



South Valley Preparatory School



INTERNAL CONTROL POLICY

Introduction

South Valley Preparatory School has established and works hard to maintain an adequate internal control structure that ensures compliance with all applicable laws and regulations. Our internal control structure consists of the policies and procedures established to provide reasonable assurance that our objectives will be achieved.

Control Environment

Our control environment represents the collective effect of various factors on establishing, enhancing, and mitigating the effectiveness of specific internal controls. These factors include the following:

- Management's philosophy and operating style;
- South Valley Preparatory School's organizational structure;
- The functioning of the Governing Council;
- Management's control methods for monitoring and following up on performance, including internal auditing;
- Personnel policies and practices; and,
- Various external influences that affect South Valley Preparatory School's operations and practices.

We have established our control environment so that it reflects the overall attitude, awareness, and actions of the Governing Council, management and others concerning the importance of control and its emphasis within South Valley Preparatory School.

Accounting System

Our accounting system consists of methods and records that have been established to identify, assemble, analyze, classify, record and report South Valley Preparatory School's transactions and to maintain accountability for the related assets and liabilities. We have focused on establishing methods and records to ensure the following:

- All valid transactions are identified and recorded;
- Transactions are recorded on a timely basis and described in sufficient detail to permit proper classification for financial reporting;
- The value of transactions is measured in a manner that permits the proper recording of their monetary value in the financial statements;

- Accuracy is maintained when determining the time period in which transactions occurred to ensure that transactions are recorded in the proper accounting period; and,
- Transactions and related disclosures are in the financial statements.

Control Procedures

Our control procedures are those policies and procedures in addition to the control environment and accounting system that management has established to provide reasonable assurance that specific objectives will be achieved. We have devised, established and continuously strive to maintain a structure of internal accounting controls to provide that the following are in place:

- Segregation of responsibilities to ensure that the following duties are segregated: authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction;
- A system of authorization and recording procedures to ensure that all transactions are properly approved and recorded;
- Sound accounting practices are in place in the performance of duties and functions. This includes varied error-checking routines that are performed in connection with record keeping and comparing recorded amounts with existing assets and liabilities. Appropriate action shall be taken with respect to any differences;
- Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with management's authorization;
- Receipts, checks or warrants, purchase requisitions, purchase orders, and vouchers shall be sequentially pre-numbered;
- Proper safeguards are in place to protect unused checks and other pre-numbered forms and cash that has not been deposited and other receipts;
- All transactions are recorded as necessary to permit preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP); and,
- Independent checks on performance and proper valuation of recorded amounts is being performed including clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports.

Organizational Structure

South Valley Preparatory School has devised, established and maintains an effective organizational structure to give appropriate consideration to ensure the following:

- A system of measurement of, and accountability for employee performances, is in place;
- A policy has been established in which the delegation of responsibility for employee actions is combined with sufficient authority to perform the assigned activities;
- Budgets and financial reports are created and maintained;
- There is adequate monitoring of activities at each level of the organizational structure; and,
- There is a system of checks and balances in place which separates incompatible activities to preclude absolute control by any individual or unit. This system also provides supervision by higher levels of management and for the monitoring of the overall school activities.

Budget

Budget Development

1. The Business Manager is responsible for developing the proposed budget which covers all funds. In addition, a budget calendar must be developed to include a meeting for community input.
2. The prior year budget will be reviewed, and a budget to actual report will be developed. This report will be given to the Principal and Governing Council to review.
3. The Business Manager will consult with the Principal and Governing Council regarding the strategic direction of the budget for the upcoming year. The following will also be considered when developing the proposed budget:
 - Current and expected growth patterns;
 - The budget to actual report from the prior year; and,
 - The Educational Plan for Student Success.
4. Once the proposed budget has been developed, which is done on an Excel spreadsheet, it is forwarded to the Principal for approval.
5. The proposed budget is then presented to the Governing Council for approval in an open meeting.
6. Once the budget has been approved by the Governing Council it is sent to be included in the overall SVPS Budget.

