEN PURCHASE ORDER POLICY**

Open purchase orders should be used for routine items with a cap of \$200. Exceptions to this cap can be made after consultation with the business director. Use of a district issued purchase card will be utilized as a replacement for open purchase orders as often as possible.

Examples of routine items include: oil filters, air filters, fuses bulbs, paint, nuts/bolts/screws, fresh foods, etc.

### **PURCHASE ORDERS – GENERAL PROVISIONS**

All purchases requiring a purchase order will be approved and signed by the business director.

The Superintendent or his/her designee shall be the contracting agent for all financial obligations.

The Business Office will be responsible for encumbering the funds when the purchase order has been issued.

A verbal financial commitment may be made only for emergencies or when it is impossible or impractical to precede the purchase with a purchase order. The purchase order will be issued as soon as possible after the commitment is made and will be approved and signed by the Business Director as stated above.

Employees are forbidden to use the name of the District, and discounts provided by the District, or any other means for associating a personal purchase with the District. Failure to abide by this provision could lead to disciplinary action.

Ongoing commitments such as service contracts and leases should be renewed annually or according to the contract, in writing, at the renewal date.

Blanket purchase orders for goods or services are valid only for the time period and amount indicated on the purchase order. Extension of the commitment beyond that time and/or amount shall be confirmed by a new purchase order. Blanket purchase orders must be approved by the Director of Business before they are issued.

Purchases of contracted services shall be negotiated either verbally, by a Request for Proposal, or through the bid process, as determined by the Superintendent, or his/her designee.

The School District will follow the bidding laws for purchases that exceed the limit established and updated annually by the State of Michigan.

Quotes will be requested for any item or group of items in a single transaction costing between \$5,000.00 and the amount designated by statute.

Purchases of supplies, materials, and equipment items costing more than the amount stipulated in Board policy must be obtained through a competitive, sealed bid process and approved by the Superintendent or his/her designee.

## **PAYMENT PROCEDURE**

When a delivery is received, the items must be compared to the items listed on the packing slip and purchase order. It must be verified that the delivery is as ordered and in proper condition. This is done by the individual receiving the order.

When invoices are received they are scanned into our financial software Accounts Payable system. An email, with the invoice attached, is sent by the Business Office to the purchaser requesting verification of receipt and condition of items and approval to release payment. Payment is issued to the vender once approval is received from the purchaser.

The purchaser is responsible for contacting the vendor and resolving any issues with their order. The Business Office must be notified of any pending returns or credits relating to an order.

## **PROCUREMENT OF GOODS AND SERVICES**

All costs for items purchased under a federal grant must be necessary for the performance and administration of the program. They must also be allowable under the grant guidelines and fall within the budget approved by the granting agency.

The Superintendent, Curriculum Director, Business Director, Administrators, and any other authorized personnel involved will ensure compliance with the following in regards to purchasing goods and services:

Ensure that purchases are necessary. All costs are determined to be necessary for the  
CHARLOTTE PUBLIC SCHOOLS BUSINESS SERVICES ACCOUNTING PROCEDURES MANUAL  
UPDATED JUNE 2015

performance and administration of the grant or program by the Administration. Lease options will be reviewed and considered when necessary.

Open competition and open bid processes will be followed. All transactions will be conducted in a manner to provide open and full competition. The administrator in charge of the grant or program will have the responsibility for preparing bid documents and advertising for solicitation of bids. The purchase of the equipment, supplies, or services will be prepared by the individual or department requesting the purchase and submitted to the Business Director for approval according to the purchasing guidelines above.

The employees and members of the Board of Education will not accept any items of monetary value from a vendor which may influence their recommendations on the purchase of equipment, supplies, or services.

The Administration will perform a cost or price analysis and compare price quotes and similar information when determining the purchase of equipment, supplies, or services.

The Superintendent or Board of Education will not contract with a vendor who has been suspended or debarred. The Administration will verify a vendor on the following website if the contract exceeds \$25,000: <https://www.epls.gov/>

The Administration will ensure that the School District is using the equipment, supplies, and services for the program for which it was acquired even after funding of the program ceases.

An inventory will be completed on an annual basis if necessary. The inventory will be completed by the individual that is responsible for administering the program. This information will be given to the Principal, Curriculum Director, and Business Director.

