



# *Duplin County Schools*

## **Budget Manual**

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## **INTRODUCTION**

The purpose of this manual is to serve as a reference guide for Duplin County Schools (DCS) budget managers and bookkeepers who assist budget managers with budget responsibilities. Topics include basic budget information, along with procedures related to purchasing and accounts payable.

This manual does not include school funds, purchasing or payroll procedures. Please refer to the Treasurers' Manual for procedures related to school funds, Purchasing Manual for procedures for purchasing and Payroll Manual for procedures related to payroll administration.

Suggestions for additional topics to be included should be emailed to the Finance Office.

## **BUDGET DUTIES AND RESPONSIBILITIES**

### **Budget Manager**

Each budget program is assigned a budget manager. The budget manager for each school allotment is the principal. A program directory showing programs and budget manager is shared annually with all budget managers and bookkeepers.

Budget management duties include:

1. Ensuring all procedures are followed in a timely and accurate manner
2. Planning for expenditures in alignment with DCS strategic plan and school or department goals
3. Authorizing expenditures in accordance with financial procedures and in compliance with grant requirements
4. Requesting budget transfers as needed
5. Review and reconciliation of transactions to ensure general ledger properly reflects activity approved

## **CENTRALIZED FINANCIAL SYSTEM**

LINQ (by Education Management Systems) is the accounting software used by DCS. This software also transmits monthly financial transactions to the NC Department of Public Instruction (DPI). All financial transactions are recorded in this software. Software modules include:

- Fund Management (general ledger, purchasing and accounts payable)
- Payroll
- Budget Builder
- Fixed Assets

## BUDGET TOPICS

### Chart of Accounts

The NC Department of Public Instruction (DPI) requires Local Education Agencies (LEAs) to use a standard Chart of Accounts. All chart of account documentation and definitions can be found on the State website: <https://www.dpi.nc.gov/districts-schools/district-operations/financial-and-business-services/school-district-finance-operations/chart-accounts>

Below is a brief overview of how the chart works. It is critical that all expenditures are properly coded in compliance with the chart for proper planning, accountability, and budget analysis, at a local, federal and state level:

### Segment Structure

| X    | XXXX    | XXX              | XXX    | XXX    | YYY    | XX        | X             |
|------|---------|------------------|--------|--------|--------|-----------|---------------|
| FUND | PURPOSE | PROGRAM<br>(PRC) | OBJECT | SCHOOL | USER 1 | USER<br>2 | Grant<br>Year |

- Segments are divided by dots (x.xxxx.xxx.xxx.xxx.xx.x), but may be keyed in the system with or without them
- First 5 segments and last segment must be in compliance with the State chart of accounts
- The 6<sup>th</sup> & 7<sup>th</sup> segments are locally defined
- Definitions for the first 4 segments and a listing of allowable codes for each program are included in the state documentation referred to above.

### Expenditure Coding at School and Central Office Level

To improve data being provided to General Assembly for per pupil and personnel expenditures at the central office and school level the following guidelines must be followed.

#### ***Fund***

The fund designates the funding source. 1=state, 2=local, 3=federal, 4=capital outlay, 5=child nutrition, 6=agency, and 8=grants and other special revenues.

#### ***Purpose***

The purpose means the reason for which something exists or is used. There are four categories of purpose codes. The 5000 series includes Instructional Services, 6000 System-Wide Support Services, 7000 Ancillary Services, 8000 Non-Programmed Charges, and 9000 Capital Outlay. Each digit within the purpose code has a meaning and each additional digit above zero to the right provides more detailed information.

For example, 5000 means Instructional Services, 5100 means Regular Instructional Services, 5130 means Program Enhancement Regular Instructional Services, and 5133 means Physical Education Program Enhancement Regular Instructional Services.

### ***Object***

The object means the service or commodity obtained as a result of a specific expenditure. There are five major object categories in the chart of accounts you will use. The 100 series is for salaries, 200 for employer provided benefits, 300 for purchased services, 400 for supplies and materials, 500 for capital outlay. Just as with the purpose codes, each series includes detailed codes that should be used appropriately for the expenditure.

For example, if you are purchasing paper, the type and use of the paper determines the object code you would select. Object 411 means school and office supplies and materials used for instructional and non-instructional purposes. This object code is used for construction paper, drawing paper, writing pads, receipt books, and sticky notes. However, purchases of printer/copier paper should be coded to object 418, Computer Software and Supplies.

### ***School***

In order to provide accurate reporting at the school level, all expenditures where possible should be coded to the appropriate valid school number. Only valid school numbers shall be used.

- All expenditures with purpose codes “5XXX” should be coded directly to a school number. The only exception is if the expenditure impacts every school. In that instance, the expenditure may be coded to school “000” which will distribute the expense by ADM across all schools.
- The state has assigned school number “810” to be used for central office expenditures. All expenditures with the following purpose codes are defined as central office and must be coded with school number “810”:

6100, 6200, 6300, 6610, 6620, 6710, 6720, 68XX, 6910, 6920, 6930, 6940, 6950

- Expenditures in the following purpose codes should be coded directly to school numbers when possible. Alternatively, expenditures in these purpose codes may be split between central office “810” and all schools “000”.

6400, 6410, 6510, 6520, 6530, 6540, 6550, 6560, 6570, 6580

### ***User 1 (Location)***

The location (user 1) code should be used to account for cost centers within a school code. We most commonly use this code to designate an Alternative Program, PreK, Transportation, or Child Nutrition expense. It is also used for department assignments for allotted budget amounts within a larger budget.

Using the location code combined with the valid school code will ensure that the expenditures will be accurately reflected in reporting documents.

### **User 2**

The user 2 code can be used by budget managers to designate funds within a larger budget for specific uses.

