

WASHINGTON COUNTY SCHOOL DISTRICT FINANCE & ACCOUNTING MANUAL

DISBURSEMENTS

LAST UPDATED: SEPTEMBER 2016

Check Preparation

Pre-numbered check stock should be properly safeguarded at all times and kept in a secure location accessible only by authorized personnel. Checks should be issued in sequential order.

Voided checks should have the word "VOID" clearly written on them in large writing with permanent ink, and should be kept as permanent documentation, not destroyed.

Checks should never be written to "CASH". The payee should always be a vendor or person.

Checks should be completed in their entirety prior to signing. Principals, administrators and secretaries should never sign checks that do not specify the payee or the dollar amount.

Signatures and Authorization

All school checks must have two signatures, and only one of those may be a secretary's signature. All checks must be signed by at least one administrator. Principals, assistant principals, staff developers and Title 1 site coordinators may be considered "administrators" for this purpose.

Principals are ultimately responsible for all of the school's finances, and therefore need to be aware of all payments issued from the school's checking account. Principals should be the primary signers of checks, and should not seek to delegate that responsibility to others. Assistant principals, staff developers and/or Title 1 site coordinators who are signers on the school's checking account should normally sign checks in the principal's stead only when the principal is absent, or during an emergency.

In order to verify the principal is aware of all payments issued from the school checking account, principals should review and sign a printed copy of the check register each month, and schools should keep the signed check register on hand along with the monthly bank reconciliations.

Reimbursements or other payments to a principal, or an immediate member of the principal's family (parent, sibling, spouse or child), may not be issued from the school checking account. Such payments must be issued by the district in order to ensure proper authorization.

Other check signers may not sign checks or authorize payments issued to themselves, or to their immediate family members.

Signature stamps should never be used for school checks. The very existence of a signature stamp at a school may be considered an internal control risk. Possession of signature stamps is not allowed unless the principal has received express written permission from the District Business Administrator.

All supporting documentation should accompany checks when they are presented for signatures.

Supporting Documentation

Before any payment is authorized, the supporting documentation should be reviewed. This documentation should:

- Identify what items/services were purchased,
- Identify the company or individual that was paid,
- Verify the cost was determined in an appropriate manner,
- Verify the amount paid was not excessive,
- When necessary, provide additional information/explanation to justify the expense as a legitimate use of school funds.

In some cases, a receipt will provide all of the necessary information, but in many cases a receipt alone will not be sufficient. When considering whether the documentation is complete for a purchase, it may be helpful to ask yourself the following:

"If somebody with no knowledge of the day-to-day operations of my school/department were to review the documentation for this expenditure, would they be able to tell how much we paid to whom, when and why? Could they conclude that the expenditure was an appropriate use of school funds, and that the amount paid was fair and reasonable?"

Per diem:

Whenever the school pays an employee to compensate for meal expenses for travel, the amount paid needs to be based on approved rates per Administrative Letter #25. The documentation for per diem needs to indicate who received the money, where they were traveling to, when, and why. The documentation should provide enough detail to allow an auditor to re-calculate the per diem paid, and verify that the per diem amount was appropriate considering the number of breakfasts, lunches and dinners that were covered.

A standard per diem documentation form is available to help document the required information.

Mileage:

When an employee uses their own money to purchase fuel for a district car or rental vehicle, the fuel receipts may be used to determine the reimbursement amount. The documentation should clearly indicate the reimbursement was not for a personal vehicle.

Fuel receipts are not an allowable form of documentation for reimbursements to employees who use their own vehicles for school-related travel. There is no way to verify that the amount per an employee's fuel receipt is equal to the cost of the fuel they actually used while traveling on school business. When someone uses their personal vehicle for school-related travel, the amount of the reimbursement should be based on District-approved mileage rates as set forth in Administrative Letter #25.

The documentation attached to the check stub for mileage reimbursements should clearly indicate where the person traveled, when, and why. The documentation should also clearly show how the amount of the reimbursement was calculated.

A standard mileage documentation form is available to help document the required information.

Employees are eligible to receive the higher mileage reimbursement rate only when a District vehicle is not available, and only if multiple employees attending the same event carpool to the maximum extent possible.