## **SECTION 4            ACCOUNTS PAYABLE EXPENDITURES**

### **ACCOUNTS PAYABLE POLICIES AND PROCEDURES (BOE POLICY 6470)**

All vendor invoices are sent directly from the incoming mail or retrieved from e-mail to the accountant.

Invoices are immediately scanned and stored in our Accounts Payable system awaiting payment. The invoice is sent to the person requesting the purchase via email. The invoice is held for payment until verification of receipt and approval to pay is received from the purchaser.

The accountant reviews and approved the invoice account number distribution during the payment process. After the invoices are entered into the system, an accounts payable batch listing is printed. The listing is compared to the invoices to verify that the invoice number, vendor name, amount, and account number have been entered correctly. A final report is then provided to the other accountant for final review before checks are printed.

A copy of the check with the original invoice and purchase order are maintained electronically in the finance software. The check registers are printed each month and maintained in a locked cabinet. The Accounts Payable check register is given to the Superintendent and Board of Education for approval at the monthly Board of Education meeting.

Payments are generated from invoices or check request forms only. Payments are not made based on monthly statements. Month end statements received from vendors are reconciled to identify any lost or past due invoices. Copies will be obtained from the vendor for any invoices identified as not received.

Discounts, freight terms, and sales tax are checked for accuracy when the invoices are entered into the system. Any discrepancies are resolved before payment is issued.

Payments are prepared and printed weekly with exceptions.

Checks and vouchers are numbered in numerical order by the accounting system.

### **NEW VENDORS**

All new vendors must be approved by the business office. Once approved, the accountant sets up the vendor in the financial software and a vendor number is assigned.

### **ACCRUED LIABILITIES ~ YEAR END**

Detailed reports for accruals and other liabilities are maintained and reconciled to the general ledger control accounts at year end and maintained by the accountants for annual review by the Business Director and auditors.

### **1099 REPORTS**

1099-MISC forms are issued by the accountant per IRS guidelines. Vendor year to date payments are reviewed for total payments issued in the prior year and a 1099 form is issued when applicable.

W-9 forms are sent to vendors when applicable to verify vendor name, address, tax type, and tax identification number. These are scanned and stored electronically upon receipt. Appropriate information is entered into our accounts payable system for accurate reporting.

### **PURCHASE CARDS (BOE POLICY 6423)**

The Purchase Card policy and procedures applies to all faculty and staff members to ensure appropriate purchase card use in the event a purchase is made on a purchase card rather than through a purchase order.

Faculty and staff members can request a purchase card by completing an application process and receiving approval by their direct supervisor. Once received the application is reviewed by the Business Director and either approved or denied. If approved, the requesting employee must complete an enrollment packet and once received by the Business Office, a card is requested.

Faculty and staff members are required to obtain their supervisor's approval prior to purchasing merchandise with a purchase card.

At the end of the normal monthly billing cycle, the cardholder is required to complete an online Expense Report reconciling all items purchased, entering detailed descriptions of items purchased and expense account numbers, and attach all associated detailed receipts to the report. The Expense Report must also be signed and dated by the cardholder.

The Expense Report must then be signed and dated by the cardholder's supervisor.

The Expense Report is due to the Business Office no later than the 1<sup>st</sup> of each month following the purchase cycle. For example: if the normal cycle ends on the 26<sup>th</sup> of May, the Expense Report is due to the Business Office before June 1<sup>st</sup>.

All Expense Reports are reviewed for accuracy by the accountant and then downloaded by the accountant and imported into the financial software.

## **SECTION 5**

## **ACCOUNTS RECEIVABLE REVENUE**

### **PROPERTY TAX REVENUE**

Tax levies are established by the Board of Education in accordance with applicable legal requirements.

The L-4029 Form for the Tax Rate Requests are completed by the accountant and signed by the Board of Education and Superintendent, or his/her designee, by the due date. All forms are faxed and mailed to the appropriate individuals for each county and township in the counties.

Detailed ledgers for property tax revenues are maintained and reconciled to the general ledger control accounts at year end and maintained by the accountant.

