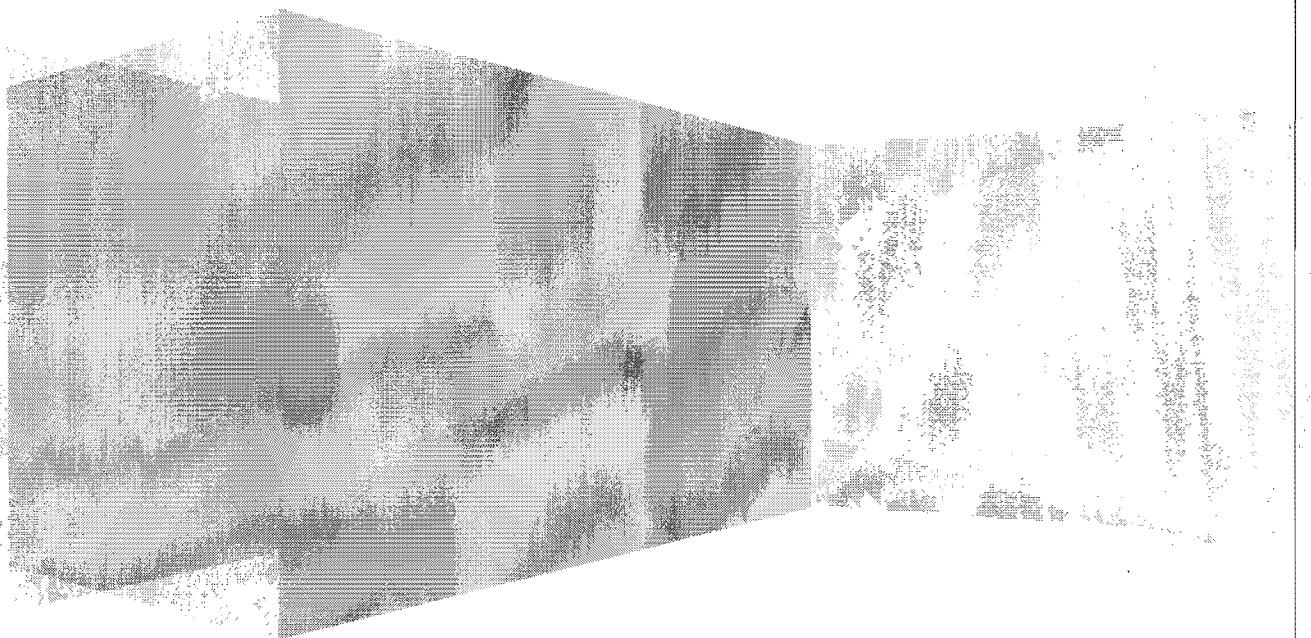


DULCE INDEPENDENT SCHOOL DISTRICT

INTERNAL CONTROL POLICIES AND PROCEDURES



In compliance with New Mexico Statute, the PED will develop guidelines for each committee.

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DULCE INDEPENDENT SCHOOL DISTRICT

Internal Controls and Procedures

GENERAL INFORMATION

The Dulce Independent School District's Board of Education recognizes the importance of the internal control environment. The Board is committed to competence, strong integrity and ethical values, and complete, transparent, and accurate financial reporting. The Board of Education and District management share the ultimate responsibility for establishing and maintaining the District's internal control system.

The District has established procedures to assist management in fulfilling the responsibility to adopt sound accounting policies and to establish and maintain internal control. The written procedures are an effort to comply with Internal Control Structure Standards, NMAC Section 6.20.2.11, and PED/SBPU Supplement 2, Manual of Procedures. Management establishes and maintains internal controls to provide reasonable assurance that the District will accomplish its objectives of safeguarding assets, providing reliable financial information, promoting operational efficiency, and ensuring compliance with laws and regulations as well as established District policies. It is the intent of the Dulce Independent School District's management to fulfill the requirement of SAS AU 316 in "setting the proper tone, create and maintain a culture of honesty and high ethical standards, and establish appropriate controls to prevent, deter, and detect fraud." Management's oversight and monitoring of the internal controls is an effort to provide reasonable assurance of achievement of the District's objectives and to reduce the possibility of fraud.

The development of the internal controls will provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, record the transaction and the custody of assets involved in the transaction. Management must ensure protection of the public trust as a major focus when granting authorization to execute business of the school district.

The procedures are reviewed periodically by the Superintendent and the Business Manager for applicable changes per legislative directives and audit directives, etc.

For the purpose of this manual, the following terms and definitions will apply, unless otherwise specified:

TERMS AND DEFINITIONS:

District: Dulce Independent School District

PED: New Mexico Public Education Department

SBPU: School Budget Planning Unit

OBMS: New Mexico Operating Budget Management System



CES: Cooperative Educational Services

SPA: Statewide Purchasing Agreement

GSA: General Services Agreement

DFA: Department of Finance and Administration

Building Principal/Program Director: Principal, Assistant Principal, Federal Programs Director, Athletic Director, Transportation Coordinator, Associate Superintendent

24-Hour Rule: State Statute Chapter 6 Article 10 NMSA 1978 requires all public funds be deposited intact daily

ORGANIZATIONAL STRUCTURE:

The control environment is the foundation of the District's internal control. The Board of Education and management are committed to the factors that share the environment, ethics, integrity, and commitment to competence. Dulce Independent School District devised, established, and maintains an effective organizational structure in order to provide clear assignment of authority and responsibility, access to management, supervision, monitoring of overall school district activities, and effective communication. (See exhibit #1)

PERSONNEL:

The Superintendent administers the recruitment of competent, honest individuals. (See HR Policy as outlined in exhibit #2 and the District Board Policy.) The training of staff regarding established policies and procedures governing all financial transactions is administered through the Business Office. Building Principals/Program Directors are responsible for training employees under their supervision.

SEGREGATION OF DUTIES:

The District will make every effort in the assignment of duties to Business Office personnel to ensure segregation of duties is maintained. The intent is to limit the ability to cause and conceal errors or irregularities. Working within certain limitations, including Business Office staff size, incompatible functions are not assigned to any staff member. Continued monitoring and oversight occurs daily to add security to the business operations. Cross-training of Business Office personnel will be maintained and developed while still maintaining segregation of duties.