Budget Adjustments and Modifications

1. Budget adjustments, which do not alter the total amount of the budget, include the following:
 - Intra-budget transfers, which are transfers between expenditure codes within the same function.
 - Inter-budget transfers, which are transfers between expenditure codes outside state functions.
2. Budget modifications, which do alter the total amount of the budget, include the following:
 - Budget increases, which increase the funds available for the current year.
 - Budget decreases, which decrease the funds available for the current year.
3. There are no budget transfers allowed between funds.
4. The Business Manager is responsible for preparing a proposal for all budget adjustments and budget modifications.
5. The Business Manager will submit the proposed modified budget to the Principal for approval.
6. Once approved by the Principal, the proposed modified budget is submitted to the Governing Council for approval at a scheduled meeting. If the changes are approved, the approval is noted in the meeting

minutes. A budget adjustment request is then submitted either electronically or manually to the Public Education Department for approval.

7. Once all approvals are in place, the Business Manager makes the approved changes to the budget in the Budget Module in the APTA financial system.

~~The Business Office Bookkeeper will notify the Business Manager when all changes have been made, and the Business Manager will review the modified/adjusted budget.~~

Purchasing

Requisition Processing

1. The requisitioning employee completes a purchase request form and submits to the Administrative Assistant.
2. The Administration Assistant enters the purchase requisition into APTA fund and submits to the Executive Director/Principal.
3. After all applicable information has been obtained, based on the procurement terms (see procurement process below), the requisitioning is submitted to Executive Director/Principal for approval.
4. The Principal will review the purchase requisition and either approve, change or deny the purchase.
 - If the purchase requisition is approved, the Principal will approve electronic sign and date the purchase requisition to signify approval.
 - If the purchase requisition is denied, the reason will be documented on the purchase requisition, the Administrative Assistant will make a copy of the denial to be filed, and the form will be sent back to the requisitioning employee.
5. Once approved, the purchase requisition is forwarded to the school's Business Manager to be approved in the Purchasing Module.
6. The selected vendor must be entered into the system as follows:
 - If the vendor is an existing vendor, their name is chosen from the vendor list.
 - If the vendor is a new vendor, at a minimum the vendor name, federal tax ID number and 1099 designation must be entered.
7. The original purchase requisition is then filed in the appropriate vendor file in chronological order.

Procurement Process

1. Goods and services under \$5,000 may be obtained from the best obtainable source, considering cost, service, delivery, and prior use of similar goods. Although quotes are not required, they are strongly recommended in order to ensure the best obtainable price is achieved.
2. For purchases of tangible items between \$5,001 - \$10,000 and services between \$5,001 and \$30,000, the requisitioning employee must obtain three quotes. The quotes can be either verbal or written. All quotes must be documented on the purchase requisition, and the chosen vendor must be noted. If the lowest bidder is not utilized, the reason for the selection must be documented on the purchase requisition. Any supporting documents relating to the bids must be attached to the purchase requisition.
3. Competitive bids must be obtained on a request for proposal form and in accordance with New Mexico State Statute for purchases exceeding the following thresholds:

- Bids are required for tangible items estimated to cost more than \$20,000.
 - Bids are required for professional services estimated to cost more than \$60,000.
4. In all instances where it is possible, the “Piggy Back” process will be utilized in accordance with New Mexico State Statute Section 13-1-129 NMSA.

Verification and Approval

1. When the purchase requisition is entered into the system, a purchase order number is assigned to the purchase and a pre-numbered purchase order is automatically generated.
2. Once the purchase order is generated, the Business Manager will verify the accuracy of the cost account by reviewing the purchase order within the Purchasing Module. If any changes are mandated, they are entered into the system at this time.
3. The Business Manager is responsible for comparing the purchase order to the current budget to verify that the funds are available. During this verification process, the specific line within the budget that corresponds to the purchase must be considered rather than the total amount of the remaining budget.
 - If the funds are not available, the purchase requisition is sent back to the Executive Director/Principal with an explanation as to why the purchase order will not be processed.
 - If funds are available, the Business Manager documents the fund availability on the purchase order.
4. Prior to printing the purchase order, the Business Manager must review the vendor information for completeness and accuracy as follows:
 - If a different vendor is utilized because the vendor noted on the purchase order was not on the state approved vendor list, the new vendor and product information is entered.
 - If the original vendor is on the state approved vendor list, any omitted information is entered into the system and all existing information is checked for accuracy.
5. The Business Manager, and Administrative Assistant are the only employee within APTAFund that has the access to change or enter vendor information.
6. After the purchase order is complete, two copies are printed, a vendor copy and a file copy.
7. The Business Manager must sign and date both copies of the purchase order.
8. The vendor copy is forwarded to the selected vendor to initiate the purchase and the file copy is filed in the Open Purchase Order file until an invoice is received.