### **Grant Year**

The grant year only applies to Federal Funds. The grant year is the fiscal year the grant were received, grant year 6 is used for grant funds received in fiscal year 2025-2026. All funds besides federal funds use grant year 0.

## **Budget Transfers**

Once the budget has been approved, budget managers may request line item transfers by submitting a Budget Transfer Request form or Budget Program Increase Request form which is located on Finance website under forms.

### ***Transfer Restrictions:***

- No transfers are allowed between funds.
- Federal budget transfers must be submitted through the Federal Budgeting System (Budget Builder).
- Budget Program Increase Request form must be completed for transfers between programs (PRCs) and requires Superintendent approval.

### ***Budget Transfer Request form (BJE)***

The Budget Transfer Request form or BJE is used whenever transferring budget within the same program (PRC). For example, to move budget from supplies (object 411) to professional development (object 312) within program (PRC 026), submit a BJE form to Finance.

### ***Budget Program Increase Request form***

The Budget Program Increase Request Form should be used if budget manager is requesting additional resources beyond allotted budget. This is a rare occurrence and must be discussed with the Chief Finance Officer and approved by the Superintendent.

## **General Ledger Reports**

Run reports from the Fund Management Menu as follows using the "Report Builder" option. Only the school and programs under your authority will print when you run this report. Locations also have access to create and change reports in Report Builder option. Finance has set up the following reports to be used by

schools and central office. Use report name "SCHOOL REPORT" to generate the report set up for all schools or report name "PROGRAM REPORT" to generate the report set up for all central office programs.

**School Report Format – Report Name: SCHOOL REPORT**

- Select correct fiscal year and from/to range for the period activity column.
- Account information contained on the report is current budget, period activity (based on months selected), year to date activity, outstanding encumbrances (purchased order balance to date) and unencumbered balance (remaining balance).

**Central Office Report Format – Report Name: PROGRAM REPORT**

- Select correct fiscal year and from/to range for the period activity column.
- Account information contained on the report is current budget, period activity (based on months selected), year to date activity, outstanding encumbrances (purchased order balance to date) and unencumbered balance (remaining balance).

## **DISBURSEMENT PROCEDURES**

All purchases and contracts shall be made in accordance with the requirements of Board Policies 6400 series. These procedures provide additional guidance to help budget managers determine which disbursements require contracts and/or purchase orders.

### **Pre-audit Certification**

All DCS disbursements must be pre-audited in accordance with Board Policy 6421. A pre-audit certificate is an assurance by the Chief Finance Officer that funds are available. In accordance with G.S. 115C-441, no obligation may be incurred by a local school administrative unit unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. If the Chief Finance Officer disapproves any payment not in compliance with 115C-441, the obligation is invalid and may not be enforced and the employee shall be held liable for any sums so committed.

### **Purchase Orders**

Purchases of goods and services shall be supported by an encumbrance (purchase order).

### ***Contracts for the Procurement of Goods***

Contracts for the procurement of goods are established through issuance of a purchase order (offer to purchase), which becomes a contract when the vendor either issues an acknowledgement accepting the purchase order terms and conditions, or ships the goods in accordance with the purchase order. Contracts for goods established in this way are pre-audited when the purchase order is issued.

### ***Service contracts***

Service contracts for personal/professional, construction or repair work, or general services are signed by both parties and establish terms, conditions, provisions, expectations, requirements and obligations of both

parties. Service contracts shall also be supported by a purchase order to encumber funds. A basic contract sample can be found on the Finance website under forms.

## Expenditures Not Requiring Purchase Orders

Some types of expenditures do not require a purchase order because the obligation occurs at the time of payment. In this situation, the disbursement is pre-audited prior to payment. Allowable exceptions include:

**1. Emergency Payments** – Invoices meeting the definition below may be submitted for payment with a direct pay form including explanation for the emergency purchase.

**Definition:** An emergency purchase is only allowable in cases of genuine emergency or pressing need. Pressing needs arise from unforeseen causes including, but not limited to, delay by contractors, delay in transportation, breakdown in machinery, or unanticipated volume of work. Genuine emergencies are situations that endanger lives, property, or the continuation of a vital program and which can be rectified only by immediate on-the-spot purchases or rental of apparatus, supplies, materials, equipment or services.

**2. Utilities**

**3. Legal Services** approved by the Superintendent or designee.

**4. Employee Reimbursements** – submit receipts and/or proof of payment for the reimbursement of goods or services with a check request form. Travel reimbursements are submitted with proper documentation using the appropriate travel form (Local or Overnight). See the Travel and Workshop Procedures section.

**5. Postage** – recommended to issue a purchase order if need is known in advance, but not required

Please refer to the Purchasing Manual for additional procedures related to purchasing requirements.

## Travel and Workshop Procedures

Reimbursement for travel expenses of employees traveling on behalf of DCS are paid in accordance with the policies, regulations and approved rates of the Office of State Budget and Management.

The section will provide State Statutory regulations and DCS procedures for per diem, transportation, and subsistence allowances for employees. It is the intent of this section to serve as a comprehensive reference tool for uniform interpretation to pay or reimburse allowable travel expenses pertaining to official travel and subsistence.

### Employee Responsibility

An employee traveling on official business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, circuitous routes, delays, or luxury accommodations and services unnecessary, unjustified, or for the convenience or personal preference of the employee in the performance of official business are prohibited.

Employees are responsible for obtaining prior approval using either “Frontline” (electronic system) for certified staff or the Prior Approval form (located on Curriculum and Instruction website) for classified staff, to attend professional development and overnight travel. Employees will be responsible for any

unauthorized costs (prior approval not obtained in advance) and any additional expenses incurred for personal preference or convenience.

Requests for reimbursement shall be filed within 30 days after the travel period ends for which the reimbursement is being requested. The request for reimbursement will be submitted to the employee's supervisor, with all required receipts, agendas, and any other required documentation attached. Information is then routed to bookkeeper for payment.