TRANSACTION AUTHORIZATION:

A budget is allocated to each school site and program area. The authorization of expenditure of funds is assigned to the Building Principal/Program Director. The Building Principal/Program Director is responsible for monitoring his/her budget and for assuring that each request is appropriate and necessary.

TRANSACTION RECORDING:

All transactions are recorded at the time of authorization. Business Office personnel, with assistance from the Business Manager, are responsible for verifying amounts, classification to the appropriate accounts, and the proper authorization of all transactions prior to posting to the Financial Management System. For the purposes of accountability, receipt books are pre-numbered; and checks, deposits, and purchase orders are assigned a beginning number each year in the Financial Management System by the Business Manager. The number is assigned at the time of posting to the system. All voided documents are stamped "VOID" and kept on file for the auditor's review.

SAFEKEEPING ASSETS:

Access to assets is limited by the Superintendent assigning primary custodians (Building Principals/Program Directors) at each school or department, including the Business Office. This assignment will be provided at the beginning of each school year and be kept on file in the Superintendent's office. The primary custodian at each location is responsible for monitoring access to building, vehicles,(if applicable) cash, and other assets. Reporting discrepancies or abuse to the Superintendent is the responsibility of the primary custodian and must be reported immediately.

RECORD RECONCILIATION:

The Business Office administers the comparison of actual assets on hand with the amounts recorded in the Financial Management System. Monthly reconciliation of bank statements and other financial records are prepared and verified during the monthly closing process. All discrepancies found during the reconciliation process are researched and corrected at the time they are detected. Adjustments are tracked carefully from month to month. The Business Office personnel administer closeout procedures as a joint effort. No one person is responsible for all the reconciliations. Reconciliations are subject to approval by the Business Manager. Original bank statements are mailed directly from the financial institution to the Superintendent monthly. The Superintendent signs off on the statements following review. The Business Manager will file the originals with the monthly bank reconciliation.

FINANCIAL REPORTING TO PED:

The Cash Report and Revenue and Expenditure Report are prepared by the Business Manager. The Business Manager verifies and approves the reports and makes any adjustments necessary to the general ledger. The Business Manager is responsible for ensuring reports are prepared accurately and in a timely manner. Discrepancies are reported to the Superintendent.

FINANCIAL REPORTING TO BOARD OF EDUCATION:

All financial reports submitted to the Board of Education from the Financial Management System will be generated and kept in the original source format and downloaded as a portable document for exchange of information electronically.



BUDGET:

The Dulce Independent School District prepares and adopts an annual budget in accordance with NMAC 6.20.2. Governing Budgeting and Accounting for New Mexico Public Schools and School Districts. The Operating Budget is prepared under the supervision of the Superintendent, with the assistance of the Business Manager, Federal Programs Director, and other business office personnel. Prior to June 20 of each year, the local Board of Education shall, at a public hearing of which notice has been published by the local Board of Education, fix the Operating Budget for the District for the ensuing fiscal year. Prior to the public hearing held to fix the Operating Budget for the District, the local Board of Education shall give notice to parents explaining the budget process and invite parental involvement and input in that process prior to the date for the public hearing. The Business Manager and his/her designee(s) review the annual budget for technical accuracy. The Superintendent and Business Manager meets with each individual board member to review the proposed budget prior to presentation at a Board of Education meeting for review and tentative approval. Following tentative approval by the Board, the budget is forwarded to PED SBPU for approval. Once the budget has been reviewed by PED, the budget is presented to the local Board of Education for formal approval prior to June 20 of each year. Certification of the proposed budget by the PED shall be on or before July 1. At this time, the approved and certified budget constitutes the Operating Budget. The Operating Budget and any authorized adjustments shall be integrated into the District's Financial Management System following required approvals. Encumbrances shall be used as an element of control and integrated in the budget system.

Upon completion of the final close of each fiscal year, the District determines the actual cash balances for all funds. The new fiscal year's Operating Budget is adjusted by the use of a Budget Adjustment Request (BAR) to incorporate cash balances as of June 30 into the Operational Budget. The District adjusts the budget and incorporates the changes into the Financial Management System accordingly. Increases, decreases, and adjustments to the Operating Budget are presented to the local Board of Education for approval and subsequently submitted to PED for approval as required.

Budget adjustments, which do not alter the total amount of the budget, are processed as follows:

Intra-Budget Transfers:

Transfers between expenditure account codes within the same function are presented to the local Board of Education for approval at a regularly scheduled meeting. Once approved, the adjustments are recorded into the Financial Management System by the Business Manager. To maintain the budget accordingly in OBMS, the intra-budget transfers are also entered into OBMS as a maintenance BAR.

Inter-Budget Transfers:

Transfers between expenditure account codes outside of the same function are presented to the local Board of Education for approval at a regularly scheduled meeting. Transfer requests are subsequently submitted to PED SBPU for approval through the OBMS. Once all approvals are obtained, the Business Manager records the change as an adjustment to the Operating Budget in the Financial Management System.

BUDGET INCREASES/DECREASES:

All original budget documents are maintained by the Business Manager for the permanent budget file. Copies are distributed to the appropriate staff and the documents are made available to the auditor annually.

BUDGET OBLIGATIONS (ENCUMBRANCES):

When a purchase order is issued or an employee contract is approved, it is recorded as an encumbrance on the Financial Management System and is reflected on both the system and budget reports as a budget obligation or commitment to pay. An encumbrance essentially reduces the available budget balance. While not all obligations are made through a purchase order or contract, the majority of the District's financial and budget obligations are reflected as encumbrances. Encumbrances are used to track budget availability more thoroughly.

CASH:

General:

- Only the Board of Education can authorize the establishment or closure of a District bank account.
- All funds received through the bank account as an ACH or Wire Transfer will be properly receipted and recorded in the General Ledger as though the revenue was actually hand-delivered to the District.
- All bank transfers are approved, recorded, and verified to ascertain that both sides of the transactions are recorded.
- All cash received is deposited in the same form in which it was received.
- Checks MAY NOT be cashed from existing cash.
- All bank reconciliations will be thoroughly reviewed and signed off by the Business Manager.
- No expenditure may be made from cash receipts.
- No activity fund account shall be permitted to incur a deficit cash balance. Emergency/temporary situations may be allowed with prior approval of the Superintendent or his/her designee. Under no circumstances shall a fund remain in a deficit cash balance at the end of the fiscal year (June 30).
- A teacher or school employee who does not have written approval by the Building Principal/Program Director to Fund Raise will not collect money at a school facility or campus.
- Fees will not be charged or collected for workbooks, school supplies, etc., except for fees approved by the Board of Education for specific elective courses. Fees are prohibited for classes, which are part of the required curriculum for grades K-8. Fees may be charged for remedial classes, grades 9-12.
- **Monies collected at the school site should never be kept in the classroom overnight.**
- The building secretary shall turn money into the bookkeeper at Central Office no later than the end of the business day so the funds can be deposited within the twenty-four (24) hour requirement.
- **NO PERSONAL CHECKS ACCEPTED, except with from current employees.**
- **Club sponsors will not establish separate bank accounts.**

CASH RECEIPTS:

Pursuant to NMAC 2.2.1 Cash Control Standards 14.3: Money received and receipted shall be deposited in the bank within 24 hours or one banking day.