### **RECEIVABLES / REVENUE ~ OTHER**

Reimbursement to the District are completed on an invoice that is prepared by the accountant or the food service, performing arts center, aquatic center, or transportation administrative assistants, depending on the items or service that is being invoiced. Invoices are generated on a timely basis. If an invoice is not created within the business office, a copy must be sent to the business office.

Payments received are deposited and entered in the cash receipts system by the accountant by fund type. Receipts are verified in the monthly bank reconciliation by the Business Director.

### **ACCRUED RECEIVABLES ~ YEAR END**

Detailed reports for accruals and other receivables are maintained and reconciled to the general ledger accounts at year end and maintained by the accountants for review by the Business Director and auditors.

## SECTION 6

## FIXED / CAPITAL ASSETS (BOE POLICY 7450-7455)

Detail records for all assets with a value of \$5,000.00 or more are recorded on the general ledger and copies are retained by the Business Director.

The following guidelines should be used when determining if an asset should be capitalized.

- New purchases costing greater than \$5,000.00.
- All new computers (no cost threshold).
- All new printers (no cost threshold).
- All new data projectors and televisions (no cost threshold).
- New classrooms recorded at total content cost.

Item must have an estimated useful life greater than one year.

Once a decision has been made to capitalize an asset, the following steps should be taken to account for the asset.

- The asset information shall be given to Deyo Associates, Inc. (or other appraisal firm) so the current fixed asset schedule can be updated.
- A salvage value of 10% of historical cost shall be maintained for district buildings.
- Asset depreciation shall be calculated using the straight-line method.
- The useful life of an asset shall be determined using the recommendation provided in the ASBO Implementation Guide for GASB #34. (See below)

It is recommended that a new appraisal be completed every five years by Deyo Associates, Inc. (or other appraisal firm). This will ensure that the district has a complete record of all capitalized assets in the district.

### Recommended Estimated Useful Life

Association of School Business Officials International

*GASB Statement No.34: Implementation Recommendations for School Districts*

Asset Class	Examples	Est. Useful Life in Years
Land		N/A
Site Improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School Buildings		50
Portable Classrooms		15
HVAC Systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior Construction		25
Carpet Replacement		7
Electrical/Plumbing		30
Sprinkler/Fire System	Fire suppression systems	25
Outdoor Equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & Tools	Shop & maintenance equipment, tools	10
Kitchen Equipment	Appliances	10
Custodial Equipment	Floor scrubbers, vacuums, other	10

Science & Engineering	Lab equipment, scientific apparatus	10
Furniture/Accessories	Classroom and office furniture	20

**Recommended Estimated Useful Life**  
(Continued)

Asset Class	Examples	Est. Useful Life in Years
Business Machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication Equip	Mobile, portable radios, non-computerized	10
Computer Hardware	PCs, printers, network hardware	5
Computer Software	Administrative, other long-term	10
Audio Visual Equip	Projectors, cameras (still & digital)	10
Athletic Equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical Instruments	Pianos, string, brass, percussion	10
Library Books	Collections	7
Licensed Vehicles	Buses, other on-road vehicles	8
Contractors Equip	Front-end loaders, large tractors, mobile air compressor	10
Grounds Equipment	Mowers, tractors, attachments	10

A detailed listing of all additions, deletions and transfers is completed by the Business Director and sent to Deyo Associates to be used to complete the annual appraisal update. The depreciation schedule is prepared on an annual basis by Deyo and is reconciled by the Business Director.

Titles of sites, buildings, vehicles and other assets are kept in a locked safe in the Business Office and access is limited.

## **SECTION 7**

## **GRANT PROGRAMS**

### **BOE POLICY 6110 – FINANCES – FEDERAL FUNDS**

It is the objective of the Board of Education to provide equal educational opportunities for all students within the District. Therefore, it is the intent of the Board to study Federal legislation to enhance educational opportunities, the educational environment, and the physical and mental growth for each student.

The Superintendent shall review new Federal education legislation and prepare proposals for programs she/he deems would be of aid to the students of this District. The Superintendent shall approve each such proposal prior to its submission, and the Board shall approve all grants resulting from such proposals.