### **Official Business**

These policies are intended to apply only to those employees on official business. Official business occurs when a DCS employee is traveling to attend approved job-related training, work on behalf of, officially represent, or provide a service upon Duplin County Schools' request. Travel that would not directly benefit DCS will not be reimbursable.

### **Authorization for Lodging**

Prior approval must be obtained in order to qualify for reimbursement for overnight stays. This approval is obtained by classified staff completing the Prior Approval form or by certified staff submitting Professional Development Request in "Frontline". Supervisory personnel certifying the request is necessary and proper must require documentation from the traveler to substantiate that the overnight lodging is necessary. The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less, to receive approved reimbursement. "Duty station" is defined as the location where the employee is assigned.

### **Authorization for Meals**

Prior approval by supervisor must be obtained in order to qualify for reimbursement for meals. This approval is obtained by classified staff completing the Prior Approval form or by certified staff submitting Professional Development Request in "Frontline". Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the payment for meals is necessary. Required documentation should show that employee is in overnight status or meets one of the other requirements as discussed in "Meals during Daily Travel" section below.

### **Out-of-State Travel**

Out-of-state travel status begins when the employee leaves the State and remains in effect until the employee returns to the State. However, in-state allowances and reimbursement rates apply when employees and other qualified official travelers use hotel and meal facilities located in North Carolina immediately prior to and returning from out-of-state travel during the same travel period.

### **Professional Leave Approval Process**

1. A Prior Approval form is required for all classified employee professional leave and must be signed by the employee, the appropriate supervisor, program manager responsible for payment and staff development coordinator prior to the event. Certified staff must submit the Professional Development Request using "Frontline" for all professional leave. Professional leave includes workshops, conferences, and meetings (if involving overnight or subsistence expenses). Both in-

county meetings related to regular administrative responsibilities and in-county workshops held beyond the regular workday are excluded.

2. Budget managers may approve all travel within North Carolina. The Superintendent or designee must approve any other travel requests.
3. If the budget manager is not the supervisor, please return the approved copy with substitute budget codes if applicable back to the requesting school/department to confirm approval.
4. Copies of Prior Approval forms for classified staff should be kept on file by schools/departments with related payroll records for 3 years. Prof Development Request submitted using "Frontline" are automatically saved for 3 years so no additional printed paper work is required.

### **Lodging and Meal Reimbursement**

Employees are given a subsistence which is an allowance related to lodging and meal costs (including gratuities) (G.S. 138-6). For the purposes of determining eligibility for allowances, travel status means being away from the employee's normal duty station or home and, while traveling, the employee must be acting in his/her official capacity as required by his/her work activities.

Duplin County Schools follows the same reimbursement schedule as the State of North Carolina follows for allowable meal subsistence expenses incurred while traveling on official business and the current form should always be downloaded from the Finance website in order to ensure the correct rates are used. The subsistence rate is revised periodically based on the percentage change in the Consumer Price Index for All Urban Consumers (G.S. 138-6(a)(5)).

### **Reimbursement for Lodging**

Each employee is responsible for his or her own request for reimbursement. The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less. Requests for reimbursement shall be filed within 30 days after the travel period ends for which the reimbursement is being requested (G.S. 138-6(c)). Specific dates of lodging must be listed on the reimbursement request, which shall be substantiated by a receipt from a commercial lodging establishment, not to exceed the state per night rate for in-state or out-of-state lodging.

### **Excess Lodging**

State Travel Regulations require that if lodging rates exceed State rates with State and Federal funds employee must document in request for reimbursement that lodging could not be obtained at the State rate or that safety was a concern. Excess lodging is allowed when the employee is in a high cost area and unable to secure lodging within the current allowance, or when the employee personal safety or security is unattainable within the current allowance. Excess lodging authorization is not allowed for reason of convenience or personal preference for the employee.

Excess lodging authorization must be approved in advance with written documentation explaining why lodging could not be obtained at the State rate or that safety was a concern. Approved documentation must be submitted with the payment or reimbursement request.

Lodging rates that exceed the State rate for reasons not authorized as noted above by the Office of State Budget and Management must be paid from local funds. If the school or department does not have local

funds to pay the overage approval must be obtained from the Senior Administrator for STEAMA Curriculum and Instruction/Professional Development in advance. This approval must be included in supporting documentation for payment request.

The employee may exceed the part of the ceiling allocated for lodging without approval for over-expenditure provided that the employee is requesting reimbursement and the total lodging and food reimbursement that the employee is entitled to for that day does not exceed the maximum allowed daily subsistence (G.S. 138-6(a)(3)) and this is documented in paperwork submitted to obtain reimbursement.

### **Penalties and Charges Resulting from Cancellations**

Penalties and charges resulting from the cancellation of travel reservations (including airline, hotel, or other travel reservations and conference registration) shall be the school or department's obligation if the employee's travel has been approved in advance and the cancellation or change is made at the direction of and/or for the convenience of the school or department.

In accordance with Board policy 1610/7800, employees who do not attend all or part of a program or opportunity, shall reimburse the school district for the cost of the program and for all expenses associated with the employee's attendance of the program and absence from school. However, in the event of accidents, serious illness, or death within the employee's immediate family or other critical circumstances beyond the control of the employee, the school or department may pay the penalties and charges.

### **Reimbursement for Meals**

Each employee is responsible for his or her own request for reimbursement using the Overnight Travel & Other Reimbursement form. Tips for meals must be reasonable (typically between 15-20%) and are included in the meal allowance. Meal reimbursement rates are listed on the reimbursement request form. Departure and arrival times must also be listed on the reimbursement request if requesting reimbursement for partial days of travel. The costs of meals included in other related activities (registration fees, conference costs, hotel registration, etc.) may not be duplicated in reimbursement requests. Actual cost of meals will be reimbursed up to amount of in-state or out-of-state rate and a detailed receipt is required for documentation purposes. Receipts must include details on the name of the restaurant/business, what was purchased, the date purchased, and the time purchased. Summary receipts for meals that do not show each item purchased are not acceptable.

