



# **INTERNAL CONTROLS TRAINING**

## **INTRODUCTION**

The Finance Department has collaborated with departments across the district to compile information about processes and applicable policies.

We have also merged information from State and Federal Legislation.

This created a very large living document that is a lot to digest. These slides are meant to summarize the highlights. It is not meant to replace the review and referencing of the Internal Controls Manual itself.

To start, the SBOA provides a training video on their website available here:

<https://youtu.be/KY8TUe6jX88>

## REPORTING CONCERNS

---

- SBCSC Internal Auditor - auditor@sbcsc.k12.in.us
- SBCSC Chief Financial Officer, (574) 393-6100
- SBCSC Superintendent, (574) 393-6129
- SBCSC School Board, 737 Beale St, South Bend, IN 46616
- Indiana State Board of Accounts - (317) 232-2513 <https://www.in.gov/sboa/political-subdivisions/schools/>

YOU CAN REMAIN ANONYMOUS for all of these options

## WHY YOU SHOULD CARE

---

## WHAT DO INTERNAL CONTROLS ACCOMPLISH?

---

In order to best educate and help the children in our community, we need internal controls.

Internal controls help us to:

- gain the confidence of our students, co-workers, and community,
- prioritize spending by maximizing money available to students and staff, and reduce wasted tax payer dollars,
- standardize procedures, in writing, to improve understanding and confidence of employees,
- improve transparency,
- and best of all, keeps us all honest!

## WHAT COULD HAPPEN WITHOUT INTERNAL CONTROLS

---

- Theft – money and/or assets
- Wasted tax payer dollars (ex: didn't seek the lowest priced, responsible vendor)
- Inconsistent practices between employees doing the same work
- Misstatement of financials
- Little or no confidence from the public, students, employees
- Billing schemes
- Falsified wages

## HOW TO PREVENT POTENTIAL ABUSE

---

- Cash, checks, gift cards under lock and key
- Segregation of duties
- Multiple reviewers and signatures
- Comprehensive policies
- Consistent, enforced procedures
  - Including required documentation
- Conflict of interest disclosures
- Transparency with internal and external stakeholders
- Pay attention and report – if you see something, say something!

## SEGREGATION OF DUTIES

---

One of the most important prevention mechanisms is to separate duties and require reviewers.

Examples of duties to segregate within each task are:

- Receivables (cash, checks, credit card payments, etc.) – collecting, depositing, recording, reconciling
- Purchasing – ordering, receiving, invoice approval, payment processing, reconciling
- Inventory – requisition, receipting, disbursements, conversions to scrap, receipt of scrap proceeds
- Employee Management – posting position, hiring position, determining pay, entering new employee data

**No singular person should ever be completing one of these tasks from start to end.**

# FINANCIAL

---

## FUND BUCKETS

---

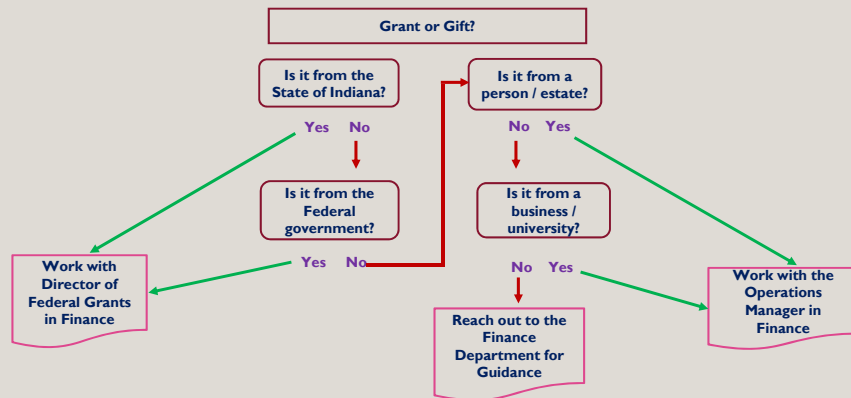
All funds that are utilized by SBCSC have an intended specific purpose.

Funds should be viewed as separate buckets of money that can't be mixed.

Some are corporation funds and some are grant funds. SBCSC has around 40 active grants at any given time.

Mixing funds from one bucket to another, without proper approval, can get us into big trouble. So plan carefully, please!

## GIFTS VS GRANT



## GRANTS

- Grants are usually only from the state or federal government.
  - Monies from private entities/businesses may be called a grant but are in fact a gift account. Work with Director of Federal Grants (DFG) to ascertain which type of fund it should be.
- DFG oversees all grants in the District with the help of many other team members.
- DFG must be made aware of all applications, amendments, reports being submitted.
- Fiscal Officers are in charge of the application & amendment processes, day-to-day planning, management, reporting, and spending of the grant.
- DFG will submit reimbursements for most grants, monitor spending, set up budgets in the financial software, and provide reporting assistance.

