

# **BOOKKEEPING POLICIES**

## **RECEIPTS AND DEPOSITS**

- All money that is received is to be deposited on the same day.
- All money that is received is to be receipted by the appropriate secretary (General Fund deposits – Superintendent Secretary, Athletic Fund – Athletic Secretary, Internal Fund – appropriate Building Secretary) (cafeteria deposits are entered in the Meal Magic system by the cashiers).
- Deposits are to be put in a locked or secured bank bag and taken to the Business Office. The cashiers and bookkeeper are the only people with keys to the bank bags.
- Deposits are to be taken to bank daily by the Business Manager, Maintenance/Transportation Supervisor or the Superintendent. These administrators are the only employees allowed to take or pick up bank bags at the bank.
- If a bank bag is off one of the administrators above picks up the bag and then the cashier has to correct their deposit.
- The Bookkeeper records all deposits in the Pentamation system.
- Empty bank bags are returned the appropriate cashier and the receipt from the bank is retained by the Bookkeeper and attached to the appropriate back up and filed.
- All receipt records are kept in the Business Office. Any copies that are made are to be marked copy before they are released.

## **PURCHASE ORDERS**

- Purchase Orders are required for all items/supplies ordered for all funds (General, Internal, Cafeteria, Athletic, Capital Projects, and Technology).
- Purchase Orders are done on Tuesday of each week.
- Purchase Order Requisitions are to be in the Business Office by close of business Monday afternoon to be processed the following Tuesday.
- Purchase Order Requisitions are to be filled out completely and signed by the appropriate administrator in order to be processed.
- Any items ordered that are not instructional, i.e. teacher gifts, student gifts are taxable.
  - Requisition must include sales tax for these items.
  - If the vendor will not charge sales tax on an order, the following steps must be followed:
    - Requisition is turned into Business Office and the Bookkeeper will verify order total either online or by phone.
    - Bookkeeper will calculate the sales tax on the order.

- Bookkeeper will let principal or group advisor the amount of sales tax that needs to be remitted for the order.
  - Principal or group advisor needs to fill out a Payment Request form to the State of Michigan for the sales tax amount.
  - Payment Request for sales tax needs to be received in the Business Office before order is processed.
- Purchase Order Requisitions are entered into the Pentamation system by the Bookkeeper and signed and approved by the Business Manager.
- Bookkeeper faxes, mails or enters order online per instructions on requisition.
- A copy of the completed purchase order is given to the appropriate building secretary.
- Purchase Orders are not paid until invoice and proof of receipt is received.
- Purchase Orders are attached to the invoice and proof of receipt and then processed for payment.
- A copy of the Purchase Order is retained in the Business Office.

## **ACCOUNTS PAYABLE**

- Accounts Payable are processed on Wednesday of each week.
- Payment Requests are to be in the Business Office by close of business Tuesday to be processed the following Wednesday.
- Payment Requests are to be filled out completely and signed by the appropriate administrator.
- Proper back up including receipts for reimbursement or an invoice must be attached to the Payment Request.
- Invoices to be paid need the Purchase Order and proof of receipt attached.
- All items/supplies ordered need a purchase order. In the rare case that a purchase order is not done, the following applies:
  - Any items ordered that are not instructional, i.e. teacher gifts, student gifts are taxable.
  - If the invoice does not have sales tax on these items, the following steps must be followed:
    - Bookkeeper will calculate the sales tax on the order.
    - Bookkeeper will let principal or group advisor the amount of sales tax that needs to be remitted for the invoice.
    - Principal or group advisor needs to fill out a Payment Request form to the State of Michigan for the sales tax amount.
    - Payment Request for sales tax needs to be received in the Business Office before the payment is processed.

- Accounts payable are signed by the Business Manager, processed in the Pentamation system by the Bookkeeper and approved by the Business Manager.
- Two processes are used for payment, paper checks and ACH via bank transfers.
- Once checks/vouchers are printed the office copy of the check/voucher is attached to the invoice and held in files in the Business Office.
- Paper checks are stuffed and mailed and ACH transfers are entered into the bank website by the Bookkeeper and approved by the Business Manager.
- All invoices are kept in the Business Office, only copies can be taken out the Business Office and they must be marked or stamped “Copy”.