The Board regards available Federal funds of aid to local school districts and communities as a public trust. It forbids the use of Federal monies for partisan political activities and for any use that would not be in accord with Federal guidelines on discrimination. All Federal funds received by the District will be used in accordance with the applicable Federal law. The Superintendent shall ensure that each draw of Federal monies is as close as administratively feasible to the related program expenditures.

No Federal funds received by the District shall be used (1) to develop or distribute materials, or operate programs or courses of instruction directed at youth, that are designed to promote or encourage sexual activity, whether homosexual or heterosexual; (2) to distribute or to aid in the distribution by any organization of legally obscene materials to minors on school grounds; (3) to provide sex education or HIV-prevention education in schools unless that instruction is age appropriate and includes the health benefits of abstinence; or (4) to operate a program of contraceptive distribution in schools.

### **GENERAL GUIDELINES**

Accounting procedures, chart of accounts, and other records are structured to reflect the receipts and expenditures of program funds separately for each grant.

The receipts and expenditures are recorded in the general ledger by the accountant. Any payroll expenditures are completed by the payroll accountant. Journal entries are entered by the accountant and approved by the Business Director to record or correct any misclassification of funds received or disbursed.

Grant financial reports are prepared for required accounting periods and filed within the time period required by associated agencies. Grant financial reports are provided at least quarterly to the District's grant coordinator for review.

Access to the MDE Cash Management System and Grant System is approved by the Superintendent. Access is limited to the Superintendent, Curriculum Director, Business Director and other district personnel as necessary.

## **PERIOD OF AVAILABILITY OF FEDERAL FUNDS**

The District has following controls in place to provide reasonable assurance that Federal funds are used only during the authorized period of availability.

The Curriculum Director and Business Director review all grant applications approved by the awarding agency to identify the funding period. The funding period is communicated to the grant coordinator to promote the consistent use of grant funds throughout the period of availability.

The Business Director or Accountant reviews all expenditures associated with the federal grant to ensure they are allowable and incurred within the proper funding period. In addition, the Accountant reviews open purchase orders within 30 days prior to the end of the grant period of availability. Open purchase orders are closed within that 30 day period by either cancelling the order or paying the associated invoice if goods were received.

## **GRANT FUND REQUEST**

The calculation of the amount of the request for funds is completed by the Business Director or Accountant for the expenses incurred for the fund during the given time period. Grant fund requests will be submitted on at least a quarterly basis.

The funds are not requested until after the expenditures have been incurred.

The request for funds is submitted and certified by the Business Director or Accountant through MDE's Cash Management System. The cumulative expenditures for the grants fund request is entered and certified based on the funds that have been spent.

The Curriculum Director is provided with a budget summary comparing budget to actual each time a fund request is made.

The Final Expenditure report is entered and certified by the Business Director or Accountant based on the appropriate function codes after review with the Curriculum Director.

## **RECEIPT OF FUNDS**

After the request for funds is completed, the funds are received by ACH or wire into the General Fund checking account. The receipts are verified by the Accountant and entered into the cash receipts system.

The bank account transactions are reviewed according to the cash procedures outlined in Section 1.

## **FINAL EXPENDITURE REPORT**

The Final Expenditure Report is completed by the Business Director or Accountant. The Final Expenditure Report is based upon the salary and benefits of those employees assigned and the purchased services and supplies of the approved programs.

The expenditures are reviewed and analyzed in the general ledger for accuracy before any funds are requested.

## **ALLOWABLE COSTS**

The LEA planning cycle process is approved on an annual basis by the MDE Office of Field Services. The LEA plan is determined by the Superintendent, Curriculum Director, and Principals and is followed as is outlined in the grant system (MEGS).

Purchase requisitions for items purchased are approved by the Curriculum Director to ensure allowability within the grant guidelines.

The 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 8**

## **CONFLICT OF INTEREST & STANDARDS OF CONDUCT**

### **CONFLICT OF INTEREST (BOE POLICY 3110)**

Staff members will perform their official duties in a manner free from conflict of interest

In an effort to assure that conflicts of interest do not occur, the following guidelines should be followed.

An employee will not engage in or have financial interest in any activity that conflicts or raises a reasonable question of conflict with their duties and responsibilities of the School District.

If a staff member determines that the possibility of a personal conflict of interest exists, the must disclose their interest to the Board of Education or Administration. Such disclosure will be recorded.