### ***Meals during Overnight Travel***

An employee may be reimbursed for meals, including lunches, while on official state business when the employee is in overnight travel status. The destination must be located at least 35 miles from the employee's regularly assigned duty station (vicinity) or home, whichever is less, to receive approved reimbursement.

### ***Meals during Daily Travel***

Employees may be reimbursed for meals for partial days of travel when in overnight travel status and the partial day is the day of departure or the day of return. The following applies:

- Breakfast: depart duty station prior to 6:00 am and extend the workday by 2 hours.
- Lunch: depart duty station prior to Noon (day of departure) or return to duty station after 2:00 p.m. (day of return).
- Dinner: depart duty station prior to 5:00 p.m. (day of departure) or return to duty station after 8:00 p.m. (day of return) and extend the workday by 3 hours.
- The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station (vicinity) or home, whichever is less.

## **Other Travel Reimbursement Items**

### ***Tips and Gratuity***

Reimbursable gratuity or tips must be considered reasonable for items that are not already covered under subsistence. Excessive tips will not be reimbursed. A reasonable tip would be one that a prudent person would give if traveling or conducting personal business and expending personal funds.

For further guidance, the following information is provided when calculating a tip:

- Airports: Baggage Handling/Skycaps = no more than \$2 per bag; Shuttle Drivers = no more than \$2 per bag.
- Parking/Auto Related: Valets = \$2 per car when collecting the car; Taxi Drivers = 15% of the fare and \$1 - \$2 a bag.

### ***Transportation by Personal Vehicle***

Actual mileage is reimbursable. Mileage is measured from the closer of duty station or point of departure to destination (and return). The business standard mileage rate set by the Internal Revenue Service will be paid. Documentation from MapQuest or similar source is required to document actual mileage eligible for reimbursement, however this is not required if mileage reimbursement is for travel between DCS locations since this is listed on the DCS Mileage Chart located on Finance website. Parking fees, tolls, and storage fees are reimbursable when the required receipts are obtained.

### ***Parking***

Parking expenses are reimbursable while in the course of conducting official business as long as such expenses are determined reasonable and clearly show that there was care taken to keep the costs to DCS as low as possible. Request must be documented with a receipt.

### ***Travel Advances***

All employees who travel on business may be issued advances when authorized by the supervisor and Chief Finance Officer in order that personal funds will not be required. Fiscal records (same as reimbursements) must be collected upon the employees return and is the responsibility of the school or department for proper control.

### ***Payment Request for Travel***

1. Expenses may be approved and incurred in accordance with budgetary allocations for travel expenses. Expenses will not be reimbursed in excess of budgeted amounts.

2. All reimbursement requests must be submitted for approval and payment within 30 days. Each employee is responsible for his/her request for reimbursement.
3. Employee reimbursements for local travel must be submitted monthly by the 10<sup>th</sup> of the following month.
4. Supervisory personnel must certify the reimbursement requests as necessary and proper.
5. Registration fees must be supported by an original receipt or copy of the cancelled check.
6. Lodging expenses must be supported by the original detailed hotel receipt.
7. At the discretion of the Chief Finance Officer, an advance of funds that does not exceed the estimated travel expense may be issued to an employee. Upon the employee's return all receipts for travel expenses must then be collected by the school or department and submitted to Finance as supporting documentation. If the amount advanced to the employee exceeds the actual expenses it is the responsibility of the school or department to collect the overpayment from the employee and to submit to Finance. If the amount advanced to the employee is less than actual expenses it is the employee's responsibility to submit a request for reimbursement for the additional expenses on an Overnight Travel & Other Reimbursement form with supporting documentation (copy of advanced payment, actual receipts, etc.) to Finance and the net amount owed must be clearly stated on the reimbursement form.
8. If unusual circumstances require an employee to leave his duty station before 6:00 a.m. and/or return after 8:00 p.m., the cost for the morning and/or evening meal may be reimbursed; however, a statement identifying specific times must be shown on the reimbursement form.
9. Reimbursement for personal vehicle mileage will be made at the current state rate. Mileage rates include all related charges incurred except tolls and parking. MapQuest documentation shall be provided measuring the mileage for the closer of duty station or point of departure/return.
10. Other Travel Related Reimbursements:
  - a. Tolls and Parking - Will be reimbursed but require receipts.
  - b. Tips and Gratuity – Tips are allowable for:
    - i. Airports: Baggage Handling/Skycaps = no more than \$2 per bag;
    - ii. Parking/Auto Relates: Valets = \$2 per car; Taxi Drivers = 15% of the fare and \$1-\$2 per bag
11. All payment request forms are located on the Finance Department website under the Forms & Documents.

## **DCS Provided Workshops and Meetings**

### **General Procedures**

1. All purchases should follow Disbursement Procedures published by the Finance Department.
2. Local supply funds may be used to purchase food for meetings that are not classified as workshops. Such expenditures must be coded to object code 451 (food purchases) or 459 (other food purchases), and amounts are restricted as per #2 below. (Food may not be coded to object 411.)