## GIFTS/DONATIONS TO SCHOOL

---

- Gifts can be: money, or items, or service
- Gifts valued at \$100 or more need to be accepted by the School Board
  - Less than \$100 can be accepted by the Superintendent
- Gifts that are for a specific purpose, must be used for only that purpose. The receiving school/department is responsible for ensuring this.
  - Ex: A donation intended for new basketball uniforms can not be used for new soccer uniforms
- Follow procedure in IC manual.

## FUNDRAISING

---

Fundraisers must be approved in advance of the fundraiser. The approval required varies by the type of fundraiser.

Funds must be collected up front (no cash upon delivery).

**All cash and checks collected must go through the standard deposit process and through an SBCSC account.** The full collected amount will be earmarked for the intended purpose(s).

- Cash must not be collected and then given directly to a vendor.
  - Example: collecting funds for an after school party and paying the DJ in cash from collections.
- No personal accounts for payments/collecting money allowed (CashApp, ApplePay, Zelle, etc.).

Fundraising by SBCSC employees can not take place during normal work hours (ghost employment).



## RECEIVING CASH & CHECKS

---

- All cash and checks must be kept under lock and key.
- Any time the use of cash is involved, there must be a designated employee to take the lead on managing the cash box.
  - Double verification is required at all steps.
    - Two people should sign off on:
      - the beginning balance of the cash box,
      - the amount of cash received throughout the event,
      - deposit verification (cash and checks),
      - the ending balance of the cash box.
  - A monthly audit of the cash box needs to be completed. Use the Cash Box Inventory Form (available on the website under Employee Resources – Documents).

## EXTRA-CURRICULAR ACCOUNTS

---

- Every school must have a designated Treasurer who must:
  - Deposit all funds daily (if over \$100).
  - Maintain all fund records on a current and accurate basis.
  - Submit all required reports promptly and accurately.
  - Keep the principal informed of all known or potential activity fund problems.
  - Perform such other duties as specified by the principal.
- ECAs must follow all policies & procedures outlined in the Internal Control Manual.
  - ECA-specific information is supplemental to general Internal Controls.
- Permitted to have only one ECA account & checking account per school.



## EXTRA-CURRICULAR ACCOUNTS

---

- Never issue or sign checks payable to yourself.
  - Treasurers and/or Principals that may need reimbursed for preapproved expenses, must have another signatory on the account create the check.
- Every September the “ECA / Fundraising / PTO Funds Handling Form” needs to be reviewed and signed by every Treasurer, Coach, Athletic Director, Principal, PTO Member who handle funds in any way.
- Funds must be spent on the intended purpose at time of fundraising, collections.
  - Example: Monies raised for Drama Club can not be used for Robotics Club.
- Transfer of monies between club accounts and general activities is prohibited except to close out the clubs' accounts which have terminated their operations.

## PARENT - TEACHER ORGANIZATIONS

---

- PTOs operate independently of SBCSC, including a separate federal Employer Identification Number and bank account.
- For more information on PTOs, there are many online resources.
- Some applicable links are below:
  - PTO.org - <https://www.pto.org/>
  - National PTA - <https://www.pta.org/home/About-National-Parent-Teacher-Association/join/start-a-pta>
  - Donorbox - <https://donorbox.org/nonprofit-blog/how-to-start-a-pta>
  - Indiana PTA - <https://www.indianapta.org/>

# PURCHASING

---

## PURCHASING GUIDANCE

---

- Purchasing personal items is not permitted.
  - This includes office decorations/personal styling choices
    - Does not include classroom decorations
- Purchasing personal food and drinks is not permitted.
  - Exception for food and drinks during approved travel
  - Exception for certain meetings
- Do not use credit cards to bypass accounting system – cards are the exception, not the norm.
  - Misuse or abuse can result in loss of card privileges and/or disciplinary action.
- Follow correct purchasing procedure – see IC Manual.
- SBCSC is tax exempt – proof for vendors is available from Finance.

## PURCHASING APPROPRIATENESS

---

We must endeavor to always be good stewards of tax payer dollars and seek to maximize dollars to student. Which means we need to be responsible in how we spend SBCSC/grant funds.