Central Office

- The receptionist is responsible for sorting all District mail. The receptionist will open all Central Office mail, with the exception of the Superintendent's mail, date stamp each item, copy all checks received, and maintain a log of all checks (see exhibit #3). The log will be made available to the Business Manager for review. The Superintendent's Administrative Secretary is responsible for opening all of the Superintendent's mail, date stamp each item, and sort the mail according to the Superintendent's directive. All other District mail is sorted and placed in the proper mailbox to be distributed in the District.
- Incoming checks must immediately be stamped with a restrictive endorsement, such as **"For Deposit Only."**
- The Superintendent's Administrative Secretary receipts all revenue received by Central Office. Monies received at school sites will be receipted by the site secretary and delivered to Central Office.
- Each receipt requires a description of payment. The original receipt is the paying party's copy or attached with the yellow copy to accompany the documentation. The pink copy remains in the receipt book.
- If an error is made on a receipt, it must be voided and a correct receipt issued. Erasures are not acceptable. If a receipt is voided, all copies shall be marked "VOID" and kept intact in the receipt book.
- The Superintendent's Administrative Secretary provides the receipts, monies, deposit slip and documentation to the Accounts Payable Clerk.
- An employee, outside the receipting and deposit process, will hand-deliver the deposits to the bank.
- The daily deposit form is utilized to enter the deposit information into the Financial Information System. (see exhibit #4) The daily deposit form is on top, followed by the documentation, copy of the receipt, and the bank stamped deposit.
- The deposit and receipts are provided to the Business Manager for verification and entering into the Financial Management System.
- Utilizing the Receptionist's log of checks, the Business Manager records the date each check was deposited.

RECEIPTS:

Each receipt requires a description of payment. The original receipt is the paying party's copy; the yellow receipt is attached to the deposit slip and any accompanying documentation, and the pink receipt remains in the receipt book. **Voided receipts are clearly marked "VOID" and all copies should remain intact in the receipt book.** Central Office receipt books will be preprinted with an area designated for the account number for the Financial Management System.

Only pre-numbered receipt books issued by the District Business Office will be used. Receipt books must be obtained and signed for by the Building Principal/Program Director from the Business Manager. A record shall be kept with the starting and ending number of all receipt books. For accountability purposes, all receipt books will be turned in to the Business Manager by June 30. Principals shall ensure that secretaries and teachers are informed of this requirement when receipt books are issued.

If funds are missing, it shall be reported immediately to the Business Manager. A written report shall substantiate the shortage of funds. A copy of all documentation will be forwarded to the Superintendent and Business Manager.

ATHLETIC GATE RECEIPTS:

- Revenue is collected through the issuance of pre-numbered tickets. Tickets are produced through the use of a ticket machine.
- Pre-numbered tickets must be issued for all admissions.
- Cash should always be counted and verified by **two** approved employees prior to issuance of a receipt. Currency should be straightened, faced, and placed in like denominations. Coins should be counted, but not rolled.
- Ticket Seller's Athletic Ticket Reconciliation (see exhibit #5) must be completed indicating the reconciliation of cash collected and tickets used and unused. This reconciliation should clearly account for all tickets whether or not the ticket machine was used.
- The designated employee completes one receipt to the Ticket Seller following the reconciliation of cash and tickets.
- This designated employee will maintain a file on all Athletic Ticket Reconciliations for review by the auditors.
- All voided and unused tickets must be held for inspection by the auditors.
- All money and documentation is placed in a "one time seal" security bag and placed in the site's safe by the District's Security Guard and the site's assigned primary custodian until the following day. The security bag is picked up the following business day by the District's Security Guard and delivered to Central Office. The Superintendent's Administrative Secretary and the District Security Guard will perform a recount.
- Any discrepancies will be reported immediately to the Business Manager.
- The Superintendent's Administrative Secretary will complete the Daily Deposit Form, attach all documentation, and provide to the Business Manager to be entered into the Financial Management System.

FUNDRAISING ACTIVITIES/SALES OF MERCHANDISE:

Merchandise is considered cash.

- Merchandise is allocated to students in \$100 increments and the student's signature is required acknowledging receipt.

- The student must return all cash and merchandise to the Sponsor within 72 hours of collection of revenue.
- An accounting of all merchandise and cash must occur as product/cash exchanges hands.
- Always have a minimum of **two** people counting and receipting cash.
- The Sponsor turns over all cash and records to the Site Secretary who issues a receipt to the Sponsor for the revenue.
- The Site Secretary gives the receipts and cash to the Superintendent's Administrative Secretary for verification and receipting on a daily basis.
- A general accounting of all revenue must be provided by the Sponsor to the Business Manager.

CLASS FEES, FINES, DEPOSITS, LOST TEXTBOOKS, SCHOOL PICTURES, YEARBOOKS, ETC.:

- The Site Secretary issues a receipt to the students paying for class fees, class projects, lost textbooks, etc.
- The Site Secretary gives all revenue and receipts to the Superintendent's Administrative Secretary for verification and receipting.

VENDING MACHINES, CONCESSIONS, ETC.

- Money generated from concession sales is reconciled on the Concession Revenue Reconciliation (see exhibit #6). The reconciliation will clearly indicate the start and ending cash, inventory counts, date of event, and the activity event.
- Cash should always be counted and verified by **two** approved employees prior to issuance of a receipt. Currency should be straightened, faced, and placed in like denominations. Coins should be counted, but not rolled.
- All money and documentation is placed in a "one time seal" security bag and placed in the site's safe by the District's Security Guard and the site's assigned primary custodian until the following day. The security bag is picked up the following business day by the District's Security Guard and delivered to Central Office. The Superintendent's Administrative Secretary and the District Security Guard will perform a recount.