### Internal Workshops

1. Internal Workshops are those that involve the attendance of employees within our agency. A routine staff meeting is not an internal workshop.
2. Staff Development funds may be used for food for internal workshops as follows:
  - a. Snacks may not exceed \$4.50 per person.
  - b. Snacks may only be purchased with State and local funds for workshops with a minimum of 20 attendees.
  - c. Meals may be purchased on a limited basis for an all day workshop with local funds, but the cost per attendee may not exceed the In-State Lunch Per Diem rate without Superintendent approval.
  - d. Meals **may not** be purchased with State or Federal funds.
  - e. The attendance sheet must be submitted as part of the documentation for payment for food and shall include the names of all employees attending the workshop, date of workshop, copy of the agenda and purpose of workshop.
  - f. Workshop Participant Stipends may only be paid for required workshops outside contracted employment dates. Request to pay stipends must be submitted to Human Resources and approved in advance of the workshop. Stipend rate is \$75 a day.
3. Workshop and substitute definitions are included in the Chart of Accounts located on Finance website under "Other Resources".
  - a. Food for internal workshops in accordance with #2 above may be coded to object 312 which is for workshop expenses

### External Workshops

External workshops are those that are hosted by DCS and involve the attendance of persons other than the employees DCS. Staff Development funds may be used for food for external workshops as listed above, but external workshop meals may not be purchased with State or Federal funds unless a registration fee is charged to all attendees. The registration fee must not consist exclusively of the cost of the meal. The fee must help defray the total costs of the workshop. The attendance sheet must be submitted as part of the documentation for payment and shall include the names of all employees attending the workshop, date of workshop and purpose of workshop.

### Meetings

Refreshments (i.e., coffee, soft drinks, cookies, doughnuts) may be served at official meetings. Schools or departments can pay for refreshments up to the actual cost not to exceed \$4.50 per required staff, per meeting per day. "Required Staff" shall be defined as an employee who, in the regular course of his duties, is expected to attend the meeting and any other employee whose presence is necessary to accomplish a purpose of the meeting. The attendance sheet must be submitted as part of the documentation for payment and shall include the names of all employees attending the meeting, date of meeting and purpose of meeting. Any overages must be approved in advance by the budget manager and may be required to be paid with local funds.

## **ACCOUNTS PAYABLE**

### **Accounts Payable Procedures**

All budgeted non-payroll expenditures are paid through the accounts payable process. Listed below are forms and procedures related to the payment process. Before an invoice can be paid, documentation is needed to verify that goods have been received or services have been completed. Employee reimbursements or check requests must also have appropriate approvals and supporting documentation.

Central Office bookkeepers and Finance Purchasing/Accounts Payable Specialist key invoices, check requests, and expense reimbursements forms into the system once all reviews and approvals have been completed. These items are grouped into batches for review, processing and checks are printed.

### **Review and Approval Process**

Upon receipt of invoice, check request or expense reimbursements prior to keying for payment the bookkeeper will review the following information.

- Verify items or services have been received
- Place vendor and approval stamp on all items being processed for payment
- Ensure amount billed agrees to purchase order or supporting documentation
- Code for payment and ensure this is aligned with chart of accounts and program requirements (i.e. object code 451 or 459 food, 418 ink cartridges, etc.)
- Check availability of funds by reviewing remaining balance of the budget code in LINQ. If funds are not available a budget transfer must be submitted to Finance.
- Vendor is included in the LINQ vendor file and verifying the correct mailing address and other vendor information as necessary. This can be done by searching vendor name, vendor Id or tax ID number. If vendor has not been set up or if any other correction needs to be made to the vendor file notify the Finance Accounting Specialist/Internal Auditor.
- If the vendor is an employee, the first time employee is reimbursed the bookkeeper verifies employee number with payroll contact person. This number is used to select employee in LINQ for reimbursement. Once the employee has been established in the vendor file employee number or name can be used to locate employee in the future. Employees are set up in the vendor file "Last Name, First Name.
- Check mathematical calculations
- Obtain program manager signature approval and any other appropriate signature approvals

### **Check Request**

Check requests are used in the following situations:

- For vendor payments when invoices are not provided. The check request should clearly indicate purpose of the expenditure and supporting documentation must be provided such as registration forms, reports, or contracts
- For expenditures that don't require purchase orders

- Employee reimbursements for purchased goods or services
- Reimbursing schools for approved expenditures

The purpose of the check request is to ensure when payments are made all required information is provided in order to pre-audit the expenditure prior to printing a check because either an invoice has not been provided by the vendor, or a purchase order was not required. The following items are included on invoices and purchase orders therefore must also be included on a check request:

- Purpose (reason for goods or services)
- Who provided the goods or service (vendor name)
- When did the purchase or service take place (date)
- Where did the event take place (address)
- Unique invoice number (XX\_month/day-day\_year)
- Provide a copy of the contract if applicable

Make sure the budget code is appropriate and has a sufficient balance to cover the expenditures, and that all required Disbursement Procedures have been followed.

### **Direct Payment**

This form should be used when a purchase order was not issued but should have been and is required to ensure budget was sufficient for purchase. The reason a purchase order was not issued must be documented on the direct pay form.

### **Check Request Advancements**

At the discretion of the Chief Finance Officer, an advance of funds may be issued to a vendor when purchase order is not accepted by vendor. Schools or departments are required to encumber funds in LINQ using purchase order at least two weeks prior to needing check. Schools or departments shall use a check request form to request advancement and the form must clearly state "Advancement" in order to document the advancement and that documentation will be provided in the future. Once goods or services are rendered the school or department is responsible for submitting all receipts or other documentation to Finance. If the amount advanced to the school or department exceeds the actual expenses it is the responsibility of the school or department to return the overpayment to Finance at the time receipts are submitted.

### **Supporting Documentation**

Check requests and expense reimbursements require supporting documentation to ensure vendor or employee is being paid correctly. Examples of supporting documentation include, original receipts, proof of payment, proof of receipt of goods, MapQuest of mileage traveled, registration documents, etc.

### **Keying Batches - General**

To assist bookkeepers when keying items for payment into the system and in order for the review process to be as efficient and effective as possible the following steps are required in order for batches to be processed.

