



Bookkeeper "Homestretch": A Review of Best Practices

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Say what???

<https://youtu.be/2k1PhapLChE>

Per WRTV Investigative report..

Burke was responsible for maintaining the financial records for the school lunch fund extracurricular account (ECA) including reconciling the bank account, maintaining vendor invoices, preparing checks to vendors, as well as filing the department's federal and state payroll withholding taxes.

Rather than submit legitimate vendor expenses, Burke issued approximately 312 checks to herself from ACSC totaling \$976,773.29.

Internal Controls

Activities undertaken by management to increase the likelihood of achieving management objectives in the areas of efficiency and effectiveness, reliability of financial reporting, compliance with laws and regulations, and safeguarding of assets



Internal Controls



Internal Controls - Revenue / Assets

Control Activities

- Policies & Procedures
- Laws & Regulations
- Financial Management for Georgia
Local Units of Administration (Section
V, Chapter 4)

Action Items

- Read Policies & procedures
 - Frequency of deposits
 - Documentation of receipts
 - Roles & Responsibilities
- Safeguarding Receipts (cash/checks)
- Recording Receipts
- Reconciling Procedures

SEPARATION OF DUTIES

Internal Controls - Expenses

Control Activities

- Policies & Procedures
- Laws & Regulations
- Financial Management for Georgia
Local Units of Administration (Section
V, Chapter 4)

Action Items

- Read Policies & procedures
 - Criteria for Disbursements
 - Approval for fund raisers
- Recognize Lines of Authority
 - Principal
 - Club Sponsors
 - Bookkeeper
- Safeguarding Checks AND ACH Activity
- Recording Disbursements
- Reconciling Procedures

SEPARATION OF DUTIES

Financial Management for Georgia Local Units of Administration

Public trust demands an efficient system of accounting for all money received and expended through school activity fund accounts. The system of **safeguarding** and accounting for activity funds is dependent on the soundness and effectiveness of board of education policies and guidelines. The board has the responsibility of ensuring accurate accounting for all accounts, as well as ensuring activity funds are expended as intended by the policies in place for each activity

The dispersed nature of student activity funds and the multiple site collections for some district activity fund revenues dictate a need for orderly controls on all activity funds. These controls include establishing lines of authority and a set of policies to guide the operation of all activity funds.



Financial Management for Georgia Local Units of Administration

All activity funds should be subject to sound internal control procedures, including segregation of duties for key functions.

The separation (segregation) of duties concept prohibits the assignment of responsibility to one person for the acquisition/collection of assets, their custody, and the related record keeping.



Separation of Duties - Collection / Custody of Assets

Determine Collection Points

- Classroom
- Lunchroom
- School Store
- Athletics - Gates, Concession Stands
- Front Office



Separation of Duties - Recording / Record Keeping

Separate Collection & Validation Functions

- Who collects & how?
 - Receipts
 - Sales Reconciliation Forms
 - Ticket Sales, cash register tapes
 - Class Rosters / Details of Collection
- Signatures of person collecting funds



Separation of Duties Recording / Record Keeping

Receipt / Documentation types

- Indicate how much money is collected / remitted
- Must be signed and dated by person collecting the funds
- Provided to Bookkeeper Timely

Validate / Report back to the person collecting funds

Create Deposit Slip - approved?

Funds Deposited Timely





Receipt Controls / Requirements

Per Financial Management for Georgia Local Units of Administration

- A system for receipting cash should be adopted that includes using pre-numbered receipt forms for recording cash and other negotiable instruments received.
- All receipts should be deposited intact. That is, all receipts should be deposited in the form in which they are collected and should not be used for making change or disbursements of any kind.
- All receipts should be deposited daily to adhere to best business practices. Each district should prepare a plan detailing how undeposited funds will be secured until a deposit can be made. In no event should undeposited funds exceed 5 days from the date of the receipt.
- Receipts shall stay in tack. No loans or disbursements of receipts are allowed