FUNDS COLLECTED THROUGH SPECIAL FUND DRIVES/CAMPAIGNS:

Money collected from students for special drives or campaigns outside of school funds, such as United Way, American Heart Association, etc., will go directly to the outside agency. However, the Superintendent will designate an employee to conduct an accounting of these funds prior to distribution to the outside agency.

DEPOSITS:

- The bank deposit slip shall have the numbers from applicable receipts entered or attached as a reference.
- The individual making deposits at the bank must ensure the bank teller stamps the deposit slips.
- The bank receipt of the deposit is returned to the Superintendent's Administrative Secretary and will be attached to the Deposit Summary Form with all corresponding documentation.

- Information is provided to the Business Manager on a daily basis for entering in the Financial Management System.

CASH MANAGEMENT:

The Business Manager employs cash management procedures, such as cash flow projections, to ensure positive bank cash balances and tracking of Request for Reimbursements on Federal and State Grants.

PETTY CASH AND EVENT CHANGE CHECKS:

- **Petty cash is not allowed at any site.**
- At the beginning of the school year, the Building Principal/Program Director will submit a written request to the Business Manager for an amount to be used for change for athletic events, other extra-curricular events, or concession stands.
- The Building Principal/Program Director will be the responsible person for the funds during the approved school year.
- All funds will be kept secure in the site's safe until the time of the event.
- The Business Manager will do periodical internal audits during the school year. Discrepancies will be reported immediately to the Superintendent.
- **ALL STARTING CASH FUNDS SHALL BE DEPOSITED BACK TO THE PROPER FUND AT THE END OF THE SEASON OR SCHOOL YEAR. THERE SHALL BE NO OUTSTANDING STARTING CASH FUNDS AT THE CLOSE OF THE FISCAL YEAR.**

If an activity club owning funds ceases to exist without prior authorization on the disposition of its remaining funds, the Business Manager may transfer such funds to another account in the same category, with approval of the Superintendent. **Any remaining school funds generated by school-sponsored activities that have been completed may not be transferred out of school bank accounts for any reason.**

If there is a cash balance remaining in a graduating class account after the date of graduation, and after all encumbrances have been liquidated, such funds will accrue to the benefit of the ensuing class.

AUTHORITY AND PROPRIETY OF EXPENDITURES:

The Anti-Donation Clause: NM Constitution Article IX 14

“Neither the state, nor any county, school district, nor municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person association or public or private corporation... A “donation” within the meaning of the provision is a gift, and allocation or appropriation of something of value, without consideration.”

The following guidelines will be used by the Dulce Independent School District for making a determination on whether an item purchased is in violation of the anti-donation clause or if the related expenditure is for the purpose authorized by law. The term “proper” is used to describe an expenditure that is for a purpose authorized by law.

- Does the District derive a public benefit or receive value in return?
- Is the purchase for a “public purpose?” A “public purpose” means the objectives are to promote the public health, safety, morals, general welfare, security, prosperity and contentment of public employees of the District in the promotion of public purposes or public business.
- Each situation needs to be reviewed independently based on the particular factual context.
- If necessary, document the decision to include an explanation of how the purchase is for “public benefit.”

The District uses the four gauges developed by the Department of Finance and Administration for making a determination.

- Do the expenditures fall within the District’s constitutional or statutory mission?
- Does the purchase aid or promote progress in achieving the District’s mission and benefit the public?
- Is it a necessity; is there a choice of options? Use the least amount of resources possible.
- Does it fall within the budget appropriated and within available resources?

PURCHASING:

GENERAL:

Pursuant to the State of New Mexico Purchasing Act, the Dulce Independent School Board of Education and the Superintendent of the District designate the Business Manager and the Business Office as the Central Purchasing Office, and adopt the following procedures.

District policies and procedures are designed to meet all the requirements of the Procurement Code in accordance with Chapter 13 of the New Mexico State Procurement Code. The District has implemented local procedures as required by Supplements in the Manual of Procedures for purchasing. See Purchasing Flowchart for detailed systemic approach to purchasing. (See exhibit #7)

The Business Manager and the Superintendent are responsible for assuring all purchases against the assigned budgets are appropriate and necessary. The Building Principal/Program Director at each site primarily initiates the purchasing process. The Administration Office and Business Office personnel may also initiate a purchase. The requisition in the Financial Management System is the initial submission to the Business Office after the approval of the Building Principal/Program Director. Once approved by the Superintendent and/or Business Manager on the Financial Management System, the requisition becomes a purchase order. Subsequently, the amount of the purchase order is encumbered in the Financial Management System. The designated Superintendent and Business Manager signatures are electronically printed on the purchase order.

DETAILED PURCHASE PROCEDURES:

The Purchasing Procedure form is provided to all employees at the beginning of each school year. The form should be read and signed by each employee and returned to the Business Office. (See exhibit #8)

PURCHASE ORDERS:

1. Complete a Requisition on the Financial Management System requesting supplies, materials, equipment, or service.

Budget account number (fund, function, object and program and location codes, if applicable) should be completed. Business Manager will verify the account number and return to employee if incorrect.

Provide as much information as possible regarding the supply, equipment or service being requested (a complete catalog number, model number, color, size, etc., of item requested including price). **Description should include what, when, where, and why information regarding the purchase.**

Include shipping and handling fee; if no charge, indicate such on the requisition.

Reservations and registrations, etc., must have dates, locations, name of activity, and any other relevant information.

DO NOT submit two requests for the same item.

DO NOT place telephone orders without an approved purchase order.

PLAN AHEAD. Allow (3) working days for the processing of a requisition.

The Financial Management System will not allow a requisition to be forwarded without proper budget.