- Remit to address and name of vendor are circled in red ink which denotes the information is correct in LINQ
- Total amount of invoice circled in red ink. If invoice is partial payment write amount and “partial payment” next to budget code to be used. If invoice is being paid using two budget codes each code should be written on the invoice and the amount to be paid by each code must be clearly stated.
- Circle in red “Check” or write ACH on the vendor stamp.
- If a receipt is used for supporting documentation it must be taped to a blank sheet of paper. When taping receipt do not place tape on printed area since this will prevent the scanner from being able to copy the image. Taping over print on a receipt makes print non-legible.
- If the address on your invoice does not match the remit in the system, write the address on the invoice. (Example: purchase at Subway in Kenansville, but mail check to Burgaw.)
- Vendor stamp must be placed in an area where it is legible and record location number
- The “invoice #” and the “Description” fields both print on the check stub. Invoices are no longer sent with payment to the company, therefore it is critical to ensure the vendor applies payment correctly. The “Description” must be either the account # or something from the invoice (invoice date, account, transaction number, order number, bus number, school name, etc.) that will assist the vendor when applying the payment. The same information should not be used for “invoice #” and “Description”.
- To prevent duplicate payments invoices should not be combined into one payment.
- If a check is to be held instead of mailing a note must be attached to the invoice to notify Finance to hold check.

### Keying Batches – Employee Reimbursements

Employee reimbursements must be keyed in separate batches. For workshops/meeting/employee reimbursements use the following format - ER\_month/day-day\_year (do not use leading zeros or spaces). See a few examples below.

Example A: Employee attended DPI conference from July 21 to July 23, 2015 and is requesting reimbursement. The invoice number for this reimbursement should be ER\_7/21-23\_2015.

Example B: Employee requesting reimbursement for July local travel. The invoice number for this reimbursement should be ER\_7/1-31\_2015.

Example C: Employee requesting reimbursement for April 1 to May 16 (multiple months) same request form. The invoice number for this reimbursement should be ER\_4/1-5/16\_2016.

If using this format creates the same invoice number due to employee being paid for different items on the same day, bookkeeper should add "-1" on end of the invoice number once it has been verified that request is not a duplicate payment.

### **Keying Batches – Check Requests**

For check request - CR\_month/day-day year (do not use leading zeros or spaces). This invoice number format would also be used in the event that an invoice was submitted but did not contain a unique invoice number. See a couple of examples below:

Example A: Payment to XYZ Hardware store for items purchased on July 21 and charged to DCS. If the vendor does not send invoices then the backup for payment is a receipt from the store that is given to DCS employee at time of purchase. The invoice number for the check request should be CR\_7/21\_2015.

Example B: Payment to ABC Contracting covers the months of March and April. If the vendor does not have a unique invoice number on their invoice already, the invoice number should be CR\_3/1-4/30\_2016.

Example C: Check request for vendor payment covering December 19, 2016 to December 18, 2017 (two years). The invoice number for this request should be CR\_12/19/16-12/18/17.

If using this format creates the same invoice number due to employee or vendors being paid for different items on the same day, bookkeeper should add "-1" on end of the invoice number once it has been verified that request is not a duplicate payment.

### **Invoice Review**

Bookkeepers should review keyed invoices, check request and employee reimbursements using LINQ Invoice Due List Due report that is printed for each batch. Report allows users to print employee reimbursements separately. The report is compared to the invoice(s)/check request/employee reimbursement noting invoice number, vendor name, budget code, total (including tax and freight, unless tax is accrued), tax and the purchase order number if applicable etc. If the budget code on an invoice does not correspond to the budget code on the Invoice Due List report, the purchase order is pulled up on the computer screen to verify expense was paid against the proper budget code and line on the purchase order.

The Invoice Due List report also identifies expenses that cause the budget code to be over budget. When this warning message occurs, the bookkeeper will need to verify what is causing the message and determine if any actions are necessary to correct problem. This review is important to verify items are accurately keyed into the system prior to submitting to Finance for payment. Batches are normally due to Finance by 1:00 on Friday. Once batches are received in Finance, a final review is done to ensure accuracy and completeness.

The Finance review is completed by reviewing the same items as mentioned in review and processing section above and ensuring compliance with the State Budget Manual regarding travel reimbursements.

Finance will contact bookkeepers with any questions or changes. If corrections are not able to be made timely, the invoice will be taken out of the batch and will not be processed until the next week.

### **Check Release**

Invoices, check requests and employee reimbursements are processed weekly for payments. Checks are released as funds are available which is normally as follows:

- Local Checks – Friday
- State Checks – Friday
- Federal Checks – Friday

*Note: Holidays and month-end delay State and federal check dates. During these times State and federal checks are released as early as permitted by the State. Purchasing/Accounts Payable Calendar is available on Finance Website under Finance Calendars for more information.*

Copies of all checks and ACH remittance are uploaded in LINQ and kept on file in the document cabinet. Images of invoices, check requests, employee reimbursements, checks and supporting documentation are available for review using LINQ software.

### **Accruals**

Expenditures must be booked in the fiscal period in which an item is received or service is rendered. After year –end (6/30/xx), the Finance Department will record journal entries to reclassify expenditures to the correct period. For example, an invoice paid in July for items received in June will be reversed out of July and expensed to June. Accruals may only be keyed to local funds (2, 4, 5, 6 & 8), so make sure all invoices to be paid in June are received by the year-end deadlines for June processing, otherwise local funds will have to be used.

### **Accounts Payable Forms**

All accounts payable forms can be found on Finance website.

## **FIXED ASSETS**

Fixed assets include land, buildings, furniture, equipment and vehicles. Board policy 8350 defines the categories of fixed assets.

The policy also designates that asset control is the responsibility of individual schools and departments, while financial reporting and depreciation are the responsibility of the Finance department. Therefore, furniture, equipment and vehicles are assigned to specific schools or departments. Administrators are responsible for each asset assigned to their school or department.

### **Fixed Asset Responsibilities**

1. Ensuring that assets are properly identified, accounted for, and safeguarded.

2. Location transfers are tracked and approved.
3. The location of assets is verified during the annual fixed asset inventory.

## **General Fixed Asset Procedures**

The Fixed Asset System is a centralized accounting data base used to track all fixed assets with a cost of \$500 or more and with an estimated useful life of two years or more. All items are tagged when purchased with a fixed asset number. Throughout the year, items are added, deleted or transferred from this database to reflect the current fixed asset inventory balance. As purchases are made, asset records are created by the system using the budget code used (object codes 461, 462, 541 and 542). Monthly, the Finance department sends a list to schools and departments of items requiring fixed asset tags and the tags for items. Once per year, the Finance department coordinates a physical inventory of fixed assets.

### ***Assets Donated or Purchased with School Funds***

A Fixed Asset Layout Sheet should be sent to Finance for assets donated or purchased with school funds, with a unit cost greater than \$500. The asset value should be estimated for donations. Asset tags will be assigned and distributed for these assets.

### ***Asset Transfers***

A Fixed Asset Transfer form should be completed when assets are transferred between rooms and sites. The form should be signed by the sending and receiving location. Please keep a copy for your records and send a copy to the Finance department.

### ***Federal Assets***

Federal grant compliance requirements include an inventory of all equipment purchased with federal funds, regardless of the capitalization policy. Federal equipment is defined as tangible, non-expendable, personal property having a useful life of more than 1 year, regardless of dollar amount. The fixed asset system is also used to track all federal equipment as follows:

- a. All federal equipment coded to 461, 462, 541 and 542 are tagged, regardless of dollar amount.
- b. It is the responsibility of the department/school to ensure any items purchased from other object codes required to be tagged per federal agency are tagged.
- c. Federal assets tags are yellow and indicate equipment is 'Federal'.

### ***Federal Equipment Disposition Process***

When the original or replacement equipment acquired under Federal award is no longer needed for the original project or program the non-Federal entity must dispose of the equipment as follows per General Fiscal Guidance issued by Managing Grants Administered by the NC Department of Public Instruction:

- d. It is the federal budget manager's responsibility to coordinate this process. Schools should work with the appropriate federal budget manager if they wish to dispose of any federal assets. The fixed asset system can be used to identify which federal funds were used to purchase assets.
- e. Items of equipment with a current per unit paid market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding

agency. This disposition of such items should be noted on the equipment inventory maintained by DCS.

- f. Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from the sale by the Federal percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or 10% of the proceeds, whichever is less, for its selling and handling expenses. Proper sales procedures must be established to ensure the highest possible return.

### ***Disposition of Non-Federal Assets***

All items purchased with Duplin County Schools funds MUST be disposed of using the proper surplus procedure which is documented under Board Policy 6560, Disposal of Surplus Property. Surplus items may not be thrown away or sold without prior approval from the Board of Education. The surplus process is coordinated by the Maintenance Director. The Fixed Asset Transfer Form should be used to document surplus items and submitted to Finance.

### ***Finance Department Contact***

The contact person for Fixed Assets is Rebecca Byrd.

### ***Fixed Asset Annual Physical Inventory Process***

The Finance department will annually send each fixed asset coordinator a ***Fixed Asset Master Report***. Items will be sorted first by the room number and then by asset category. Any items missing last year will be listed in a separate category, so please make every effort to locate these items. The location of each asset should be physically verified as per the procedures listed below:

Fixed asset coordinator may be assigned to oversee this process, but principals/supervisors must ensure that person is properly trained. It remains the supervisor's responsibility to ensure the integrity of the inventory verification process.

### ***Best Practice for Physical Inventory Process***

1. Teams of two employees can go room to room to perform the inventory verifications. Either one of the following processes can be used to verify assets:
  - a) One person calls out the asset number and the other person checks the item on the ***Fixed Asset Master Report*** and all items on the report are in the room.
  - b) The report for each room can be given to person using the room to verify all items in the room are on the ***Fixed Asset Master Report*** and all items on the report are in the room.
2. Mark room location changes as appropriate.
3. Verification of serial numbers may be helpful if you are trying to locate missing assets. Please note any serial number corrections.
4. If an item on the list cannot be located, fixed asset coordinator should check the school/department records for transfers, surplus or property loss. Please note why the item is no longer at the location

and provide documentation with the **Fixed Asset Master Report**. If no documentation can be found, indicate the item is “missing.”

5. If tagged items are found that are not listed on your sheet, please add the additional item to the report. The following items should be noted for the found asset: asset #, serial #, asset description, and room #.
6. Once all discrepancies have been resolved and the inventory process is complete, the fixed asset coordinator should approve the updated **Fixed Asset Master Report** by signing the report. The report should then be submitted to Jacquetta Smith in the Finance Department. Any supporting documentation should be included with the report.

### ***Missing Fixed Asset Procedures***

At the close of the inventory process, the Finance department will review and update DCS records based on the inventory submitted. A listing of all missing inventory will be submitted to each principal or supervisor. The list will show items missing for 2 years.

The school or department will be given 30 days to locate the items in question. If items in question are still missing, a report of missing items for that location will be submitted to the Superintendent.

## **MANAGING FEDERAL PROGRAMS**

Most federal programs flow through the NC Department of Public Instruction (DPI) and are budgeted in Fund 3. Any federal grants received directly by DCS will be budgeted in Fund 8.

Federal program managers should carefully review all Federal grant information published on the DPI Federal Program Monitoring web site below, including grants available through DPI, award information, grant expiration dates, and compliance resources, along with links to federal regulations and compliance supplements.