### **PROFESSIONAL DEVELOPMENT FORMS**

- Professional Development Forms are to be filled out for any Conference, Meeting, or Workshop a teacher attends, whether in the school building or not.
- Professional Development Forms are to be turned into the Business Office two weeks prior to the event.
- If the Form is for multiple dates, a separate form must be filled out for each date.
- Professional Development Forms must be signed by the teacher’s principal.
- The Business Manager will mark the lower portion of the form indicating the correct fund that will incur the cost.
- The Curriculum Director initials all Professional Development Forms after verifying if they are Title II or not.
- The Professional Development Forms are kept by the Bookkeeper and are used to cross reference and code the Substitute Teacher billings and the Teacher Absence Forms.
- Directions for the procedure of filling out the Professional Development Form are also found on the back of the Form.

## FEDERAL PROGRAMS

### EQUIPMENT MANAGEMENT AND MONITORING

- In accordance with district policy.
- Payment Requests are to be in the Business Office by close of business Tuesday to be processed the following Wednesday.
- Payment Requests are to be filled out completely and signed by the appropriate administrator.
- **DEFINITIONS:**

Equipment---Tangible, non-expendable assets acquired through donation, gift, purchase, loan, capital lease, or self-construction, with a life expectancy of more than one year and a cost of \$5,000 or more. Cost is defined as unit price including calibration, installation, freight, and trade-in. Equipment is free standing (complete in itself, does not lose its identity when affixed to or installed in other property).

Capital Asset---A long-term asset that is not bought or sold in the regular course of business. Examples include land, buildings, machinery, etc. Generally, these are assets that cannot be turned into cash quickly.

- **PROCEDURE**
  - a. Proper records must be created, maintained and retained by designated personnel for equipment acquired with grant funds. Methods of valuation for equipment include any outside labor, materials, and supplies used to place machinery, equipment, furniture, fixture items into service. These records should reference the percent and source of federal funds used to acquire the referenced equipment.

Items with an acquisition value over \$5,000 and a useful life of more than one year must be tracked at the school level.

Records should include the following information:

- Purchase price and cost of placement on site ready for use;
- Useful life;
- Asset identification
- Date of acquisition (month/day/year)
- Description (noun first, then adjective-e.g. table, conference)
- Manufacturer
- Model number
- Serial number
- Purchase order number
- Funding source and percent (i.e. IDEA, Title I)
- Location of asset including Site, Building and Room

- Classification of the asset and its associated life
- b. Each district must assign accountability for equipment management to a staff person. The Business Office is responsible for equipment management. The district must have a system that provides safeguards against loss, damage or theft of equipment acquired with federal grant funds, and also requires the investigation of any losses, damage or theft of such equipment. The cognizant employee must file an incident report for any theft of grant funded assets at the school building level.
- c. Disposition of equipment must conform with grant requirements. In accordance with 34 CFR 80.32, items with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.  
Items with a value greater than \$5,000 may also be retained or sold and the federal agency has a right to a formula-based value for these items (current market value or proceeds from sale X the federal awarding agency's share in the equipment).
- d. The district must take a physical inventory of all grant purchased equipment with a current market value of \$5,000 and above at least once every year.  
Assets that are present but are not on the list, should be recorded in accordance with subsection a. above.

District records must document any items that are no longer present and the current status of these items should be recorded.

The Accounting staff will assess the results of this process and make the proper reconciliations in the fixed asset database or system.

- **TRAINING AND COORDINATION**

The district will provide training on equipment management and monitoring to all staff involved in federal programs through activities such as:

- Distributing federal guidance documents;
- Distributing district policies and procedures;
- Developing templates, checklists and other guidance documents as appropriate;
- Internal training sessions;
- Routine staff meetings; and
- Informal technical assistance.