An employee will not use their position to benefit themselves or any other individual or agency apart from the total interest of the School District.

### **STANDARDS OF CONDUCT (BOE POLICY 3220)**

The maintenance of unusually high standards of honesty, integrity, impartiality, and professional conduct by School District employees is essential to ensure the proper performance of school business as well as to earn and keep public confidence in the School District.

The performance of employees is evaluated on at least an annual basis by the Administrator responsible for the employee. The Superintendent establishes and implements a rigorous, transparent, and fair performance evaluation system as directed by the Board of Education. An evaluation is completed and signed by the employee and Administrator. A copy is maintained by the employee and Administrator and the original is sent to the Superintendent for review and filed with personnel.

### **WHISTLEBLOWER PROTECTION (BOE POLICY 3211)**

The Board of Education expects all its employees to be honest and ethical in their conduct, and to comply with applicable State and Federal law, Board policies and administrative guidelines. The Board encourages and requires staff to report possible violations of these Board expectations. Parents, volunteers, contractors and concerned citizens are encouraged to report possible violations, when done in good faith belief.

## **SECTION 9            RETENTION AND ACCESS OF RECORDS**

Access to records is approved by the Business Director and maintained by the accountants for records retained on the computer system.

Unique log in and passwords are assigned to individuals for access to the records housed on our secure web based financial software. The log in and password information provided to authorized personnel is to be kept confidential and not to be used by unauthorized individuals.

All payroll and personnel records are kept by the payroll accountant and Superintendent's Administrative Assistant in locked cabinets in the Central Administrative Offices. Access to these records are limited to authorized personnel only.

School District personnel must follow the schedule for the Retention and Disposal of Records for Michigan Public Schools for the minimum amount of time required. Records that are no longer needed are destroyed in a manner that prevents inappropriate release of information. Information and records are destroyed only by authorized personnel. The Business Office coordinates the pick up of all records to be destroyed off site by a certified company.

## **SECTION 10            COPYRIGHTS**

Except as otherwise specified in the grant or by this paragraph, the grantee may own or permit others to own copyright in all subject writings. The grantee agrees that if it or anyone else does own copyright in a subject writing, the Federal government will have a non-exclusive, nontransferable, irrevocable, royalty-free license to exercise or have exercised for or on behalf of the United States throughout the world all the exclusive rights provided by copyright. Such license, however, will not include the right to sell copies or photocopy of the copyrighted works to the public.

## **SECTION 11            PAYROLL AND TIME KEEPING (BOE POLICIES 6510-6520)**

Requests for new personnel are initiated by department or building administrators. If needed, an internal or external posting is created by the Human Resources Specialist and issued to the appropriate outlets.

The required background checks with previous employers, skills testing (as appropriate), and fingerprint results are reviewed prior to hiring an individual.

Personnel files are maintained for each employee. Files contain information on employees which may include the following: hire date, employment duties, compensation, tenure, paid leave, unpaid leave, and any additional terms of agreement.

A separate file is kept for all I-9 forms. Files in the payroll office contain authorizations for payroll deductions, information on pay rates, positions, and benefit applications. These files remain in a locked cabinet.

Files in the Human Resources, Payroll and Superintendent's offices are only accessible to authorized personnel and are kept secure during non-business hours.

### **PAYROLL PREPARATION & TIMEKEEPING**

Employees are responsible for clocking in and out of their work shift using our web based time keeping system. This process is separate from payroll preparation. Building or department administrators approve the electronic time cards before they are submitted to the payroll accountant for processing.

Employees funded in part with grant funds are responsible for completing a Personal Activity Report that outlines their grant activity for the period. PARs are submitted to the Curriculum Director and are retained for grant compliance. Employees funded in full by grant funds complete a semi-annual certification stating their activity with the grant program.

The Human Resources office uses attendance data submitted through the time card process, as well as, PESG substitute system to track attendance and determine sick, personal, and/or vacation days. Attendance is maintained in the financial payroll system. A final attendance report for each employee is ran at June 30 each year and a pdf file is maintained on our secure business server.

The payroll accountant verifies the computation of hours, pay rates and any notes regarding alterations by administrators.