Examples of responsible spending:

- Instead of ordering an expensive laptop bag, you use the one provided by the I&T department or purchase with personal funds since it is a personal preference.
- Instead of ordering AirPods, you order a generic version.
- Stay within General Services Admin. (GSA) approved per diem when you are traveling
  - instead of going to a restaurant where a main course costs \$50+, go to a restaurant where the main course is \$15
  - instead of staying on site during a conference for \$350 per night, stay at cheaper, nearby hotel .
- Instead of ordering lamps or personal office decorations with SBCSC dollars, those should not be purchased or should be purchased with personal funds since they are for personal preference. Classroom decorations are the exception.

## PURCHASING APPROPRIATENESS

---

It is strictly prohibited to use company funds for personal expenses or purchases. All expenditures should be business-related and aligned with the Corporation's needs. Personal items must be purchased using personal funds, not company resources. Personal items include, but are not limited to:

- food (unless part of a meeting/approved function)
- clothing - including alterations
- luggage
- ride shares - other than those as part of SBCSC approved travel
- laptop bags / planners - other than those provided by SBCSC on a regular basis
- electronics / accessories for personal items
- household goods
- gifts – other than approved by SBCSC

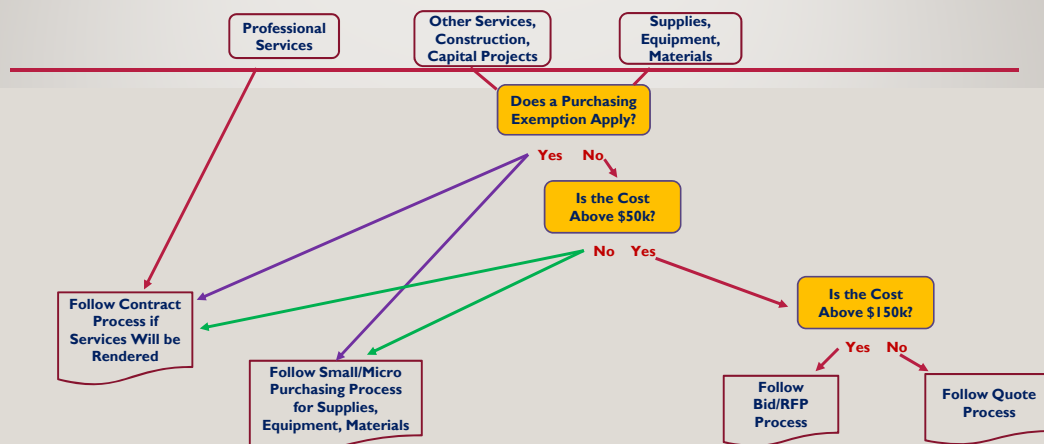
## PURCHASING THRESHOLDS

Purchase Type	Dollar Threshold	Procedure Required
Micro/Small	\$50,000 and less	No quote needed.
Quote	\$50,001-\$150,000	Obtain 3 quotes unless there is a special circumstance. Follow most restrictive
Bid/RFP	\$150,001 and above	Competitive Bidding Process as mandated by the State unless there is a special circumstance.

- Consider what will be spent for a particular vendor within the calendar year.
  - Follow the threshold purchasing type based on that 12-month total.
- If you don't plan to go over the threshold, but end up spending more than you planned, check to see if it pushes you to the next threshold.
  - If it does, you must follow that process.

Federal funds have different thresholds. See IC Manual.

## PURCHASING DECISION TREE



## PROFESSIONAL SERVICES

---

- Professional services are specialized services provided by vendors with expertise in the field.
  - Examples include:
    - Attorneys
    - CPAs
    - Electricians
    - Plumbers
    - Consultants
    - Architects
    - Trainers
    - Tutors
- Professional services generally do not include general labor services.

## PROFESSIONAL SERVICES

---

For purchase totals that will exceed the board approved amount (\$150k) in a 12-month period:

- If the vendor is one SBCSC regularly uses, and is happy with, their services can continue to be utilized without going through the normal purchasing process.
- If a new vendor is sought, the purchasing agent will need to submit requests for proposals.

If purchase totals will be under the \$150k threshold, the purchasing agent may select the vendor s/he believes is the most appropriate for services sought.

## CONTRACTS

---

- When is a contract needed?
  - Any time services will be rendered by a non-SBCSC employees as well as service businesses.

Examples include:

- Previous employee working as a contractor
- Someone tuning our pianos
- Plumbing services
- Electrical services
- Tutoring services (non employee)
- Nursing services (non employee)

## CONTRACTS

---

- Approval is required for every contract.
  - Contracts under \$50k can be preliminarily approved by Superintendent and then approved by the School Board under contracts at next board meeting
  - Contracts over \$50k must be approved by the School Board through formal process before work takes place
- Only the Superintendent and School Board have the authority to approve contracts. At every level. Whether for school event, school services, or department level.
  - No one else should ever sign a contract without direct, written authorization from the Superintendent or School Board.
- See IC manual for information required to be considered a contract.