2. Building Principal/Program Directors must approve requisition for the respective department.
3. The Superintendent approves all purchases over \$1,000.
4. Once final approval by the Business Manager and/or Superintendent is completed, the Accounts Payable Clerk prints the purchase order. Unless otherwise stipulated, the original of the purchase order is faxed to the vendor. The person submitting the requisition should indicate if the purchase order is NOT to be mailed, but returned to the requestor. The entity copy of the purchase order is retained in the Business Office to be matched with the invoice for payment. The receiving copy is sent to the site with merchandise. **IF AN ORDER IS TO BE FAXED, THE REQUESTOR IS REQUIRED TO INCLUDE THE FAX INSTRUCTIONS IN THE BODY OF THE PURCHASE ORDER. THE SITE SECRETARY WILL FAX THE ORDER ONCE THE PURCHASE ORDER HAS BEEN APPROVED.**
5. The requestor should refer to the purchase order number when receiving merchandise and making inquiries concerning the order.
6. Merchandise will be shipped to the Dulce Independent School District's Central Office warehouse at 113 Hawks Drive, Dulce, New Mexico 87528. The invoice will be sent to the Business Office at P.O. Box 547, Dulce, New Mexico 87528.

7. Verification of receiving is complete (see receiving section of policy). If there is a discrepancy in the amount of merchandise received or damaged, the Business Office will contact the vendor.
8. Upon verification that an order is complete and correct, the purchase documents including applicable invoices, are attached to the purchase order, and the invoice is processed for payment. (see Accounts Payable section of policy)

PURCHASE ORDERS FOR MEALS:

Purchase orders for student meals MUST include the following:

- Estimated number of meals to be purchases
- Name of contact person and phone number for the restaurant
- Date meals are to be purchased
- UNDER NO CIRCUMSTANCES WILL THE TOTAL BILL FOR MEALS BE MORE THAN THE PURCHASE ORDER AMOUNT

PURCHASE ORDERS FOR MOTELS:

Purchase orders for motel reservations MUST include the following:

- Estimated number of rooms to be reserved
- Negotiated price of the motel room including tax
- Name of contact person and phone number for the motel
- Date rooms are to be reserved
- UNDER NO CIRCUMSTANCES WILL THE TOTAL BILL FOR ROOMS BE MORE THAN THE PURCHASE ORDER AMOUNT
- Only authorized room expenses will be paid. Authorized expenses do not include movie rentals, restaurant/bar fees, phone calls, etc.

Receipts for all meals and/or rooms should be signed, the purchase order number written on the receipt, and all paperwork submitted to the Accounts Payable Clerk the first day after returning from the trip.

Any unused purchase orders must be returned to the Accounts Payable Clerk and noted that the purchase order was not used.

SPECIAL REQUEST FOR CHECK:

Occasionally a check will be needed before material or services are received or an expense is incurred. Documentation should be attached to the Special Check Request Form and sent to the Business Manager, which states that a purchase order will not be accepted.

The following circumstances would apply:

Registrations for conferences, competitions, etc., in which a purchase order will not be accepted

Documentation should be attached to the Special Check Request Form and sent to the Business Manager, which states that a purchase order will not be accepted.



Magazine, newspaper, subscription renewals, etc.

Deposits for services

Starting cash

Services such as school assemblies, contract services, athletic officials, etc.

All necessary information must be provided on the Check Request Form,(voucher) and if possible, an invoice must accompany the form. In some instances, an alternative form may be used with prior approval from the Business Manager. The Business Office will enter the requisition into the Financial Management System. (See exhibit #9)

PURCHASING LIMITS:

Typical quote and bid specification procedures for obtaining tangible goods, non-professional services and construction:

< \$1,500, purchase at best obtainable price

\$1,500 to \$19,999, requires three written quotes attached

\$20,000 or more, contracted services, formal request for proposals, must be processed by the Business Office

CES/SPA/GSA

Reference to any of the above pricing agreements should be made on the purchase order. A copy of the contract is required to be on file in the Business Office for auditor's inspection. The Superintendent may make exceptions to these procedures provided they are in compliance with the NM State Purchasing Act.

PURCHASING FILES:

The Business Manager will be responsible for maintaining files for bids, information regarding quotes, sole source, and all District contracts.

The Receptionist will maintain a Vendor Form on each Vendor including all W-9 information. The Receptionist will add, change, or delete all Vendor information on the Financial Management System with the approval of the Business Manager. (See exhibit #10)

The Accounts Payable Clerk will be responsible for reconciling the vendor records for the issuing of Form 1099 by January 31st of each year. The Business Manager will review the reconciliation and submit the electronic file to the tax authorities.

If the procedures above are not followed, the Dulce Independent Schools is under no obligation to pay for non-authorized purchases. Individuals making such purchases will be held responsible for payment.

RECEIVING:

Purchases where merchandise is received at time of purchase:

Any employee purchasing in-town or picking up merchandise rather than it being delivered to the District will be responsible to sign the ticket as receipt of merchandise. The Purchase Order number should be written on the invoice and the ticket submitted to the Accounts Payable Clerk in the Business Office the same day of purchase.

Processing shipments into the District: (see exhibit #11):

- Accounts Payable Clerk delivers the receiving copy of the purchase order to the warehouse
- Shipment of product is received at the Central Office warehouse
- Central Office staff identifies which site and end user the product belongs to. The Central Office staff member records all information on the receiving log (see exhibit #12) and attaches the receiving copy of the purchase order to the outside of the delivery box
- Maintenance Department delivers the box to the site and obtains a receiving signature on the receiving log
- Receiving site has the responsibility to verify the contents and quantities of the shipment
- Receiving site then signs and sends the RECEIVING COPY of the Purchase Order and packing slip(if available) to the Business Office within 24 hours as authorization for payment.
- The packing slip must clearly identify any product that is NOT received, back ordered, or damaged
- Should the product in the box be damaged and/or is not acceptable, the site person notes such on the packing slip to notify Accounts Payable not to pay for the product
- In addition, the end user will email the Accounts Payable Clerk providing very specific details as to the damaged product
- Accounts Payable Clerk will contact the vendor to resolve any issues as noted above

ACCOUNTS PAYABLE:

The Central Office Receptionist date stamps all invoices received at Central Office, separates, and provides to the Business Manager for review. The Receptionist is responsible for bringing to the attention of the Business Manager any past due invoices or balances on statements from vendors.