The payroll accountant prepares the ACH or wire transfer amounts for direct deposit, federal and state tax deposits, and general fund transfer which is approved by the Business Director or other accountant.

Paychecks and vouchers are numbered sequentially by the financial software package. These numbers are verified during the reconciliation process by the payroll accountant. Checks are signed by the printer with either the Superintendent's or Business Director's signature.

Detailed vouchers are available to all employees via the SDS Employee Portal.

Blank check stock is only accessible to employees in the Business Office and is kept locked in the vault at all times.

Payroll checks are drawn on an account separate from the general operating checking account.

Check stubs and vouchers (direct deposit) contain detailed information on gross pay, withholdings, deductions, net pay and attendance.

Voided or spoiled checks are marked "VOID," the signature is removed, and then maintained in a locked file within the Business Directors' office.

The payroll accountant reconciles gross and net pay amounts for information required by the State of Michigan and the IRS monthly, quarterly and annually.

All associated payroll forms and documentation used in completing payroll are filed by payroll date and are stored in a locked cabinet.

Access to payroll records and materials is limited to authorized staff only.

## **YEAR END PREPARATION OF W-2S**

W-2s are prepared by the payroll accountant.

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.

## **PAYROLL BANK ACCOUNT**

A separate bank account is used for payroll transactions.

Monthly bank reconciliations of the payroll account are completed by the Business Director.

Payment of wages in cash is prohibited.

All wage payments are made via direct deposit or pay card for all employees over the age of 18.

## **PAYROLL WITHHOLDINGS**

Payroll taxes are paid when due and payroll returns are filed as required.

Withholdings such as 403(b), retirement, child support, garnishments, cafeteria plan deductions, etc., are remitted in a timely manner, mostly within 5 days of the associated payday.

Michigan Office of Retirement Services (ORS) records are reported as required through the Employer Web Reporting system by the payroll accountant. The ORS records are reconciled by the payroll accountant.

## SECTION 12 TRAINING FOR FEDERAL FINANCIAL INTERNAL CONTROLS AND PROCEDURES

All new federal employees or grant coordinators are given proper training for the procedures itemized in this handbook by existing, experienced staff members. The length of training is commensurate with the amount of prior experience of the new employee and is adequate so he or she fully understands the financial procedures of the District. Employees receive refresher training as needed.

## SECTION 13 CONSEQUENCES OF COMPLIANCE FAILURES

All applicable employees are instructed to follow the procedures contained herein. Any employee who does not follow these procedures as instructed will be disciplined in a progressive manner as described in the District's Board policy and/or related collective bargaining agreements.

## SECTION 14 JOB RESPONSIBILITY GRID

<b>Business Office Function</b>	<b>Business Director, CFO</b>	<b>Payroll Accountant</b>	<b>AP/AR Accountant</b>
	<b>1.0 FTE</b>	<b>1.0 FTE</b>	<b>1.0 FTE</b>
Review and recommendation on all district contracts	X		
Consultation on employee contract language for all employee groups including negotiation of financial parameters with board direction	X		
Develop and recommend individual nonaffiliated contracts in accordance with board parameters	X		
Coordinate the preparation of all district budgets	X		
Prepare long range district financial forecasting	X		
Consult with Board Finance Subcommittee on financial matters at superintendent's request	X		
Consult with Performing Arts Center management team	X		
Implement Freedom of Information Act policy for District			
Facilitate litigation actions against district			
Provide consultation to District on Aquatic Center protocols & programs	X		
Purchase district & employee insurance	X		
General administration of accounting functions for all district funds	X		
Coordination of payroll operations and related reporting	X		
Implement district's investment policy as determined by board policy	X		
Manage district investments	X		
Coordinate business functions with personnel functions	X		
Supervise the maintenance of pupil accounting functions	X		
Participate in & implement district marketing plan & public communications	X		
Coordinate audit function with independent auditors	X		
Provide reports to the Board of Education on financial matters	X		
Provide consultation regarding educationally based self-sufficient child care program	X		
Preaudit accounts payable checks (including capital projects fund)	X	X	