In some instances, employees may wish to be reimbursed for less than what they are eligible to receive because they would like to have more money stay in the school/program budget. In these instances, the school should keep documentation showing (a) the full amount the person could have received using standard mileage rates, and (b) a signed statement from the person acknowledging they are knowingly and voluntarily receiving a lower amount. This way, an auditor can verify (a) the reimbursement amount was not more than would be allowable under district policy, and (b) the person being reimbursed has not been unknowingly deprived of the full amount they were eligible to receive.

Purchases of meals / food:

Meal purchases are subject to the rules outlined in Administrative Letter #85. These rules outline when meals may be purchased, for whom, and how much may be spent.

Schools may cover the cost of two socials per year not to exceed the instate dinner per-diem reimbursement per employee using school-generated revenue. In the event spouses or partners are invited, funds may not be used to cover the cost of the non-employee.

School workshops, in-service meetings, conferences, committees, etc. may provide light refreshments.

School workshops, in-service meetings, committees, conferences, retreats, etc. that are a minimum of three hours may provide a lunch not to exceed the instate lunch per-diem rate per person.

Lunches for team/department head meetings and staff developer meetings are exempt from the three-hour rule. These employees have accepted responsibilities above and beyond that of their peers, and may be required to meet during the lunch hour.

All meals will not exceed the appropriate per-diem rate without Superintendent's approval.

Because documentation for meals needs to show that the purchase was in compliance with Administrative Letter #85, a receipt will not be considered sufficient by itself; additional explanation is always necessary to show:

- Why the food was purchased (need to specify meeting or event)
- For whom the food was purchased (need to show that the meals purchased were reasonable considering the number of people attending the meeting or event)
- The purchase complied with any other applicable requirements outlined in Administrative Letter #85.

If meals are purchased for a meeting that is held during regular work day hours, the documentation for the expense should show the beginning and ending time of the meeting, and should indicate the number of people in attendance, allowing an auditor to verify the total cost per person does not exceed the instate lunch per-diem allowance.

A standard meal documentation form is available to help document the required information, but administrators and secretaries will need to consider each situation to ensure the Administrative Letter #85 requirements are met and documented.

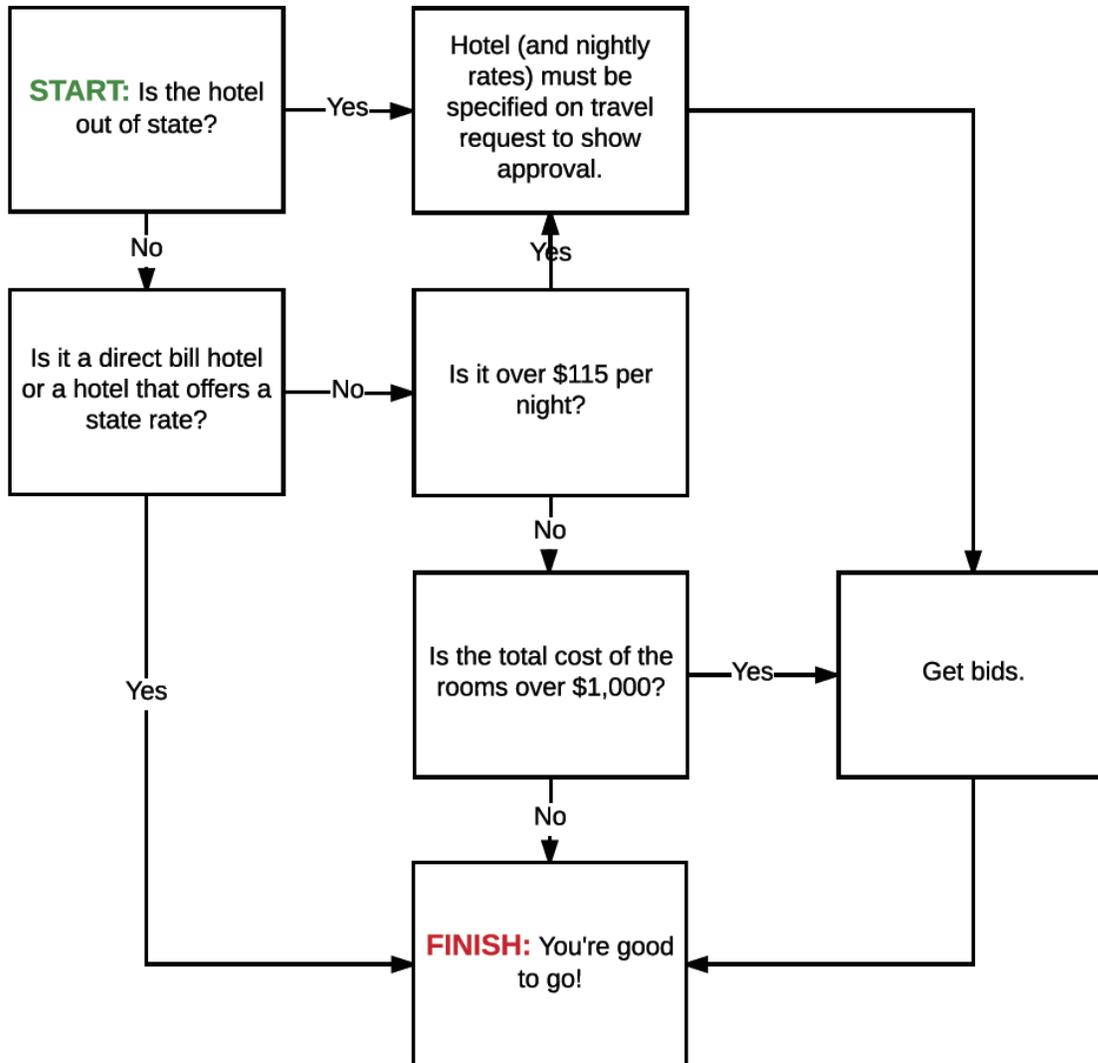
Lodging:

Employees should make efforts to find the best available rate when booking hotels/motels. Employees should try to use hotels/motels that direct bill the District, offer a state rate, or charge a rate which is less than \$115 per night.

When a hotel is not available that uses direct billing, offers the state rate, or which charges less than \$115 per night, approval for the transaction must be obtained via a travel request. The travel request should specify the hotel being used and the rate being charged. The travel request number should be referenced on the documentation for the hotel payment.

Two bids are required when the total amount of the hotel room(s) is greater than \$1,000. When the total lodging cost exceeds \$5,000, three oral bids are required and must be attached to the travel request.

The following flowchart outlines the process.



RULES TO REMEMBER

1. A purchase order is required for hotels paid via check. The p.o. must be dated prior to the trip date.
2. Hotels paid via credit card require written prior approval from the WCSD Business Administrator or Purchasing Manager if the total cost is \$1,000 or higher.
3. The documentation for the expenditure should clearly indicate the path chosen. For example, if you didn't get bids because the hotel offers a state rate, that should be shown somewhere in writing.

Refer to Administrative Letter #25 for more information on rules and procedures for travel-related expenditures.

Entry fees for competitions / tournaments:

When paying for entry fees for sporting events, debate competitions, band competitions, etc., there needs to be some sort of documentation – in addition to the purchase order - to show how the payment amount was determined. There is usually some sort of announcement or invitation that can be attached. Teachers and coaches should be aware that the school cannot disburse

checks without these sorts of invitations, or at the very least, an email from the hosting school that shows when and where the competition will take place and the amount of the entry fee.

Rewards & Recognitions:

Expenditures for rewards and recognitions should follow the following guidelines established in Administrative Letter #74.

- No gifts such as Christmas presents, birthday presents, secretaries day presents, etc may be given using district funds.
- Rewards and recognitions must be non-monetary and less than \$50.00 in value. Gift cards and gift certificates may not be given to employees due to IRS restrictions.
- Rewards and recognitions can be given for a single outstanding work accomplishment or as recognition for several great accomplishments.
- Rewards and recognitions should not be discriminatory in nature.
- Items given as rewards and recognitions should be tasteful and be appropriate for a school setting.
- Ask yourself, "If the reward or recognition showed up on the front page of the local newspaper, would it be an embarrassment to yourself and the School District?"
- Rewards and recognitions cannot be given in lieu of overtime or compensatory time.