The district will promote coordination between all staff involved in federal programs through activities such as:

- Routine staff meetings;
  - Joint training sessions;
  - Policies and procedures that address all aspects of federal grants management;
  - Sharing information that has cross-cutting impact such as single audits, monitoring reports, letters from oversight entities, etc.
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- **SANCTIONS**  
Any district employee who violates this Procedure will be subject to appropriate discipline as reflected by comments to be placed in their annual employee evaluation.

**References:** 34 CFR 80.32

OMB Circular A-133 Compliance Supplement

OMB Circular A-102 Common Rule

2 CFR, Part 225

## **TIME AND EFFORT REPORTING**

### **TIME AND EFFORT REPORTING AND APPROVAL PROCESS**

In accordance with [District Board-Approved Policy Number], all employees whose compensation is paid, in full or in part, with Federal funds must maintain time and effort records in accordance with this established criteria. Employees must provide the information required on a timely basis and in accordance with all procedures. Time and effort records must be maintained in order for the district to charge employee compensation costs to Federal grants; thus, compliance with these procedures prevents disallowance of salary and wages charged to Federal grants.

### **DEFINITIONS**

**Cost Objective:** A particular grant award or other category of costs used to track specific cost information (e.g. earmarks or set-asides that require the district to track expenditure information to ensure it spends a specific amount for a specific purpose).

Employee Compensation: All amounts paid to an employee for services rendered during the award period. Compensation includes salaries, fringe benefits, stipends, bonuses and payments made under supplemental contracts.

Multiple Cost Objectives Employees: Employees who work on multiple cost objectives such as:

- More than one Federal award;
- A Federal award and a non-Federal award;
- More than one activity within a Federal award that is separately tracked by the district (such as set-asides, earmarks or match/in-kind contributions).

2CFR, Part 225: Federal cost principles that provide standards for determining whether costs may be charged to Federal grants.

Personnel Activity Report (PAR): A document certifying the amount of time a multiple cost objective employee spends on each cost objective. The PAR must reflect an after-the-fact distribution of the activities performed; account for the total activity for which the employee is compensated; be prepared at least monthly and coincide with one or more pay periods; and be signed by the employee.

Semi-Annual Certification: A document certifying a single cost objective employee worked solely on one cost objective. The certification must be prepared at least every six months and must be signed by the supervisory official having first-hand knowledge of the work performed by the employee.

Single Cost Objective Employees: Employees who work exclusively on one cost objective.

## **PROCEDURE**

All employees paid with Federal funds must adhere to the following procedures to complete the appropriate time and effort records. These procedures also apply to employees paid with non-Federal funds that are used as a match (or in-kind contribution) in a Federal program.

### a. Determining Cost Objectives

A cost objective is defined as a Federal grant award, or other category of costs the district uses to track specific cost information. In certain circumstances the district may track the time employees spend on particular activities within a single Federal grant in order to demonstrate compliance with Federal requirements such as earmarks, set-asides or match/in-kind contributions. When the district uses employee compensation costs to meet these requirements they are known as “cost objectives.” In such a circumstance, an individual grant programs may have more than one cost objective.

Determining cost objectives requires a careful reading of the programmatic provisions in the statute providing the funds. Employees should contact the Business Office if they need assistance determining the cost objectives on which they work.

#### b. Single Cost Objective Employees

An employee who works on a single cost objective must complete a semi-annual certification that indicates the employee worked solely on that cost objective for the period covered by the certification. The certification must be prepared at least every six months. Either the employee or a supervisor with first-hand knowledge of the work performed by the employee must sign the semi-annual certification.

A semi-annual certification must:

- Be executed after the work has been completed;
- State that the employee worked solely on activities related to a particular cost objective;
- Identify the cost objective;
- Specify the reporting period;
- Be signed by the employee or a supervisor with first-hand knowledge of the work performed; and
- Be dated.

The supervisory official for all single cost objective employees must complete the semi-annual certification attached to these procedures.