Prepare monthly comparative budget/actual spreadsheets for board & administrators	X		
Oversee website development and content	X		
Oversee district cable access content	X		
Development and editing of district Focus newsletter	X		
Assist in analyzing, designing, testing and modifying computerized systems in order to support office operations district wide	X		
Assist with cash management including cash flow analysis/borrowing	X		
Post childcare payments to childcare accounting software; prepare deposits	X		X
Make cash deposits with bank	X		
Reconcile bank accounts for all funds	X		
Serve as internal account contact for site offices	X		
Coordinate pupil accounting and prepare related reports	X		
District contact for all student UIC issues.	X		
Oversee performing arts center, aquatic center, and child care accounting and prepare related reports	X		
Monitor and report required days and hours of instruction	X		
Maintain full accrual accounting in accordance with GASB	X		
Serve as liaison with Dept of Ed on MSDS	X		
Prepare & present reports to the Board of Education	X		
Prepare Board Finance Subcommittee reports for decision making	X		
Reconcile daily Aquatic Center batch reports with credit card & cash payments; take deposits to bank	X		
Reconcile daily CPAC batch reports with credit card & cash payments; take deposits to bank	X		
E~Fund district contact; track daily payments & report to departments	X		
Oversee internal control procedures for district	X		
Track grant expenditures and prepare financial statements	X		
Serve as backup for general fund, food service fund, debt fund, CPAC, and child care fund accounting	X		
Prepare monthly financials for:			
General Fund	X		
Food Service Fund	X		
Athletics Fund	X		
CPAC Fund	X		
Debt Fund	X		
Capital Projects Fund	X		
Facilitate budget development process	X		
Complete month end closing process in SDS		X	
Enter monthly journal entries and receipts into SDS		X	
Prepare payroll		X	
Prepare payroll reports including MPSERS reports		X	
Reconcile payroll withholding payable including 403(b) / 457 programs		X	
Make payroll tax deposits and inter-account transfers		X	
Prepare financial reports for submission to Dept. of Education:	X	X	

Transportation Reports		X	
Food Service Reports		X	
Special Education Reports		X	
Vocational Education Reports		X	
FID		X	
Grant Claims	X		
Compile preliminary draft budget and subsequent amendments		X	
Oversee business office computer network		X	
Oversee district financial software program (SDS)		X	
Prepare salary and benefit information for contract negotiations		X	
Prepare health insurance payment account distribution (personnel to preaudit)		X	
Backup for capital projects fund accounting and reporting		X	
Prepare schedules for financial audit	X	X	X
Purchase order preparation, transmittal, and recordkeeping			X
Process cash receipting and account coding:			X
General fund			X
Debt funds			X
Food service			X
CPAC Fund			X
Child Care			X
Aquatic Center			X
Reconcile property tax collections with tax levy			X
Process general fund, food service fund, child care, athletics, aquatics & CPAC fund accounts payable			X
Records accounts receivable payments and prepares bank deposits			X
Serve as payroll system backup (TIER 1)			X
Maintain automated purchase order encumbrance system			X
Facilitate payment of all capital project expenditures	X		X
Direct telephone calls to appropriate personnel		X	X
Secretarial duties as assigned			X
Facilitate records retention and destruction for central office			X
Process receipting and distribution of district purchases			X
Prepare invitation to bid letters, specifications, and conditions			X
Maintain copy paper inventory and facilitate distribution for district			X
Maintain workroom supplies in central office			X
Prepares accounts receivable billings and notices			X
Serves as Custodial/Maintenance substitute contact			X
Serves as CPAC box office backup			X
Prepare monthly substitute teacher cost allocation reports	X		
Open business office mail, distribution and invoice scanning	X		X
Perform allied or related duties as assigned	X	X	X



## RECEIPT OF HANDBOOK

I have received a copy of the **Charlotte Public Schools** *Accounting Procedures Manual*. This handbook is the property of **Charlotte Public Schools**. I understand this handbook is designed to acquaint me with the current procedures of **Charlotte Public Schools** in regards to its accounting procedures and grant guidelines. I understand that **Charlotte Public Schools** reserves the right to interpret, modify, or eliminate any of these procedures at any time. As a recipient of this handbook, I understand that I am responsible for knowing its content and any updates.

\_\_\_\_\_  
Employee Name (Printed)

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director of Business Services

\_\_\_\_\_  
Date