Processing Payment to Vendors:

- Using the receiving copy and the purchase order, match each item on the purchase order that was received
- Record any items the vendor states is on back order
- Using the invoice and the purchase order, double check that everything on the invoice is received
- Check all calculations on the invoice and indicate work by checking off each amount. Determine if gross receipts tax should be charged and check accordingly. Any amounts on invoice that are not on the purchase order should be investigated by contacting the requestor and/or vendor.
- Enter the invoice for payment into the Financial Management System



- The invoice, packing slip, and any correspondence should be stapled to the purchase order as documentation and authorization for payment. All duplication of documents is destroyed to ensure the file is concise and includes only necessary documentation.
- If partial payment of the purchase order is being made, make a copy of the purchase order (after recording the product received) to be used for documenting the first payment. The original purchase order should be returned to the file for processing at a later date with a notation of how much was paid for the partial shipment.
- When the second shipment on a purchase order is received, follow the process above using a different color ink pen. This will clearly identify the varying payments.
- If there is more than one invoice attached to the purchase order, flag each invoice so it can be readily picked up when running a “totals” tape for that purchase order. Each purchase order should have a “totals” tape stapled to the top of the purchase order.
- When all invoices have been entered for payment for the batch, put the purchase orders and supporting documentation together in alphabetic order.
- Run a tape on all invoices to be paid and compare to the total to be paid from the Financial Management System. The totals should match.
- The Financial Management System generates a check register, schedule of checks to be written, and a report of journal entries. These reports are verified for accuracy prior to issuance of the check and the budget(s) updated.
- A copy of the accounts payable check register is provided to the Superintendent’s Administrative Secretary who, in turn, will release the required blank checks to the Accounts Payable Clerk for printing.
- The Accounts Payable Clerk prints the accounts payable checks.
- The purchase orders, with all documentation, the “totals” tape, and the checks are given to the Business Manager for review of accuracy and appropriateness. The Business Manager compares data on supporting documents to the checks.
- Once approved by the Business Manager, the paperwork is returned to the Accounts Payable Clerk who mails the checks to the vendors and files the paperwork by check number.
- The Accounts Payable Clerk should NEVER create an invoice for a vendor or prepare a requisition for a requestor.

ALL OPEN BLANKET PURCHASE ORDERS ARE TO BE APPROVED BY THE BUSINESS MANAGER PRIOR TO ENTERING IN THE FINANCIAL MANAGEMENT SYSTEM.

JOURNAL ENTRIES:

Prior to entry in the Financial Management System, entries that require a General Ledger journal entry are to be approved by the Business Manager. A journal entry form is completed with the account numbers and description as to why the journal entry is to be made. (See exhibit #13) The journal entry will be entered in the Financial Management System by the Business Manager and approved by the Superintendent. All journal entries will be kept in a 3-ring binder and made available to the auditor. This binder will also include any special voucher payment forms for transfers made between bank accounts and any Electronic Fund Transfers for payroll. (See exhibit #14) These forms will assist the Business Manager at the month end reconciliation and closing.



FUNDRAISERS:

All fundraising activities require prior approval of the Building Principal even when conducted off school property or by other groups such as parent organizations. Sponsors of the fundraising project shall use the Fundraising Project Form (see exhibit #15) and obtain the signature of the Building Principal. Sponsors shall provide participating students with a Letter of Introduction (see exhibit #16) to verify that the fundraiser is a school-related project. The Project Form shall be maintained by the sponsor in charge and returned to the Principal at the conclusion of the project with all appropriate documentation. The accounting of all funds at each school level is the Principal's responsibility. Therefore, the Fundraising Project Form shall be properly completed for each authorized project and filed in the Principal's Office. A copy shall also be filed in the Business Manager's Office for inspection by the auditor.

Written authorization from parents shall be obtained in order for students to participate in a fundraiser. The authorization shall be kept by the sponsor of the project, in alphabetical order, for easy reference. Sponsors may use one form and list all projects for the year. The Student Fundraiser Participation Form may be used. (See exhibit #17)

Proceeds from fundraising activities, which are under the sponsorship of a faculty member, must be deposited into the appropriate activity fund. Expenditures must always follow district purchasing procedures as outlined in this policy.

At the time fundraising money is collected, the teacher or sponsor shall require all participating students to turn in all money within 72 hours of collection. The teacher or sponsor shall deliver the money to the site secretary the day he/she receives it from the student so the money can be deposited within the 24-hour rule period. This policy is intended to help deter lost or stolen funds and safeguard the collected funds.

Receipts and invoices should match total sales and expenses as reported to the Business Manager on the Fundraising Project Form.

TRAVEL REIMBURSEMENTS: (see exhibit #18)

All travel reimbursements are processed in accordance with the Per Diem and Mileage Act as outlined in the DFA regulations, and as per District Board Policy. These guidelines are outlined on the back of the Travel Reimbursement Form. (See exhibit #19)

Employees and Board Members of the District are entitled to reimbursement of registration fees, mileage, per diem, and other costs associated with authorized trips for official school business. Travel is to be approved in advance.

In-District Travel:

Management does not allow In-District Travel.

In-State Travel:

All in-state travel requires prior approval by the Superintendent and Building Principal/Program Director. This approval is requested through the requisition process, addressing who, what, when, where, and why. Use Travel Reimbursement Form to determine estimated costs. The purpose of the trip must be justified and all estimated costs associated with the trip must be itemized and approved in advance of trip if reimbursement is expected. The Business Manager will verify the applicable account number via

requisition. Forward the signed Travel Reimbursement Form to Accounts Payable with itemized receipts. Sufficient approvals and required documentation such as agendas and invoices must be attached to the Travel Reimbursement Request Form. All receipts for out-of-pocket expenditures for transportation, registration, and miscellaneous expenses are required for reimbursement. Only detailed credit card receipts will be reimbursed.

Request a school vehicle using a Vehicle Transportation Request Form and submit to Superintendent's Administrative Secretary at least 3 days prior to travel. Only denied Vehicle Transportation Requests will be considered for mileage reimbursement. (Attach copy of denied vehicle request to travel reimbursement)

Out-of-State Travel:

All out-of-state travel requires prior approval by the Superintendent, the Building Principal/Program Director, and the Board of Education. This approval is requested on the Travel Request Form with a budget presented to the Board of Education. The purpose of the trip must be justified and all estimated costs associated with the trip must be itemized if reimbursement is expected. Only Board approved expenses will be reimbursed.

The Travel Reimbursement Form will be processed only with sufficient documentation, and personnel will follow the same procedures as listed with in-state travel.

In the event that an outside organization pays an employee per diem or travel expenses, the employee shall not seek additional per diem from the District.

An employee shall never be reimbursed twice for per diem or mileage for the same event.

If an employee or Board member is approved for per diem, as opposed to actuals, the approved amount will be paid through payroll and not accounts payable.