The Business Office will send the semi-annual certification forms to departments, schools and offices in January and July (or sooner). If an employee works on a short-term cost objective whose end date does not coincide with the normal January/July collection dates for semi-annual certifications (e.g. a supplemental contract for summer school programs), the employee must obtain a semi-annual certification from the Business Office after the time period for the work has ended.

All supervisory officials of single cost objective employees with first-hand knowledge of the work performed by the employee must complete and sign the semi-annual certification provided by the Business Office.

Executed semi-annual certifications must be forwarded to the Business Office.

#### c. Multiple Cost Objective Employees

Employees working on multiple cost objectives must maintain Personnel Activity Reports (PARs) or equivalent documentation indicating the amount of time spent on each cost objective for the period covered by the PAR or equivalent documentation. The PAR or equivalent documentation must be prepared at least every month. The employee must sign the PAR or equivalent documentation.



A PAR or equivalent documentation must:

- Be executed after the work has been completed (projections of how an employee is expected to work or position descriptions are not sufficient);
- Account for the total activity for which each employee is compensated, including part-time schedules or overtime (total activity means all of the time an employee works, not just the amount of time worked on a Federal program);
- Identify the cost objectives;
- Specify the reporting period;
- Be prepared at least monthly and coincide with one or more pay periods;
- Be signed by the employee (unlike a semi-annual certification a supervisor's signature alone is not sufficient); and
- Be dated after the fact (when the work has been completed).

All multiple cost objective employees must complete the PAR, unless they receive permission from the Business Office to use equivalent documentation (ie: detailed time card) in lieu of a PAR.

The Business Office will send PARs or its equivalent to departments, schools and offices.

Copies of executed PARs, or approved equivalent documentation, must be forwarded to the Business Office.

#### d. Supplemental Contracts

As discussed above, time and effort records must account for all of an employee's activities (i.e. 100% of an employee's time). Thus, if an employee works overtime that time must be reflected in the employee's time and effort record. If, however, an employee works in two distinct positions the employee may maintain separate time and effort records for each position.

For example, an employee works as a Title I teacher during the school day (charged to Title I) and a sports coach after school (charged to State or local funds). Assuming the coaching responsibilities are not part of the employee's regular job functions (e.g. the employee has a supplemental contract for the coaching position), the employee may treat each position separately – meaning the employee may complete a semi-annual certification for the teaching position, while no Federal time and effort record would be required for the coaching position.

In a similar example, an employee works as a Title I teacher during the school day (charged to Title I) and a 21<sup>st</sup> Century Community Learning Center (CCLC) teacher after school (charged to 21<sup>st</sup> CCLC). Assuming the after school activities are not part of the employee's regular job functions, the employee may complete a semi-annual certification for the Title I teaching position and a separate semi-annual certification for the 21<sup>st</sup> CCLC teaching position.

e. Stipends

Employees may be provided stipends to participate in activities such as professional development. Employees receiving such stipends for district-sponsored activities may satisfy time and effort records by signing the sign-in and sign-out sheets provided at the activity.

Employees receiving such stipends for non-district sponsored activities should contact the Business Office to obtain the necessary documentation.

f. Reconciliation

It is Ida's practice to charge employee compensation costs to Federal programs based on budget estimates that reasonably approximate how an employee will work during the year. The Business Office will reconcile payroll charges to the time and effort reflected in employee time and effort records at least quarterly.

If the Business Office identifies a variance between how an employee's salary was charged and how the employee actually worked, the Business Office will adjust its payroll charges so that the amount charged to Federal funds reflects the employee's actual time and effort. The Business Office will perform the adjustment annually if an identified variance is less than 10%. The Business Office will perform the adjustment at least quarterly if an identified variance is 10% or more.

g. In-Kind Contributions and Matching

Employees who are paid with non-Federal funds that will be used to meet a Federal match requirement (also known as in-kind contributions) must comply with the same time and effort reporting requirements as employees who are paid with Federal funds. In other words, employees paid with matching funds who work on a single cost objective must complete a semi-annual certification in accordance with the procedures in Section b. Employees paid with matching funds who work on multiple cost objectives must complete a personnel activity report in accordance with the procedures in Section c.

h. Document Retention

Time and effort records must be maintained for a period of five (5) years.

i. Employee Accountability and Sanctions

Failure to follow the provisions of this time and effort reporting policy and procedure may subject the individuals, departments or schools responsible for the violation(s) to administrative and/or disciplinary actions in accordance with the district's disciplinary procedures and the judgment of management.