<https://www.dpi.nc.gov/districts-schools/federal-program-monitoring>

For federal grants administered by DPI, grant applications are submitted through the CCIP system in accordance with the annual calendar published by DPI. Budgets for each grant application will be submitted through the Budget Builder system, which will transmit the budgets into the CCIP system. Until DPI approval is received for the grant, the budget or any amendments will not be posted to our general ledger.

All federal requirements are designed to ensure that federal funds are properly spent. Recipients of federal funds need to be able to tell the story of what happened to every federal dollar. If there are gaps in documentation, there is likely an internal control weakness that could lead to potential audit findings. When disposing of equipment purchased with federal funds, please refer to the Federal Equipment Disposition Process in the Fixed Assets section of this manual.

## **Compensation for Personal Services (Time and Effort) Records**

When Federal funds are used for salaries, time distribution records must be kept per (2 CFR 200.430). Documentation and compliance is the responsibility of the federal budget manager for the program. These records were referred to as “Time and Effort” records in the past, but are now called “Compensation for Personal Services” records. This documentation serves as a “receipt” for payroll expenditures. Requirements regarding time distribution are in addition to the standards for payroll documentation. Any salary costs used by DPI to meet a matching requirement must also be documented, which includes State CTE Programs (013 and 014) and Child Nutrition (Fund 5).

Compensation for personal services by an individual employed by Duplin County Schools includes all remuneration, paid currently, or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation may also include fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements noted below and that the total compensation for individual employees:

1. Is reasonable for the services rendered and conforms to the established written policy of Duplin County Schools consistently applied to both Federal and non-Federal activities.
2. Follows an appointment made in accordance with Duplin County Schools’ laws or written policies.
3. Is determined and supported by appropriate documentation.

## **Salary Reconciliation**

Comparison of actual costs (based on reported PARs) to budgeted distributions should be done at least quarterly. Annual adjustments may be made if the quarterly comparisons show that the differences between budgeted and actual costs charged to the Federal program are less than ten percent (10%). If the quarterly comparisons show that the differences between budgeted and actual costs charged to the Federal program are ten percent (10%) or more, then adjustments must be made immediately.

## **Establishing Budgeted Salary Expenditures for Salaried Positions**

When the need for a salaried position that will be paid for from federal funding is identified, the budget manager analyzes the budget to verify the budget can support the cost of the position and is an allowable use of funds for the program. If the budget is sufficient and the expense is allowable, the budget manager submits a position request form to Human Resources for approval. When the position is recommended for hire, the budget manager determines the appropriate initial budget distributions for that position as part of their recommendation. Initial budget distributions for salaried positions are established based on allowable uses for the funding, anticipated duties of the employee within each cost objective, and the estimated time required to fulfill these duties. Human Resources creates a staff action and sends it to the Chief Finance Officer for budget code approval and entry into Payroll.

Adjustments to a salaried employee’s budgeted distributions due to changes identified through reconciliations are to be requested through Human Resources immediately so a revised staff action can be processed.

## **Establishing Budgeted Salary Expenditures for Additional Duties and/or Supplemental Pay**

Employees who are assigned additional duties and/or supplemental pay for working on programs and activities outside their established employment agreements will sign a supplemental pay form through

Human Resources prior to beginning these tasks. The request process, recommendation and staff action process for additional duty and supplemental pay is the same as it is for regular salary.

### Semi-Annual Certifications

Semi-Annual Time Certifications must be completed for employees working on a single cost objective and paid 100% from a single funding source.

- Applicable employees:
  - Single cost objectives will be determined by the employee's activities, not solely by the employees funding source.
  - Federally-funded extra-duty time beyond the full-time day such as tutoring or parent involvement is also included.
  - These employees must have at least semi-annual certifications certifying that they worked solely (100%) of their time on the program or activity in which they are being compensated.
- Semi-Annual Certifications should include:
  - List of individual Employees names.
  - A blanket statement of activity for the period.
  - Signature of person with firsthand knowledge (*usually Principal*). Date signed must be after-the-fact and handwritten (*blue or black ink*).
  - Original form must be maintained by the approver.
  - Must coincide with 1 or more pay periods.
  - Be completed in a timely manner.
  - Should always be signed and dated the actual date the forms were completed. **Please do not back-date forms.**
  - Principals or budget managers are responsible for contacting the Finance department ASAP when errors or omissions are found.
  - If errors are found, strike-through the error with one line then initial & date, or complete a new form.
- 100% of Employee's Time:
  - Don't be confused by an employee's full-time/part-time status.
  - If employee works only 3 days a week, for example, then 60% employed will equal 100% of the employee's time.

### Personnel Activity Reports (PAR):

Employees with multiple cost objectives must complete monthly Personnel Activity Reports (PAR). PAR Applicable employees are usually paid from more than one federal grant or by federal grant and a non-federal award, however, this is not always the case. It is not always possible to tell by looking at funding only whether an employee is single or multiple cost objective.

"Multiple Cost Objective" will be determined by the employee's activities and not solely by the employee's funding source or budget code. For example, a Title I employee funded by a single budget code who works on two different Title I set-asides is a "multiple cost objective" employee.

- Must complete and maintain support and/or documentation for their PAR forms.
- Must account for the total activity for which each employee is compensated.
- Must be signed by the employee.
- An "effort statement" that accounts for 100% of the employee's effort.

- The number of hours worked (No “X” entries). No Vacation, Sick and/or Holidays.
  - The time worked on all cost objectives.
  - The specific federal cost objective (not just “federal”)
- **Red Flags:**
  - Multiple cost objective personnel whose actual effort equals budgeted effort every month.
  - Personnel paid entirely from federal funds (say, 4 different programs) yet responsible for 16 federal programs.