Exemptions from the Procurement Code

1. There are several items that are exempt from the Procurement Code which are listed in Section 13-1-98, NMSA, 1978 Compilation. Those related to school districts include:

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- Procurement of items of tangible personal property or services from another state agency or a local public body;
 - Purchases of publicly provided or publicly regulated gas, electricity, water, sewer and refuse collection services;
 - Travel or shipping by common carrier or by private conveyance or to meals and lodging;
 - Contracts for public school transportation services are covered under regulation;
 - Minor purchases consisting of magazine subscriptions, conference registration and fees and other similar purchase where prepayments are required;
 - The issuance, sale and delivery of public securities pursuant to the applicable authorizing statute with the exception of bond attorneys and general financial consultants;
 - Contracts for retirement and other benefits pursuant to Sections 22-11-47 through 22-11-52, NMSA, 1978 Compilation; and,
 - Entertainers.
2. When a purchase is exempt from the procurement code, or is a recurring purchase or a reimbursement payment, the normal purchasing process does not need to be followed. In any of these instances, the following procedures are followed:
- For recurring payments, no purchase requisition, purchase order or check request is required. The Business Office Bookkeeper will enter the payment into the Accounts Payable Module during the bi-weekly invoice processing.
 - For reimbursements or other items that are exempt from the procurement code, the requester must complete a check request form and submit the supporting documentation to the Business Office.
3. The Assistant Business Manager will review the voucher summary report that is created during the invoice processing cycle and authorize that all payments that are not supported by a purchase order or do not follow the normal procurement process are mandated and appear to be reasonable expenses.

Accounts Payable Processing

Receiving

1. A designated individual at the school is responsible for receiving all purchased goods and performing the following steps when goods are received:
 - Inspect the goods for visible damage in the presence of the carrier. Damaged goods should not be accepted.
 - The employee will inspect all goods received and compare the items and quantities to the open purchase order in the Purchasing Module. The items and quantities received will be entered into the Receiving Module and a receiving report will be generated in the system.
 - If discrepancies are discovered, they are documented and investigated.
2. Once the receiving report is completed, it is printed and acts as the proof of delivery form.
3. The goods are delivered to the requisitioning employee. The recipient is required to sign and date the receiving report to authorize that all goods on the receiving report were received.
4. The packing slip and the signed receiving report are forwarded to the school's Administrative Assistant to be matched and maintained with the corresponding purchase requisition.

Invoice Processing

1. All invoices are forwarded to the Business Office. When an invoice is received, the Business Office will pull the corresponding purchase order from the open purchase order file, print the receiving report and attach both documents to the invoice.
2. Accounts Payable will be processed on a bi-weekly basis.
3. The Business Manager is responsible for comparing the invoice, purchase order and receiving report. The following should be performed:
 - Verify that all items shown on the invoice were received. Compare the items and quantities shown on the invoice to the items and quantities shown shipped or delivered on the receiving reports.
 - Verify the calculations and totals on the invoice, such as quantities received multiplied by unit price.
 - Verify that the total on the invoice is no more than 10% and \$100 over the amount approved on the Purchase Order. If the total exceeds the limit, a new Purchase Order must be created and the verification and approval process must be redone with the new total.
4. The Business Office will enter all invoices to be paid into the Accounts Payable Module.
5. A voucher summary report is printed and attached to the A/P voucher along with all invoices and supporting documents.

6. The Business Manager will compare each payment on the voucher summary report to the supporting documentation and initial and date the report to authorize that the checks may be printed.
7. The check stock is maintained in a locked cabinet that must remain locked at all times.
8. The Business Manager will then print all checks listed on the voucher summary report and print the check register.
9. The checks and supporting documents are forwarded to the authorized individuals to be signed.
10. The Business Manager will match all checks to the check register to ensure that all printed checks were received.
11. The signed checks are given to the Business Manager to be mailed to the appropriate vendor.
12. The payment vouchers and supporting documents are filed in the appropriate vendor files by date.
13. The Business Manager will file the check vouchers by date.