## SBCSC CREDIT CARDS

---

- The Purchasing Director in Finance manages all credit cards “P Cards”
  - To request to use the district card, fill out the P Card Usage Request form on the website.
- Credit cards should be used sparingly. They should be the exception, not the norm.
  - Purchase orders are the first choice.
- Credit cards shall not be used to bypass accounting system. Just because it's easier doesn't make it okay.
- Detailed receipts must be kept and shared with the Finance Department.
- Credit cards shall not be used for personal expenses.
- Cards shall only be used if you have funds currently available to pay the statement.
- Purchases must be reconciled monthly and sent to the Finance Department along with supporting documents.

## PURCHASING GIFT CARDS

---

- The School Board must authorize the purchase of gift cards, in advance.
  - The Gift Card Approval Form must be completed and added to Board Docs – available on SBCSC website
- Gift Cards must be treated as cash and kept under lock and key.
- Gift Card distribution must be tracked. Use the “Gift Card Tracking Form” available on SBCSC website.
- Gift Cards must be inventoried every month using the “Gift Card Tracking Form” available on SBCSC website.
  - If an issue is discovered, elevate to your supervisor and Finance
- Gift cards shall not be purchased with personal funds (with the intention to seek reimbursement later).



## NEVER EVERS

---

- Never use a personal account to pay individuals or collect funds. This includes: bank account, CashApp, ApplePay, Venmo, Zelle, etc.
- Never use your personal address to receive orders. Everything you order must be sent to an SBCSC property.
- Never write yourself a check from an SBCSC account.
  - If a reimbursement is warranted, there is always another account signatory who can process payment.
- Never have one person processing cash or checks from start to end. Separation of duties and verification are paramount.
- Never purchase gift cards with personal funds (with plans to seek reimbursement later).
- Never open a checking account for SBCSC. Only the Superintendent, Chief Financial Officer, Treasurer, and Deputy Treasurer are authorized to open bank accounts relating to SBCSC.
  - All bank accounts should have three signatories.
  - Remove signatory powers immediately when an employee resigns/is terminated.

## CLARIFYING AREAS

---

## PERSONAL ACCOUNTS

---

No personal accounts should ever be used for SBCSC business - including ECAs. Including at schools for special events (like school dances or out of uniform days).

This includes:

- Personal checking account
- CashApp
- Apple Pay
- PayPal
- Google Pay
- Venmo
- Zelle
- Etc.

## GIFTS TO EMPLOYEES FROM VENDORS

---

### From Vendors to All Employees

- \$20/\$50 Rule - \$20 per gift; \$50 total in calendar year
- Cash and gift cards are not allowed
  - Exception for coffee shops/restaurant gift cards

### From Vendors to Administrators

- The School Board discourages the presentation of gifts to administrators.
- Administrators shall not accept any gift or form of compensation from vendors.
  - Example of gifts are: cash, checks, stocks, equipment, supplies, travel, tickets, discount on personal services, etc.
- If an administrator receives an unsolicited gift or compensation from a vendor, the recipient shall notify the Superintendent, in writing, and return it to the vendor.

## GIFTS BETWEEN EMPLOYEES

---

Gifts from one employee to another are generally allowed.

Exception would be in the event that a gift was meant as a bribe, harassment, to supplement salary, or as a quid pro quo.

Examples where a gift would not be allowed:

- Supervisor promising a gift to an employee if he/she/they works on a special project.
- A gift from one employee to another if the receiving employee remains silent about an issue.
- An unwelcomed gift from one employee to another in hopes of pursuing a romantic relationship.
- A supervisor purchasing a gift card to supplement an employee's salary.

Gifts should not be purchased with SBCSC funds (including grants). Exception is approved employee awards/recognitions.

## FUEL CARD VS MILEAGE CLAIMS

---

- Fuel cards are used for SBCSC owned vehicles only.
  - Keep receipts for all purchases.
- Mileage claims can be submitted for using personal vehicle for SBCSC business only.
  - Use Mileage Claim Form to keep track of miles
    - Mileage Chart lists miles between SBCSC buildings
    - Printed map for non SBCSC locations must be provided
  - IRS's approved amount (70¢ per mile in 2025)
  - Submit Mileage Reimbursement Form to Finance
- Keep copies of everything

## CONFLICTS OF INTEREST

---

Conflicts of interests may include:

- A person who sits on the board or works for two competing companies.
- An employee voting on/choosing a vendor owned by a close family member without disclosing the relationship.
- An employee voting on/choosing a vendor when they have a romantic relationship with the vendor or employee of the vendor.
- An employee voting on/choosing a vendor with whom they have a financial interest.
- A vendor offering cash, gifts, free travel, other incentives in exchange for favorable treatment.
- A vendor hinting or offering a job to an employee/Board Member if the vendor wins the contract.
- Sharing confidential bid information with one vendor to give the vendor an unfair advantage.