Separation of Duties - Expenses / Disbursements

- Activity advisor is responsible for adhering to the procedures set by the district, and the principal is responsible for supervising the activity advisor
- Principal is the supervisor of activities & should sign checks (not the bookkeeper)
 - Bank Signature card - keep up to date (Assistant Principal should be backup)
 - Bookkeeper should never be an authorized check signer
- Utilize multiple employees in the purchasing process (Requester/approver)
- Document each step
 - List Description / reason for purchase - who?
 - Use estimated costs or actual costs
 - List dates & obtain signatures



Financial Management for Georgia Local Units of Administration

With respect to expenses/disbursements, duties should be segregated for internal control purposes:

- (1) signing checks in a decentralized disbursement environment
- (2) maintaining fund accounting records
- (3) reconciling bank statements.



Purchasing Process

Workflow - Purchasing

- Purchase requisition - signed by requester
 - Description & estimated cost
 - List funding source
- Purchase order - signed and dated by Principal
- Consider board policy - quotes / bid??
- All expenses must be pre-approved BEFORE the actual purchase occurs



Purchasing Process

Workflow - Payment

- Assemble Voucher: Invoice, PO, Packing Slip
- Provide packet and completed check to Principal for signature
- Disbursements
 - Checks: Signed by Principal
 - Debit cards? Who controls the card? Supervisory review?
 - Petty cash?? Define policy and assess risk
 - How is a separation of duties achieved?
 - FMGLUA does not allow receipts to be used for disbursements



Use of Funds



Student activity fund monies should benefit those students/activities who have contributed to the accumulation of such monies, for the purposes defined for each activity/club.

Consider the activity and purpose

Use of Funds

Governmental Funds vs Custodial Funds

Governmental Funds: Local school funds may be spent “only for the support and maintenance of public schools ...public education..and activities necessary or incidental thereto.” Ga. Const. Art. VIII, Sec. VI, Par. I (b).

Miscellaneous Activity

- “School as a whole” expenses Items that could be used or seen by the entire school population (i.e. active boards, playgrounds, supplemental instructional materials, murals, etc.)
- Expenditures for groups representing the schools in academic competitions are also acceptable expenditures (i.e. academic bowl)
- Extracurricular activities would not be considered “school as a whole” expenses

Use of Funds

Governmental Funds vs Custodial Funds

Custodial Funds

- Club Sponsor
- Expenses incurred according to club purpose & purpose of event generating the funds

Use of Funds

Consider the source of funds

- Fundraisers: What was the purpose and underlying use of the funds
- Gate proceeds
- Rents
- Dues/Fees



Expenditure Controls

- Activity must be on the cash basis
- No loans between activities
- No deficits
- No payments of salaries or other compensation - W2
- Gift cards? See local policy. Consider IRS complications
- Non-employment compensation - 1099?
- E-verify
 - Required if purchase of SERVICE is greater than \$2,500
 - Vendor required to complete E-verify Affidavit

Record Keeping Functions



- Record funds in appropriate activity in the accounting system
 - See purchase requisition/ Purchase Order
 - Funds belong to the activity in which the funds were raised or accumulated
 - Recorded daily
 - Records should always be current
- Reconciliation of Bank Statement
 - Performed as soon as bank statement is received
 - Performed by someone other than the bookkeeper
 - Per FMGLUA “should be prepared by an individual that is independent of the receipt and check issuance processes.”

Supervision

- Provide Monthly Reports to Club Sponsors / Activity Supervisors
 - Obtain evidence of review (sign & date reports)
- Principal review reports monthly
 - Review total receipts and ending cash balances for all activities
- Provide reports to administration & board of education
 - Per FMGLUA: Monthly financial reports on all activity funds should be prepared and submitted to the administration and the board of education. (State Law 20-2-962 requires at least quarterly reporting).



Develop a system of reporting errors & irregularities



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Report Fraud, Waste, and Abuse

Review



Please be sure to provide feedback

Thank you!