Travel

1. Employees traveling for work-related purposes must document their proposed itinerary on a pre-numbered travel requisition form. The form must include, at a minimum, the following information:
 - Employee name;
 - Dates of travel;
 - Reason for the travel;
 - Estimated cost and description of related expenses including hotel, flight, rental car, mileage, per diem, registration fees, etc.; and,
 - An indication as to whether advanced funds or reimbursement will be utilized.
2. Per Diem and mileage rates will be applied according to the state rates established by the Department of Finance and Administration.
3. Once the requisition is completed, the requisitioning employee must sign and date the form.
4. The travel requisition form must be submitted to the Executive Director/Principal for review and approval.
 - If the travel requisition is denied, the Executive Director/Principal will document the reason for the denial.
 - If the travel requisition is approved, the Executive Director/Principal will sign and date the requisition.
5. If the Executive Director/Principal is the employee that is submitting a travel requisition, it must be reviewed and approved by the Governing Council Chair.
6. The travel requisition form has triplicate copies that will be distributed as follows: original form to the requisitioning employee; duplicate copy to the School's Administrative Assistant; and the triplicate copy to the Business Office.
7. Funds may be advanced, if requested, up to 80% of the total estimated travel cost. If advance funds are required, the payment will be processed by the Business Office during the next accounts payable cycle and in accordance with the accounts payable policies and procedures.
8. The requisitioning employee is responsible for making all travel arrangements.
9. All receipts must be maintained.
10. When the employee returns from travel, they have 7 days to complete a pre-numbered travel voucher. The corresponding receipts or other supporting documentation must be attached to substantiate each expense. The travel voucher must include, at a minimum, the following information:
 - Employee name;
 - Corresponding travel requisition number;

- A description of each expense incurred;
 - The actual cost of each expense; and,
 - For advances, a reconciliation must be performed between the expense totals on the travel requisition and those on the travel voucher with a total of how much is owed to the employee or due from the employee.
11. The completed travel voucher must be signed and dated by the employee and forwarded to the Principal for approval.
 12. If the Executive Director/Principal is the employee that is submitting the travel voucher, it must be reviewed and approved by the Business Manager.
 - If the Travel Voucher total exceeds the approved total on the Travel Requisition form by greater than 10% and by more than \$100, the Business Manager will forward the Travel Voucher to the Governing Council for approval.
 13. The travel voucher form has triplicate copies that will be distributed as follows: original form to the requisitioning employee; duplicate copy to the School's Administrative Assistant; and the triplicate copy to the Assistant Business Manager.
 14. The School's Administrative Assistant will match travel voucher to the corresponding travel requisition, and file the forms in the appropriate personnel file.
 15. The Business Office will match all travel vouchers received to their corresponding travel requisitions and determine if payment is due.
 16. Any payment due to the employee will be processed by the Business Office during the next accounts payable cycle and in accordance with the accounts payable policies and procedures.

Bank Reconciliations

1. A bank reconciliation is performed on a monthly basis by the Business Manager.
2. The check register and GL detail are exported from the accounting system into Excel. The bank reconciliation is performed in an Excel spreadsheet using a preexisting template.
3. The bank statement is viewed online.
4. The reconciliation must be completed by the 15th of each month.
5. All differences between Bank and Book will be posted in the month reconciled.
6. The Business Manager will review and approve the bank reconciliation after completion.

Payroll

Employee Master File Maintenance

1. The Executive Director/Principal and the Governing Council are responsible for monitoring the hiring and termination of employees, authorizing salaries, initiating employment contracts and maintaining staffing levels approved in the annual budget.
2. Each time employment information changes whether it is due to a newly hired employee, a termination, a pay rate change, or a change in payroll deductions including tax information, insurance coverage or other benefit deductions, a personnel action form must be completed by the Executive Director/Principal.
3. The employee and the Executive Director/Principal must sign and date the personnel action form.
4. Certified employees that are paid based on a salary must have an employment contract in place. Each time their salary changes, the Executive Director/Principal must update the employee's contract, and both the Executive Director/Principal and the employee must sign and date the updated contract.
5. A copy of all personnel action forms and employee contracts are maintained in the corresponding personnel file and a copy is forwarded to the Business Office prior to the effective payroll.
6. The personnel action forms and updated employee contracts are used to update the employee master files in the Payroll Module. This is done prior to payroll processing and is performed by the Business Manager.
7. Access to personnel files and master files is restricted to authorized staff. All payroll information is kept in a locked filing cabinet and the computerized employee master files are password-protected.