If you believe you may have a conflict of interest, reach out to HR for correct paperwork.

## TIME & ATTENDANCE

---

- Each employee is responsible for entering his/her/their own time into the timecard/timeclock system.
  - Must ensure that all absences are accounted for.
- No employee should ever approve his/her/their own time card.
  - There is always a higher up who can review and approve it.
- Overtime must be approved prior to working the overtime hours.
- Remote work must be approved by your supervisor in advance.

## STIPENDS

---

- Must obtain prior approval before offering a stipend to an employee.
- Justification must be given.
- The Stipend Employee Request form must be used. Found on the website under Documents in Employee Resources

## MEALS FOR EMPLOYEES

---

To maximize funds available to students, we need to be mindful of when we pay for meals for employees and how much it costs.

Use Per Diem rates established by the GSA.

Provided meals should be limited to the following events:

- Meetings lasting 4 hours or longer
- December holiday party
  - Utilizing Chartwells catering services may cost less
- After hours meetings
- Any other events approved by supervisor

Remember, tipping must not exceed 20%.

## TRAVEL

---

- “Leave or Travel Request Form” must be approved prior to travel event.
  - GSA Per Diem amount for meals, lodging, snacks, etc. must be used (see manual)
    - Tipping is capped at 20% (including tips for ride shares)
  - Obtain detailed receipts for all purchases (or run the risk of not being reimbursed)
- For reimbursement of expenses, you must complete the “Travel Reimbursement Claim Form” and submit all documentation.
- Make and retain copies of everything.

## ATHLETICS

---

- Some funds may come from the general fund, but most will come from ECAs.
- Eventlink can be used to collect money and pay for services.
  - Eventlink can only pay non employees for services.
    - All SBCSC employees must be paid through the normal payroll process. No exceptions.
  - Eventlink must be reconciled monthly

Unified athletics must be kept separate from general athletics. General athletics must be handled like all other ECA accounts.

## NEW HIRES

---

- School Board must approve all hires and new job titles/descriptions.
- Personnel requisition must be completed and approved by all parties before a position can be posted and filled.
  - Requesting Department Supervisor
  - Human Resources
  - Finance
- Once position has been approved and posted, position can then be filled. Approval process must be followed.
  - Department Supervisor
  - Human Resources
  - Finance
  - HR onboarding
- Coaches must apply for each season and coaching position.

## OBTAINING CLEAR TO START

---

- All new employees can not start working until they have been cleared to start by Human Resources.
- The onboarding process includes:
  - Candidate paperwork
  - Data entry
  - Background checks – multiple types
  - License verification (if applicable)
  - Orientation



## RECORDS & RETENTION

---

- Most things involving financials, budgeting, employee management, student management, etc. should be in writing.
- Everything purchased on behalf of SBCSC, or to carry out official SBCSC duties, will need to have a detailed receipt. Many will also require a quote, invoice, contract, RFP. See IC manual for full details.
- All financial, human resource, student records are prescribed a set period of time that they must be maintained/made available.
  - Records retention timelines can be found in the IC Manual.
- When in doubt, sign it, have it verified by second person, and save it!

## CONCLUSION

---

## ANNUAL TRAINING & SIGNATURE

---

Every SEPTEMBER, every employee who works with money, budgets, human resources, manages people working with those items, etc. must review this PowerPoint and this video from the SBOA: <https://youtu.be/KY8TUe6jX88>

Once complete, the employee needs to sign the "Signature of Internal Control Training" page of the IC manual and return to his/her/their supervisor as well as [auditor@sbcsc.k12.in.us](mailto:auditor@sbcsc.k12.in.us)

Rev. mon 7/25/2025

## THANK YOU!

---

- ✓ Most up-to-date version of the IC Manual is available on SBCSC website.
- ✓ Please see Internal Control manual for full information.
- ✓ Many forms are available on the SBCSC website under: Portals, Employee Resources, Documents.
- ✓ If you have suggestions for future topics/areas to cover, please email [auditor@sbcsc.k12.in.us](mailto:auditor@sbcsc.k12.in.us)

Rev. mon 7/25/2025