For violations of this Procedure, the district may impose sanctions as follows:

- 1) If time and effort reports are not completed and returned in a timely manner, salary costs associated with uncertified grant activity may be removed for the individual and will not be charged to a General Fund account.
- 2) The District may suspend any new work by a noncompliant employee, or inclusion of a noncompliant employee in projects or programs, until time and effort reports are up-to-date and properly completed and certified.
- 3) Certification of time and effort reports that are known to be materially inaccurate may expose the individual who completed the reports to personal disciplinary action.
- 4) Further, at the discretion of the district administration, payment to an individual for time and effort expended on the grant may be withheld if time and effort reports are not complete.

**Legal References:** 2 CFR, Part 225

## **CASH MANAGEMENT FOR FEDERAL GRANTS**

- At its annual July organizational meeting, the District's Board of Education authorizes all banks of depository and check signers. No authorized general fund check signers have responsibility for voucher preparation, approval for payment, check preparation, cash receiving, petty cash, purchasing and receiving, or timekeeping for payroll records. Signing of blank checks is prohibited.
- Bank accounts are reconciled at the end of each month by the Business Manager. Bank statements are either pulled from online access or received unopened by the Business Manager. The Business Manager compares: dates and amounts of deposits on the bank statement to the deposits listing; check numbers, amounts and vendor names on the check register to the cancelled check listing and check images on the bank statement, and the check number sequence. Any items not accounted for shall be investigated by the Business Manager until they are resolved. The Business Manager also will perform the reconciliation in the accounting system.
- Checks outstanding for six months will be investigated by the Business Manager.
- Any adjustments required to complete the reconciliation process will be requested by the Business Manager and entered by the District Accountant.
- Upon completion of the reconciliation process, the Business Manager may review the reconciliation documents with the Superintendent. These documents are also presented to the auditors during the year-end audit.
- Federal grant monies are requested on a reimbursement basis via the appropriate process for the specific grant necessary. CMS is used for grants through MDE. Other reimbursement documents through the ISD or other awarding agency are obtained by the Business Manager and submitted to the Fiscal contact for reimbursement.

- Monies received from the Federal and State governments are direct deposited into the district's bank account. As these monies are requested, the deposit information is provided to the District Accountant to prepare the deposit information and verify monies are posted to the bank account. Receipt documentation then follows the normal process of District receipts and reconciliation. For monthly Food Service lunch/breakfast program Federal deposits, information from the Food Service secretary is provide to the District Accountant for receipting.
- All expenditures follow District approval processes for requisitions. Grant based expenditures are approved first by the Curriculum Director (grant authorizer) prior to entry in the system to ensure the request lines up with the program budget narratives. Once narratives for the grants are established, the application is used to enter the grant Budget into the accounting system for tracking, compliance and approval within the District's normal processes. These budgets are line item based tracking for account approval and matching during review process. The Board of Education periodically receives the line item budget for approval when modifications are made by the Business Manager and adjustments are necessary for approval.
- Grants that require a Final Expenditure Report (FER) are submitted by the Business Manager. Expenditure ledger postings are reviewed by the Business Manager periodically for Cash Requests and the FER. Any discrepancy or questionable item that appears in the expenditure ledger is reviewed between the Curriculum Director and Business Manager.
- Cash is not to be used or requested for district expenditures.
- Any grant being requested that requires local matching should be discussed with the Superintendent and Business Manager to ensure matching dollars are available and properly budgeted and encumbered for the period.