Direct Deposit

1. If an employee elects to use direct deposit, a Direct Deposit Form must be completed and signed. A voided check must be attached to the Direct Deposit Form.

2. All direct deposit documentation will be sent to the Business Office prior to the effective payroll.
3. The Business Manager will enter all direct deposit information into the Employee Management Module.
4. The direct deposit documents are filed in a locked filing cabinet.

Time Sheets

1. All hourly employees are responsible for preparing and signing a time sheet at the end of each period. The biweekly time sheet is used to record hours worked, paid time off and holidays.
2. Before taking time off, employees complete and submit a leave request form to the Principal for approval. The Executive Director/Principal's leave requests must be sent to the Governing Council Chair for approval. If an employee misses work and a leave request was not completed prior to the absence, an absentee report is created. Leave that is taken without sufficient leave balances are docked from the employee's pay.
3. Employees are responsible for turning in their time sheets to the Executive Director/Principal by the Monday following the final day of the pay period.
4. The Executive Director/Principal will review and approve all time sheets and attach any corresponding leave requests or absentee reports.
5. All payroll documents including approved time sheets with supporting leave requests and absentee reports, any personnel action forms and updated or new employee contracts are forwarded to the Business Office for payroll processing no later than the Tuesday following the final day of the pay period.
6. The Business Office receives all payroll documents.
7. The Business Office performs the following tasks prior to entering information into the Payroll Module:
 - Review each time sheet and leave request to ensure that the employee and the Executive Director/Principal signed it;
 - Recalculate the time sheets; and,
 - Ensure that all documented leave is supported by an authorized leave request or an absentee report.
8. The Business Office will enter all payroll information including hours worked, paid time off and any unpaid time off into the Payroll Module.
9. After all payroll information has been entered, a voucher summary report is printed.
10. The voucher summary report and all supporting documentation is forwarded to the Business Manager to be reviewed. The Business Manager's review ensures reasonableness and accuracy of the current pay period calculation, and ensures that checks or direct deposits are not accidentally issued to terminated employees.

11. The Business Manager will sign and date the Voucher Summary Report to authorize that the checks may be printed. All documents are forwarded back to the Business Office.
12. If errors are discovered, the Business Office corrects them before printing the checks.
13. The check stock is maintained in a locked cabinet that must remain locked at all times. The Business Office will take the number of checks needed according to the voucher summary report from the cabinet and lock it back immediately.
14. The Business Office will then print all checks and direct deposit slips listed on the voucher summary report. A check register will be printed.
15. The checks, direct deposit slips, supporting documents and the check register are forwarded to the Business Manager to be signed.
16. The Business Manager will match all checks to the check register to ensure that all printed checks were received.
17. The Business Manager will sign and date the check register to signify that the checks were received and signed.
18. The Business Manager will distribute direct deposits to the employees.
- ~~19. Any unclaimed payroll checks are maintained by the Executive Director/Principal in a locked drawer.~~

Quarterly Payroll Reports

1. Quarterly tax reports are prepared by the Business Manager consist of the following
 - Form 941 – Employer’s Quarterly Federal Tax Return
 - State Taxation and Revenue Report
 - Worker’s Compensation Report
 - SUTA

Monthly Payroll Reports

1. Monthly tax reports are prepared by either the Accounting Specialist or the Assistant Business Manager or the Business Manager and consist of the following:
 - Education Retirement Board Report
 - New Mexico Retiree Health Care Reports
 - NMPSIA
 - Employee Voluntary Withholding Reports
 - EFPTS-Payroll Withholding Reports

2. For the payments listed above, the Business Office will obtain the vendor invoice and reconcile for payment.
3. The Business Manager will review the invoice and approve it. Once the invoice has been approved for payment, it will be forwarded back to the Business Office to initiate payment during the next regularly scheduled Accounts Payable Cycle.

