

## **INTERNAL CONTROLS FOR FINANCIAL ACCOUNTING**

Internal control provides management with reasonable assurance that its policies and procedures are implemented and consistently followed to ensure efficient and effective organizational operation. The following are the policies and procedures in place for financial accounting within the school district.

### **POLICIES**

1. The State of Delaware Budget and Accounting Manual will be used as the directive for all accounting functions.
2. State documents require two approvals unless otherwise determined by the Division of Accounting. The authorized approvers for all financial documents are the individuals with Internal Accountant level training in the First State Financial (FSF) system and the individuals with Business Manager level training, as well as, School Board authorization to act as the Business Manager.
3. FSF users are not permitted to share logon IDs or passwords under any circumstances. Sharing this information is a direct violation of the State's security policy.
4. The employee responsible for preparing the invoices for payment will not be the same person responsible for final approval.
5. No purchase will be made without the available funds for the purchase.
6. All invoices or reimbursements will be approved by the budget manager either through the purchase order process or by live signature.
7. All purchases using state funds that are over \$10,000 require a State of Delaware purchase order to be processed at the agency level and approved by the Division of Accounting.
8. All documents will be verified with the monthly Budgetary Activity report before the 15<sup>th</sup> of each month and the Certification of Internal Controls will be sent to the Division of Accounting in accordance with established deadlines.
9. All employees responsible for financial activity within the district will receive a copy of these policies/procedures.
10. The Director of Business will review the policies/procedures annually to assure their accuracy.

### **PURCHASING/PAYMENT PROCEDURES**

1. The financial secretaries will process a purchase order for all purchases through FSF. On occasion, a purchase may be paid using the direct claim method of payment in FSF if approved by the Director of Business.
2. After-the-fact purchase orders are not allowed.
3. Each budget manager will be responsible for approving all purchases being charged to their budget funds.
4. The purchase order will be reviewed for legitimacy, accuracy of coding and the dollar amount by the Internal Accountant and the Business Manager.

5. The financial secretary will dispatch the purchase order when processed and will receipt the order in FSF when received.
6. When the invoice is received, the financial secretary will process a voucher in FSF referring to the purchase order and attach all supporting documentation.
7. Two of the approving authorities will review the voucher to again verify the legitimacy of the purchase and the accuracy of the coding and dollar amount.
8. Any material or non-professional service purchase under \$50,000 will follow the current State of Delaware Small Purchase Procedures as noted: \$50,000 - \$99,999 - 3 Written Quotes; \$100,000 and over - Formal Bid.
9. Public Works jobs under \$150,000 will follow the current State of Delaware procedures as noted: \$150,000 - \$249,999 - 3 Letter Bids; \$250,000 and over - Formal Bid.
10. Any Professional Services over \$150,000 requires a formal RFP process.
11. Any purchase using a Sole Source vendor – the specific vendor is the only vendor for the required purchase – will include a letter from the Superintendent noting such requirements.

#### CASH RECEIPT PROCEDURES

1. All district deposits will be processed by the Business Office and deposited into M&T Bank.
2. Each school will verify their deposits and follow the district Cash Receipt Procedures (attached).
3. Cash receipt journal entries will be entered into FSF for the deposit coding.
4. Tax receipts will be deposited in accordance with the annual tax rates.

#### OTHER FINANCIAL DOCUMENT PROCEDURES

1. All financial documents – PFA, IV, Budget Journals, Budget Transfers.- require back-up documentation for processing.
2. All documents will have the required approvals.
3. All documents will be verified for posting accuracy on the monthly budgetary activity.

#### QUARTERLY BUDGETARY VALIDATION PROCEDURES

1. The budgetary activity report, DGL123, will be compared to DGL018 to make sure all items have posted.
2. Business Office personnel will verify that all documents processed during the month are posted accurately and are in the district's possession and filed.
3. FSF queries will be run for vouchers and IVs to determine if there are any that are incomplete or not paid. Queries will also be run for Deposits and Pcard vouchers to verify posting.

4. Payroll will be verified by reviewing the Unfunded Payroll Appropriation 00100.
5. The Certification of Internal Controls form will be submitted to the Division of Accounting, as required by established deadlines.
6. Monthly financial reports will be prepared for the Board of Education and discussed at the monthly finance committee and board meetings. All reports will be attached to the Board agenda through Board Docs on the district website.

#### ANNUAL PROCEDURES

1. GAAP package will be prepared by the business office designee and reviewed by the Director of Business before input into FSF.
2. By September 1<sup>st</sup> of each year, the financial secretary will prepare the Schedule of Construction Projects which will be reviewed by the Director of Business and forwarded to the Auditor of Accounts.
3. An annual budget will be prepared by the Director of Business in conjunction with the budget managers and approved by the Board of Education.

Adopted 2/27/17  
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