These rules do not apply to awards publicly presented in recognition of public service. However, when awards are publicly presented, there must be written documentation specifying the circumstances under which the award was publicly presented. Principals and administrators are also strongly encouraged to first discuss any deviation from the above rules (and document written authorization for the deviation) with the Superintendent or an Assistant Superintendent.

All monetary rewards and recognitions, and all non-monetary rewards and recognitions valued at \$10 or higher, should be recorded on the standard rewards and recognitions documentation form.

Student refunds:

When a student is refunded for an amount they previously paid, there needs to be some sort of documentation for the expense to show why the student was refunded, and to verify the amount was appropriate. For example, if a student receives a refund for returning a lost book, an auditor will want to see evidence that the student had actually paid the lost book fee in the first place. Often the easiest way to provide documentation is to print a report from TES or Quicken showing when the student made the original payment. You may also need to include a brief written explanation of why the refund is being issued.

Payments to employees:

Employees must always be paid through the District payroll department for services rendered. The school is allowed, however, to issue checks directly to employees for per diem and mileage, and to reimburse the employee for school-related expenses paid out-of-pocket.

Employees are not allowed to pay out-of pocket for any purchase of \$1,000 or greater. Care should be taken to limit the amount of out-of-pocket expenses for which employees are reimbursed. Principals and other administrators may consider establishing lower reimbursement limits below \$1,000 for their own school or department. When possible, the school/department should deal with vendors and suppliers directly rather than reimbursing employees.

By reimbursing employees instead of buying the goods directly, the school would be paying sales tax it could otherwise avoid.

Employees also may want to pay out of pocket in order to accumulate more rewards points on their personal credit card. This could provide an incentive for the employee to incur higher costs than they otherwise would, which is in direct conflict with their responsibility as government employees to be frugal with the school's funds.

Employees receiving lump sum extra duty pay:

When a school wishes to pay an employee a lump sum for extra duty work (for example, stipends, or other extra duty cases where the amount paid is not tied to an hourly rate), the school is required to first submit an extra duty voucher form to the HR Department.

*(NOTE: this form is **not** required for coaches and assistant coaches - there is already a separate process in place which allows athletic directors to communicate the necessary information for coaches to the HR Department).*

Submitting these forms will allow the HR Department to determine whether there are any conflicts which may cause the employee to be ineligible for the extra duty assignment. If an employee will be performing more than one extra duty assignment, a separate form will need to be completed for each assignment. The forms must be submitted annually for employees performing the same extra duty assignment year after year. The extra duty forms must be submitted before the employee begins their extra duty assignment to ensure they do not perform any work for which they are not eligible to be compensated.

Ticket takers and other HS Activity employees:

For tax purposes, all ticket takers and HS Activity personnel who receive any payment for their work must be treated as employees of the district, including people who are not otherwise employed by the school district in any other capacity. Their compensation must be issued by the WCSD Payroll Department.

Any person who will be working as a ticket taker or game administrator, who is not otherwise employed by the district, will need to complete a form W4, and an I-9. The individual will be allowed to complete these forms at the school, and don't need to come in to the District Office to complete the paperwork.

The ticket taker must bring in two acceptable forms of identification. The school will need to see original documents, not copies. The completed forms should be sent to Terri Hendrix in the HR department. The individual does not necessarily need to have their paperwork filled out and submitted in order to work as a game administrator or ticket taker, but they will need to submit completed paperwork before they get paid. The payroll department will be cutting checks to these ticket takers twice a month.

HS Activity pay costs will be coded to program 9090. School secretaries should review the account activity for this program on a monthly basis and submit payment to the district to cover the salaries and benefits.

Compensation for game administration, ticket takers, and student techies will be communicated to the WCSD payroll department via a Google form which has been shared with secondary secretaries.

The following pay scale will be used for HS Activity pay:

*HS Activity Security	\$12.00	hourly
*HS Activity Ticket Taker	\$12.00	hourly
HS Activity Announcer FR-JV	\$35.00	per game
HS Activity Announcer Varsity	\$40.00	per game
HS Activity Bookkeeper FR-JV	\$35.00	per game
HS Activity Bookkeeper Varsity	\$40.00	per game
HS Activity Chain Gang FR-JV	\$35.00	per game
HS Activity Chain Gang Varsity	\$40.00	per game
HS Activity Clock FR-JV	\$35.00	per game
HS Activity Clock Varsity	\$40.00	per game
HS Activity Scorekeeper FR-JV	\$35.00	per game
HS Activity Scorekeeper Varsity	\$40.00	per game
HS Activity Spotter FR-JV	\$35.00	per game
HS Activity Spotter Varsity	\$40.00	per game
HS Activity Ticket Manager	\$250.00	Per season (Fall or Winter)
HS Tech - Student	\$15.00	hourly

*Classified employees are ONLY allowed to do ticket taking and security, and must clock in and out.

Reminder: Anyone - employee or volunteer - who will have unsupervised access to students must submit to a background check first.

Payments to contractors:

Under Federal tax law, a 1099 must be issued to certain businesses, and to individuals who are not WCSD employees, that are paid \$600 or more during any given calendar year for services rendered. All individuals and businesses must be paid through the WCSD Business Department if there is a possibility that the District might need to issue them a 1099.

This is the only way we can ensure 1099s will be issued to all applicable vendors, and that the amount reported on the 1099 captures all payments to the vendor from the District and its schools.

In order to determine whether a particular individual or business needs to be paid through the Business Department, ask yourself these two questions:

Question #1: *Is the school purchasing goods, or is it purchasing services?*

If the answer is goods, then the 1099 rule does not apply, and the school may issue the check directly to the individual or vendor (as long as there are no other policies or rules which would require the payment to be issued by the WCSD Business Department).

If the answer is services, go to question #2.

Question #2: *Who are we paying?*

If the payee is a corporation, or an LLC which the school knows for certain has elected to be taxed as a corporation, then the 1099 rule does not apply, and the school may issue the check directly to the individual or vendor (as long as there are no other policies

or rules which would require the payment to be issued by the WCSD Business Department).

If the payee is an individual, a sole proprietorship, a partnership, an LLC which has elected to be taxed as partnership, or an LLC whose tax status is unknown to the school, then the payment must be issued through the WCSD Business Department.

Please note the dollar amount of the payment is irrelevant. The \$600 threshold applies to the district as a whole. In other words, if a school is paying a partnership only \$100 for services, the payment still must be issued by the Business Department, because the school cannot know for certain that the total of all payments to the partnership from all schools in the District will add up to less than \$600.

Stale Checks

Checks that have not cleared the bank within 90 days are considered to be "stale" checks. For each stale check, an effort must be made to notify the person or company to whom the check was issued, and to encourage them to cash the check. If the check has been lost, issue a stop payment on the check and reissue a new check to the payee. The original check number should be referenced on the reissued check.

Checks from the prior school year which have not cleared the bank by December 15 of the following school year should be treated as unclaimed property. The check should be voided. If the dollar amount is less than \$10.00, nothing further needs to be done. However, if the check is more than \$10.00, a check needs to be sent to the District along with information of whom the check was originally written to, and why. The District will then submit the information and the money to the State of Utah, Unclaimed Property Department.

Petty Cash

Petty cash funds should be used for small payments of goods or services. Elementary schools are permitted to maintain a petty cash balance not to exceed \$100. Secondary schools may maintain a petty cash balance not to exceed \$250. When using petty cash for small purchases, the following procedures should be followed:

1. The school should have only one person that is the custodian of the petty cash.
2. All petty cash payments must be made from the money in the petty cash box.
3. When a request for cash is made, a petty cash voucher should be completed for the exact amount of cash given out and the voucher should be signed by the person receiving the cash.
4. When the item has been purchased with the petty cash, the purchase receipt along with any change should be returned to the custodian of the petty cash fund and both persons should sign the voucher verifying that all funds are accounted for.
5. The amount of the receipt plus the amount of the change, should equal the amount of petty cash that was issued per the petty cash voucher.
6. The purchase receipt should be attached to the petty cash voucher and kept in the petty cash box.
7. When reimbursing the cash box, all of the petty cash vouchers along with the purchase receipts should be attached to the check stub as documentation.
8. When establishing or reimbursing a petty cash fund, checks should be made payable to a school district employee. A reimbursement check should never be made payable to "cash."