PAYROLL:

The Superintendent is responsible for monitoring the hiring of personnel, authorizing salaries, initiating employment contracts, and maintaining the staffing levels approved in the annual budget. The District Contract Information & Addendum Form (see Exhibit #22) includes employment information (training and experience, salary amount, fund source, date of hire, number of work days, dates, etc.) and is generated by the Payroll and Superintendent. This form is generated for all personnel at the beginning of each fiscal year, as well as for mid-year changes in salary, assignment, etc. The Business Manager, Superintendent, and the Payroll & Benefits Coordinator verify this document. Once approved, this document is routed to the Human Resources Secretary for maintenance in the Superintendent's personnel database and generation of contract for the Superintendent's and employee's signatures. The Human Resource Secretary obtains all contract signatures. Payrolls are processed from the approved Contract Information & Addendum Form and the Employment Contract. During the school year, the Payroll & Benefits Coordinator maintains the database on the Financial Management System and the Human Resources Assistant maintains the Superintendent's personnel database, both are balanced before the September payroll and again during the year as needed. Any additional payroll payments for employees are processed only with proper written authorization from the Superintendent and the Building Principal/Program Director at each site. This may include substitutes, suspension school and/or additional services such as tutoring, summer school, and gate keepers. Increments such as coaching, band director, etc. will be processed with a Extra Curricular Assignment.



All contract employees are paid bi-weekly on Friday according to the payroll calendar and payments are prorated according to the remaining months in the fiscal year. Additional payrolls may be generated to accommodate special hourly programs and employees upon the approval of the Business Manager.

Each pay period must be balanced by the Payroll & Benefits Coordinator and approved by the Business Manager prior to posting a payroll. A check and direct deposit listing will be given to the Business Manager for review. Also, all vendor checks or electronic fund transfer amounts for employee deductions and Board's share will be approved by the Business Manager prior to the release of funds. The electronic fund transfers will be recorded on a voucher for payment and given to the Business Manager with corresponding documentation for approval. (See Exhibit #14) After payment is made, a copy of the voucher will be filed in the office of the Business Manager for monthly reconciliation.

A calendar with the payroll cutoff date for each pay period will be distributed to all staff members at the beginning of the school year. It will be followed at all times unless prior approval is received from the Business Manager.

Before an employee can receive payment for any additional time above their contract, an authorization to pay additional time will be prepared and approved by the Superintendent and will include: description of work to be completed, budget number, maximum hours allowed, and signature of Superintendent. All salary paid by time sheets must be on authorized forms and signed by the employee and Department Head prior to processing through the Financial Management System. The Payroll & Benefits Coordinator will only be held responsible for checking the time card for appropriate approval and calculate amount to be paid based on the original authorization to pay.

The Human Resources Secretary will conduct periodic comparisons of the payroll checks with the current employee records in the Superintendent's personnel database(STARS). All differences are reconciled with the Payroll & Benefits Coordinator and provided to the Business Manager for review.

TAX AUTHORITY CORRESPONDENCE:

All correspondence from tax authorities such as Internal Revenue Service, New Mexico Taxation and Revenue, New Mexico Workforce, etc. are delivered to the Superintendent's Administrative Assistant for date stamping and provided to the Superintendent for review. Once the Superintendent reviews the correspondence, it will be delivered to the Business Manager. Due to the sensitivity of this type of correspondence, it will be the Superintendent's Administrative Secretary's responsibility to ensure that the Business Manager receives the correspondence in the appropriate timeframe.

PRINCIPAL'S/SUPERINTENDENT'S REPORT OF ABSENCES:

Each site will be equipped with a digital system to tract employee absences and substitutes. The Payroll & Benefits Coordinator will use the information generated from this system to update employee leave balances and pay substitutes each pay period to include Transportation.

Overdrawn sick leave and personal leave is docked from the employee's pay on the next scheduled paycheck. Docks of large amounts can be prorated among the remaining checks in the fiscal year upon receiving the Business Manager's approval and ONLY if the employee will not be overpaid.

The Transportation Coordinator is responsible for maintaining time sheets for "To and From" drivers, substitute drivers, and activity bus drivers. Driver's Daily Logs to be attached to voucher & Transportation requests.

The Payroll & Benefits Coordinator is responsible for maintenance of employee insurance premium reconciliations, 403-(b), credit union, and other voluntary and mandatory payroll deductions.

Once the Business Manager approves the payroll check register and the vendor check register the Payroll & Benefits Coordinator will provide the registers to the Superintendent's Administrative Secretary who, in turn, releases the required blank checks to the Payroll & Benefits Coordinator for printing.

All payroll records and payroll reports are maintained by the Payroll & Benefits Coordinator.

All unclaimed payroll checks are followed up by the Business Manager.

PERSONNEL FILES:

The Payroll & Benefits Specialists will be responsible for the safekeeping of all personnel files and updating of required information. Each file will be organized and at a minimum will include the information referred to in the PED Manual on Training and Experience. Evaluations, due process, and drug testing files will be kept by the Assistant Superintendent. Litigation and Grievances will be kept by the Superintendent.

INVESTMENTS:

The Dulce Independent School District accounts for all monies placed in interest-bearing accounts by fund. Generated interest is credited by the financial institution on a monthly basis then receipted and recorded in the Financial Management System when the credit is received.

Surplus cash balances may be invested in Certificates of Deposit. Investments are made in accordance with the PED Manual of Procedures, NMSA Section 22-8 and Section 6-10. All investments made and converted are approved by the Board of Education prior to the transaction. An Investment Register is maintained by the Business Manager and updated as Certificates of Deposit are purchased and converted. The Register itemizes the Certificate of Deposit number, date of purchase, maturity or conversion date, investment institution, and the amount of the investment.

SECURITY FOR DEPOSITS OF PUBLIC MONEY:

All securities made by the financial institution will be kept in the office of the Business Manager. In accordance with NMSA Section 6-10-31, the District is required to have an aggregate value to one-half the amount of public money to be received exclusive of the amount covered by F.D.I.C.

TECHNOLOGY:

The Dulce Independent School District contracts with an outside contractor for all district technology, which includes the school sites and the Business Office. To ensure security and compliance with all laws and regulations, the contract is reviewed on a regular basis and the Assistant Superintendent evaluates the work. The Business Manager and Assistant Superintendent have access to security passwords in case of an emergency.