Capital Assets

Capitalization

1. A capital asset shall be defined as any single item of non-expendable personal property, the cost of which exceeds \$5,000 and has a useful life of more than one year.
2. The cost basis of assets includes all charges relating to the purchase of the asset, including the purchase price, freight charges, and installation, if applicable.
3. The cost of buildings includes all expenditures related directly to acquisition or construction. These costs include materials, labor, and overhead incurred during construction, and fees, such as attorney's fees, architect's fees, and building permits.
4. Expenditures incurred in connection with maintaining an existing facility in good working order are expensed as a repair if the cost is less than \$5,000.

Acquisitions

1. The purchase of capital assets is initiated using the same policies and procedures as all other purchases. (See Purchasing Policies and Procedures)
2. The Business Office is responsible for ensuring that all purchases that qualify as capital assets are properly coded during the purchase order approval stage of the purchasing process.

Dispositions

1. All dispositions will be processed according to the salvage process and in accordance with New Mexico State Statutes.
 - After the salvage process has been completed, the Business Office deletes the item from the asset records and records the disposition.
2. Missing or stolen assets are reported in writing to the Executive Director/Principal as soon as possible.
 - A police report must be filed for all stolen assets.
 - If unrecovered, the Business Office is notified in writing and the asset is then removed from the asset records.
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Asset Records

1. The Business Office maintains a detailed listing of capital assets; including the description, the date acquired, vendor, cost basis, useful life, depreciation information and salvage value.
2. The Business Office updates the general fixed assets account group when new assets are acquired, disposed of, lost or stolen.
3. Annually, the Business Office furnishes the Executive Director/Principal with a list of capital assets, including any quarter year acquisitions or disposals.
 - The Executive Director/Principal will be responsible for designating an employee to perform a physical inventory and identify capital assets that are not on the listing.
 - Any discrepancies noted by the school are reported to the Business Office as soon as possible. The Business Office will be responsible for reconciling any differences.
4. At year-end, the Business Manager will reconcile the ledger account to the schools inventory listing and make any necessary adjustments.
5. The Business Office is responsible for keeping adequate records on the depreciation lives, depreciation method used and accumulated depreciation for each fixed asset.

Cash Controls

Cash Receipts

1. The School's Administrative Assistant and the Business Manager both maintain a book of pre-numbered cash receipts.
2. Coin, currencies, checks, money orders, and other forms of monies are received in the following ways:
 - Received at the school by the teacher and the amount received from each source must be entered on a cash receipts listing. The teacher is responsible for turning in all monies received and the corresponding cash receipts listing on a daily basis to the School's Administrative Assistant. The School's Administrative Assistant is required to count all monies received in the presence of the teacher and issue to the teacher a pre-numbered cash receipt at that time.
 - Received directly by the School's Administrative Assistant, who issues a pre-numbered cash receipt.
 - Received directly by the Business Office, who issues a pre-numbered cash receipt.
3. The cash receipts book has triplicate copies that shall be distributed as follows: original to payer; duplicate attached to the schools copy of the corresponding deposit slip; triplicate remains in the receipt book.
4. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.
5. All monies received must be kept in a locked drawer until they are deposited.
6. All checks shall be endorsed with the "For Deposit Only" stamp when received.

Depositing

1. All monies must be deposited into a checking account within 24 hours of being received.
2. The School's Administrative Assistant and the Business Office are responsible for completing pre-numbered deposit slips.
3. The deposit slip and all monies being deposited are forwarded to the appropriate authority for approval.
 - The Business Manager approves all deposits at the school.
4. Deposits are made by the School's Administrative Assistant and the Business Office Bookkeeper.
5. A copy of the deposit slip, the deposit verification slip and all related cash receipts are filed together by date.

Revenue Ledger

1. All revenue entries are entered into the revenue ledger by the Business Manager.
2. Cash receipts issued from the Business Office will be entered by referring to the triplicate copy of the cash receipt.
3. The School's Administrative Assistant is responsible for forwarding a copy of all cash receipts to the Business Manager on a weekly basis.

Student Activity Funds

Deposits

1. Student Activity Funds are used to account for those resources owned, operated and managed by the student body, under guidance of a staff member or another adult, for educational, recreational or cultural purposes. These funds are used for a wide range of activities that can include the school yearbook, student athletics or various student clubs, t-shirts, and candy sales. The Executive Director/Principal is authorized to approve the formation of all class organizations, clubs, and associations and before any fundraising can be done, the advisor from the organization must first submit a Fundraising Request Form.
2. The club sponsor or treasurer must bring all monies collected to the School's Administrative Assistant for deposit by the end of the day of collection.
3. Sponsors who fail to deliver funds to the School's Administrative Assistant shall be reported to the Business Manager.
4. The School's Administrative Assistant will issue a pre-numbered cash receipt for the monies received, and record the receipt on a Student Activity Funds Log, or a Student Enrollment Log. The depositor is required to sign the log to signify the noted amount of deposited funds is accurate.

5. The Student Activity Funds Log must be forwarded to the Business Office at the end of the day in which the collection occurs, so that it can be entered into the accounting system.
6. The School's Administrative Assistant will follow the normal deposit procedures when depositing Student Activity Funds.
7. Sponsors are responsible for developing budgets upon deposit of funds.
8. The Business Manager will reconcile the cash account on a monthly basis.

Disbursements

1. Sponsors are responsible for submitting a check request and all other appropriate documents to withdraw funds from their account.
2. Sponsors are responsible for obtaining the Executive Director/Principal's signature on the check request, approving the withdrawal of funds, prior to submitting the request to the Business Office.
3. Funds that are withdrawn shall be given to the adult sponsor; under no circumstances shall funds be released to individual students. Funds will be disbursed in the form of a check. Absolutely no cash will be given as a form of withdrawal.
4. All excess change that results from a withdrawal shall be re-deposited in accordance with the deposit procedures above.
5. When a prepayment must be made or a reimbursement is being claimed, the appropriate receipts or other supporting documents must be attached to substantiate the amount of the withdrawal. Again, funds that are not accounted for with receipts must be re-deposited.
6. All goods purchased through Student Activities must follow the school's procurement policies.
7. Any balances remaining of the account name shall be carried over into the new fiscal year under the same account.

Journal Entries

1. All journal entries are made at the Business Office.
2. The Business Manager prepares a journal entry by completing a journal entry form.
3. The Business Manager must sign and date the journal entry form.
4. The form, along with supporting documentation that justifies the journal entry, is sent to the Business Manager, who presents to the Executive Director/principal, and the Finance Committee for approval. They are the only employees who have access in the system to enter journal entries.
5. The Business Manager must review the journal entry, ensure the accuracy of the account coding, enter the journal entry into the system and sign and date the journal entry form to signify that the entry was approved and posted.

6. Unused journal entry forms remain in the custody of the Business Office.
7. Journal entry forms that have been processed are forwarded back to the Business Office to be filed in the journal entry file in chronological order along with any supporting documentation.
8. If a journal entry form is voided, it is stamped “VOID” and filed in the journal entry file.

General Ledger

1. The general ledger is a record containing the accounts needed to reflect the financial position and the results of operations of the school. Double-entry bookkeeping is utilized, and therefore the debits and credits in the general ledger equal.
2. The school utilizes the New Mexico Public Education Department (PED) Uniform Chart of Accounts (UCOA). The structure of the UCOA is as follows:

<u>Component</u>	<u>Structure</u>
Fund	X/XXXX
Function	X/XXX
Object	X/XXXX
Program	XXXX
Location	XXX/XXX
Job Class	XXXX
Optional	XXXX

3. The Assistant Business Manager is responsible for maintaining the following journals:
 - Cash Disbursement Journal
 - Cash Receipts Journal
 - Payroll Journal
 - All other accounting data is summarized in the General Journal at month end
4. These journals are all used to update the General Ledger (summary of accounts) at month-end.

Financial Reporting

1. All reports are generated by the Business Manager.
2. The following reports are generated:

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- Expenditure report
 - Cash report
 - Annual End of the year report
3. All reports are reviewed and approved by the Business Manager prior to being submitted.
 4. All monthly and quarterly reports must be submitted to the state by the 15th day of the end of the reporting period.
 5. The Annual Summary of the Year Report must be submitted by July 31st (last day of the month following year-end).

Record Retention

1. The school retains records in an orderly fashion, for time periods that comply with the State Records Retention Act.
2. Filing at the school is performed and maintained by the School's Administrative Assistant.
3. Filing at the Business Office is performed and maintained by the Business Office.
4. All archived files, manual and CD-ROM, will be stored by category and date in filing boxes, and maintained in a locked room. The filing boxes will be clearly labeled indicating what files are in the box.
5. The School's Administrative Assistant and the Business Office are responsible for maintaining adequate and up-to-date records of where all records are maintained.
6. Three to six months after each year end (June 30), the Business Manager has all files exceeding their required holding period destroyed in accordance with the State Records Retention Act.
7. The Business Manager maintains a permanent list of all destroyed records for future reference.

Account Reconciliations

Asset Account Reconciliations

1. Asset accounts, which may include investments, inventory, prepaid expenses, travel advances, employee accounts receivable, etc., will be reconciled by the Business Manager on a monthly basis. This reconciliation is necessary to make adjustments to the asset account to correct previous posting errors, to correct detail in the asset account as a result of the discovery of subsequent information about an account and other miscellaneous adjustments needed to bring the asset account in agreement with the supporting detail.
2. These asset accounts should first be reconciled to any supporting subsidiary ledgers. The subsidiary ledgers maintain the detail by individual transaction. All debt and credit entries to the individual subsidiary ledgers should be agreed to the total postings in the General Ledger for that period.

3. Once the subsidiary ledgers have been reviewed, corrected and are deemed accurate, adjusting journal entries may be necessary to bring the General Ledger in agreement with the totals from the subsidiary ledgers. The information necessary to complete these adjusting journal entries will be uncovered during step #2 above.
4. The Business Office will maintain a separate file folder for each asset account, including monthly reconciliations.

Liability Account Reconciliations

1. Liability Accounts which may include payroll taxes payable, capital lease liability, accounts payable, etc., should be reconciled by the Business Manager on a monthly basis. This reconciliation is necessary to make adjustments to the asset account to correct previous posting errors, to correct detail in the asset account as a result of the discovery of subsequent information about an account and other miscellaneous adjustments needed to bring the liability account in agreement with the supporting detail.
2. These liability accounts should first be reconciled to any supporting subsidiary ledgers. The subsidiary ledgers maintain the detail by individual transaction. All debt and credit entries to the individual subsidiary ledgers should be agreed to the total postings in the General Ledger for that period.
3. Once the subsidiary ledgers have been reviewed, corrected and are deemed accurate, adjusting journal entries may be necessary to bring the General Ledger in agreement with the totals from the subsidiary ledgers. The information necessary to complete these adjusting journal entries will be uncovered during step #2 above.
- ~~4. The Business Office will maintain a separate file folder for each asset account, including monthly reconciliations.~~

Fund Balance Account Reconciliations

1. Fund balance amounts represent the earnings that a fund has accumulated as a result of collecting more revenue that has been spent.
2. A schedule should be developed at the end of the fiscal year summarizing the activity that gave rise to the fund balance. This schedule should identify the revenues and expenditures for each program and the related fund balance created. A budget should then be established to plan for the subsequent disbursement of a positive fund balance or for the collection of revenues to eliminate a negative fund balance.
3. The following format can be used for reconciliation of the fund balance account:

Beginning Fund Balance	(XXXXXXXX)
Current Year Revenues	(XXXXXXXX)
Current Year Expenditures	<u>XXXXXXXX</u>
Ending Fund Balance	(XXXXXXXX)

Expenditure Account Reconciliations

1. Expenditures should be reconciled by the Business Manager on a monthly basis. This reconciliation is used to verify the amounts listed as expended in each account line item. It should reveal any data entry posting errors.
2. The Business Manager will print a detailed general ledger for the month, listing all expenditure line items.
3. All supporting documentation (expense voucher packages) will be examined to determine if each item was correctly posted to the appropriate general ledger account.
4. A schedule will be developed for each account, listing the date, vendor, description and amount for each general ledger posting.
5. The total listing of the schedule listing should agree to the general ledger balance.

SOUTH VALLEY PREPARATORY SCHOOL	SUBJECT: Internal Control Procedures
Effective Date: 6/25/2020	Revised:
Distribution: ALL	Kind: Board Policy