

New Century School Policy No. 715

Adopted: 6.29.15

Revised: 4.4.16

715: INTERNAL CONTROL POLICY

A standard chart of accounts is used under the UFARS system that is mandated by the Minnesota Department of Education.

Revenue

General cash receipts – Receipts will be issued for all cash received. Checks are restrictively endorsed and a deposit slip and tracking form is prepared. The prepared deposit is taken to the bank on a weekly/monthly basis depending on the volume. The deposit tracking form with bank receipt is then forwarded to the accounting firm where the deposit is coded by the staff accountant (SA) and recorded into the general ledger. The accounting firm Finance Manager (FM) then reviews the coding and deposit entry.

IDEAS Payments – IDEAS (state aid payments) and SWIFT (federal and food service funds) payments are electronically deposited into the checking account as initiated by MDE. The SA at the accounting firm pulls the IDEAS payment report from the MDE website or reviews on line with the State system for SWIFT payments. The deposit information is then reported on the IDEAS payment coding worksheet and entered into the general ledger. Coding and deposit entry are reviewed by the FM.

Expenditures for Goods, Services and Accounts Payable – Including Property, Equipment and Capital Expenditures

Purchases of goods are generated by school staff on the requisition. Purchase orders are then created, which are approved by the Director. The prepared PO's are held at the school pending receipt of goods or services and the invoice. Completed invoice packets are accumulated and picked up by the accounting firm twice monthly. Coding is assigned by the SA at THE ACCOUNTING FIRM based on the vendor and service and the invoices are entered into the accounting software. Coding is reviewed by the FM to insure proper account code before vouchers are posted.

On a regular basis, an AP Aging report of all open invoices is created and sent via email to the Director, for approval to process checks. Once email confirmation to process checks is received from the Director the checks are cut and sent to the vendors.

Payroll and Related Liabilities

All salaried employees are paid bi-monthly. All non-salary time is maintained on a manual time sheet, which is approved by the Director. The timecards are forwarded to the office manager

who reviews them for accuracy and they are approved to process payroll. Once processed, the time sheets are sent to the accounting firm for coding and entry into the general ledger. A PrePayroll report is then sent to the Director for approval. The journal entry is created by the SA through the accounting firm payroll tracking system and reviewed by the FM. The entry is posted by the SA. During the bank account reconciliation process the SA ensures that what was entered as payroll transactions into the system matches the bank statement. The Client Service Manager (FM) reviews and signs off on the bank reconciliation, reviews all balance sheet liability codes and the monthly financials. The FM also works with the Director, on the schools fiscal year budget and budget revisions. It is here that the payroll data is coded, tracked, and compared to actual.

Debit/Credit Card Payments:

All debit/credit card payments need to begin with approval via a PO. Debit Card PO's need to include approval by the Director. Keep all receipts and write on each receipt the budget area- ex: Instructional Supplies, Office Supplies, etc. Attach all receipts to the credit card statement

Budgeting

The FM works in cooperation with the Director, and the school's finance committee to set up an initial budget and acquire board approval prior to the start of the fiscal year. The school's fiscal year budget is reviewed and adjusted as needed on a quarterly basis. The School's board is then presented with the proposed revisions, which are approved through board-established processes.

Program-Specific Finance Tracking

Revenue from various sources that is restrictive in nature, and which requires associated monitoring and reporting will be tracked in the accounting system by using a set of course codes or appropriate finance codes. The school, in cooperation with the accounting firm creates, monitors, and verifies that each specific grant's standards for tracking are being met.