FOOD SERVICE:

The Dulce Independent School District contracts with an outside contractor for all food service needs. To ensure compliance with all laws and regulations, the contract is reviewed on a regular basis and the Superintendent evaluates the work.

The entire district qualifies for free and reduced meals. Adult meal money and ala carte are collected. Each site food service supervisor is responsible for reporting the collections on a Station Drawer Report from Nutrikids Systems and delivery to the Superintendent's Administrative Secretary for receipting on a daily basis.

FIXED ASSET INVENTORY:

All District equipment and items of tangible value are permanently identified using inventory tags. This is the responsibility of the Fixed Assets Clerk. Building Principals/Program Directors are responsible for ensuring that all equipment delivered to their location is appropriately marked.

The Fixed Assets Clerk maintains fixed asset inventory records for any asset over \$5,000 for the annual audit. For District purposes only, records are kept for inventory with a cost of less than \$5,000. The inventory database includes the inventory tag number, description of the item, serial number, purchase order number, acquisition date, fund code, location number, and the building room/department number.

Review of the inventory is conducted twice a year. The first review is completed in the month following the beginning of student instruction. The second review is conducted at the end of the school fiscal year. Adjustments are made by the Building Principal/Program Director and forwarded to the Fixed Assets Clerk for updating in the Financial Management System.

All requests for removal of surplus property, deletions, and discards shall be approved by the Board of Education. The District follows the statutory authority regarding property/equipment disposition.

The Business Manager reconciles all records to the general ledger annually.

FACILITIES AND VEHICLES:

USE OF SCHOOL FACILITIES/VEHICLES:

The Building Principal and Superintendent must approve use of school facilities by any outside organization. Strict adherence to Board Policy is required.

The Building Principal and Superintendent must approve use of school facilities or equipment by employees for work or services performed outside their contracted duties.

Written approval from the Building Principal and Superintendent must be obtained for anyone wanting a personal vehicle, furniture, etc. worked on by instructors and/or students. A copy of the approval must be maintained in the Building Principal's Office.

FACILITY, HOUSING, AND VEHICLE KEYS:

All facility, housing, and vehicle keys are kept in the safe located in the Central Office. The Security Officer, with the assistance of the Superintendent's Administrative Secretary, is responsible for the safekeeping of the keys. A log is used to record the date and time of key issuance, name of person the keys are issued to, description of keys distributed, and signature of the person and the Security Officer. Upon return of the keys, the log is updated to indicate the date and time and the initials of the person who returned them. No person will be allowed to check out a key without proper approval.

HOUSING:

(See Board Policy)

TITLE DOCUMENTS:

The Superintendent's Administrative Secretary is responsible for the organization and safekeeping of all legal title documents for the District. All documents are kept in the Central Office safe and cannot be accessed without the approval of the Superintendent or Business Manager.

SPECIAL REVENUE FUNDS/GRANTS:

All proposals prepared by District staff for special funding require prior approval from the Superintendent. Once approved and signed by the Superintendent, most proposals require approval by the Board of Education.

Upon receipt of an Award Notice, a budget document must be prepared and submitted to the Business Manager for review and processing. A Budget Adjustment Request is presented to the local Board of Education for approval. Budgets require PED approval through the OBMS process.

The procedures above must be followed prior to the expenditure of any monies to ensure that proper budget authorization is obtained in a timely manner.

After all necessary approvals are secured; Special Revenue fund budgets are entered in the Financial Management System and monitored by the Business Manager. The Program Director (any District staff member receiving special revenue funds) and Superintendent are responsible for program compliance with regard to the nature of the grant guidelines. The Business Office is responsible for the fiscal aspects of the award with oversight by the Superintendent.

DEBT SERVICE:

All authorized bond and interest payments are accounted for in the Debt Service Fund. The Business Manager maintains a record of Bonded Indebtedness Schedule. This schedule lists the date of each bond issue, original amount of the issue, principal and interest payments, and the total outstanding balance for each issue.

All bond payments are verified and generated by the Business Manager. The Business Manager will contact the appropriate financial institution in preparation of a wire transfer for the required payment for any payment due on July 1st. All other payments during the school year are paid by check. Payments require the signature of the Board of Education's Chairman. Once the signature is obtained, the funds

will be wired or paid by check from the Debt Service Fund to the authorized paying agent on the due date, as applicable. Wire transactions are posted in the Financial Management system by the Business Manager.

The Debt Service portion of the property taxes and gas and oil revenue collected by the County Treasurer and the State of New Mexico are receipted and deposited to the Debt Service bank account monthly or as received. Any surplus cash balance in the Debt Service bank account may be invested per local investment procedures and in accordance with NM Statutes.

The County Treasurer billing for the 1% administrative fee is recorded at the time of receipt of funds.

INSURANCE:

The New Mexico Public School Insurance Authority provides insurance for employee benefits and property and liability coverage. Premiums are determined for health, dental, and voluntary and basic life coverage by the Authority with procedures set by Statute. Property and Liability coverage through the Authority and their Brokers, Poms and Associates, are determined by a claims loss ratio. A Memorandum of Coverage is provided to the local auditor for review annually.

CREDIT CARDS:

The District provides a cost-efficient, alternative method for purchasing certain items. This method includes a purchasing and gasoline card; and it facilitates purchases rather than extends credit. The purchasing card does not extend credit to the District beyond the statement due date. HB2 regulates the use of purchasing and gasoline cards through NMSA 6-5-9. All State and Federal procurement regulations apply. Gasoline credit cards are kept in the Central Office safe and are checked out by the Superintendent's Administrative Secretary upon approval of a transportation request. The purchasing card is kept in the office of the Business Manager and can only be used for travel expenses. The Business Manager's approval is required.

Purchase orders are opened at the beginning of each fiscal year in order to set aside budget for the purchasing and gasoline cards. Statements are monitored to insure all District policies and procedures are followed.

FRAUD POLICY:

The Board of Education and the District's management of the Dulce Independent School District believes a system of internal controls, in which accounting and administrative practices have been established and maintained, will provide reasonable assurance that organizational objectives are being achieved. The controls will assist in screening out those individuals likely to commit fraud and help reduce the opportunity for fraud. It is management's desire to create an environment in which employees believe that dishonest acts will be detected, will not be tolerated, and will be punished accordingly.

AUDIT AND FINANCE COMMITTEES:

