Financial Training for District Departments
Why this Training?

- USOE Rule 277-113 requires everyone associated with finances receive annual training.
- It is not feasible or cost effective to meet personally with everyone, every year, to discuss every financial area or concern.
- This format provides a consistent reference tool available year-round.
Only a Training Tool

- The presentation of “rules” contained in this document are not meant to replace laws, USOE Board Rules, JSD Board Policies, and/or the Financial Accounting Manual. This is a training tool meant to cover basics, not specifics.

- If something is unclear, please consult the actual document or the department who oversees that area (i.e. Purchasing, Accounting, Payroll, etc.).
Public Funds

• All money, funds, and accounts, regardless of the source from which the money, funds, and accounts are derived, that are owned held, or administered by Jordan School District or any of its schools are considered “public funds” per state statute 51-7-3(26).

• Collection and expenditure of public funds must comply with state law, state rule, District policy, and the Financial Accounting Manual.
Account Codes

• JSD utilizes a 17 digit Account Code as prescribed by the Federal Department of Education’s National Center for Educational Statistics.
• Each digit is important for federal and state mandated reporting.
• These 17 digits are broken up into 6 account segments:
  • Fund (2)
  • Type (1)
  • Location (3)
  • Program (4)
  • Function (4)
  • Object (3)
• FD T LOC PROG FUNC OBJ
Account Codes – Fund

- Fund indicates the highest legal restrictions placed on the monies accounted therein.
  - Fund 10, The General Fund
    - Accounts for regular, ongoing costs of K-12 education
  - Fund 21, The Student Activities Fund
    - Used only for school checkbook related transactions
  - Fund 23, The Non K-12 Fund
    - Used only for Pre-School, Adult Education, and Activity and Coaches stipends
  - Fund 31, The Debt Service Fund
    - Used only by Accounting to show debt service legal compliance
Account Codes – Fund cont’d

- Fund 32, The Capital Projects Fund
  - Used only for fixed asset related purchases
- Fund 51, The Nutrition Services Fund
  - Used only by the Nutrition Services department in accounting for its revenues and expenditures
- Fund 60, The Self-Insurance Fund
  - Used only by Insurance Department to account for premium revenues and claim costs on Health, Life, Disability, and Industrial insurance
- Fund 75, The Jordan Education Foundation Fund
  - Used only by JEF in accounting for its revenues and expenditures
Account Codes – Type

• Type indicates the nature of the transaction

• Nearly all transactions will fall into two types:
  • R – Revenues or receipts
    • Used when the district is receiving funds
  • E – Expenses or expenditures
    • Used when the district is spending funds

• The other three types (A, L, Q) are used by Accounting to report financial position.
Account Codes – Location

• Location Codes show what facility is benefitting from a purchase
  • 0xx District Departments
  • 098 Auxiliary Services Building
  • 099 District Office Building (or unallocable costs and revenues)
  • 1xx Elementary Schools
  • 4xx Middle Schools
  • 7xx High Schools
  • 8xx Special Education Schools
Account Codes – Programs

- Program codes are cost centers, departments, divisions, or grants that are specifically separated to either make managing budgets more convenient or to demonstrate how specific revenue sources (i.e. grants) were expended. Examples of programs include:
  - 0050 Classroom Instruction
    - Never used by departments or grants
  - 4xxx – School Trust Lands
    - xxx is the school location number
  - 5xxx – State mandated programs/grants
  - 6xxx – CTE programs/grants
  - 7xxx – Federally mandated programs/grants
  - 9xxx – District Services / Departments
Account Codes – Functions

- Functions indicate revenue source or expenditure category (what the program is being used for).
- Revenues:
  - 1xxx – Local Revenue
  - 3xxx – State Revenue
  - 4xxx – Federal Revenue
- Expenditures:
  - xx90 – Accounts Payable function (an AP check)
  - xx(1-8)x – Payroll wage functions (a paycheck)
Account Codes – Functions cont’d

• 10xx – General Fund Instruction
• 2xxx – General Fund Supporting Services
  • 21xx – Student Support (i.e. psychologists, counselors, nurses, Planning and Student Services)
  • 22xx – Teacher Support (i.e. media, testing, teacher professional development, Curriculum)
  • 23xx – District Administration (i.e. Board of Education, Superintendent, Area Administrators of Schools, legal fees)
  • 24xx – School Administration (i.e. Principals, Assistant Principals, school office staff, school postage)
  • 25xx – Business (i.e. liability insurance premiums, Business Administrator, Purchasing, Accounting, Payroll)
  • 26xx – Facilities Operation (i.e. Maintenance, Custodial, Utilities, Central Warehouse, ASB Administration)
  • 27xx – Transportation (i.e. Transportation Department)
  • 28xx – Other (i.e. Human Resources, Information Systems, Communications, and Insurance Departments)
Account Codes – Functions cont’d

• 31xx – Fund 51 functions
• 33xx – Fund 23 functions and Fund 75 office functions
• 4xxx – Fund 32 functions
• 5xxx – Fund 31 functions
• 8xxx – Fund 75 donation functions
Account Codes – Objects

- Objects indicate what is being purchased.
  - 1xx – Wages
    - 11x – District Administration
    - 12x – School Administration
    - 13x – Licensed Instruction
    - 14x – Licensed Non-Instruction
  - 15x – Office
  - 16x – Aides, Paraprofessionals
  - 17x – Transportation
  - 18x – Custodial / Maintenance
  - 19x – Nutrition Services
Account Codes – Objects cont’d

- 2xx – Benefits
- 3xx – Professional Services
- 4xx – Property Services
- 5xx – Other Services
- 6xx – Supplies and Materials
  - Items that are “used up” within a year or cost less than $100 each
- 7xx – Property and Equipment
  - Items that last for years and cost more than $100 each
- 999 – All revenues
Purchasing

- Utah Code 63G-6a and Board Policy BP178
  - Items costing more than $1,000 each require three telephone quotes
  - Purchases costing more than $1,999 require three telephone quotes
  - Purchases costing more than $9,999 require the use of a District Purchase Order (not a school PO) based on three written quotes
  - Purchases costing more than $49,999 require Board of Education approval
- Telephone quotes should be documented as to the date/time of the call, the person you spoke to, the item(s) discussed, and the amount
  - Catalog and internet sites do not constitute a telephone quote
- If an item is available in the warehouse, please order from warehouse and do not purchase from a vendor
Purchasing cont’d

• Purchases are never allowed to be subdivided in order to qualify for a lower level purchasing threshold requirement.

• Shipping and freight costs should be included in the purchase pricing.

• Purchases costing more than $2,000 or that are prone to theft will be asset tagged and must be tracked as they change departments.

• POs for computer equipment must be routed to Information Systems for approval.

• POs for music equipment must be routed to the Music Curriculum Consultant for approval.

• The Budget Director of the program number being charged must approve the PO.

• Do not share your password with your administrative assistant.
Purchasing cont’d

- Every district employee is expected to avoid even the appearance of a conflict of interest when making a purchase.
  - Do not accept any gift or hospitality item from a vendor that is worth more than $10 or accumulates to more than $50 in a year.
  - Do not purchase from family members or allow family members to accept gifts from vendors.
- Purchases must use the correct account code that goes with the purchase, regardless of whether budget remains. Actual purchase account code trumps budget remaining code.
  - Example: You are out of postage budget, but need to purchase postage. Do NOT code your postage purchase to something else. It must be coded to postage.
  - Going over budget in one purchase category but under budget in another purchase category is fine so long as overall you are under budget.
Verifications

• Accounting will not pay a bill until receiving:
  • A purchase order
  • An invoice (aka a bill)
  • A “verification” (an indication that the goods or services were actually received and Accounting can pay) – consists of a stamp like this:

```
P.O. No _____________________________
Signature __________________________
Date _______________________________

Partial [ ] Complete [ ]
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Verifications cont’d

- Once stamped, write the PO number (even if the vendor guessed at one, Accounting needs to know the PO number you know the purchase belongs to), sign it, date it, and indicate if the PO is complete or only partially received.
- “Complete” means the PO will be closed to future use.
- “Partial” means the PO will remain open since we expect more product or use of the PO into the future.
Verifications cont’d

• It is preferred the verification be sent on:
  • The packing list
    • Once you receive the goods, take the packing list, stamp it, verify it, send to Accounting – allows for immediate payment.
  • A copy of the PO
    • If no packing list, photocopy the PO, stamp it, verify it, indicate which items not received or received, send to Accounting – allows for timely payment.
  • A copy of the invoice
    • As a last resort, if Accounting has not received a verification, a copy of the invoice will be sent to you to verify and send back – potentially delayed payment.
Problems with Orders

- Occasionally a vendor will send the wrong product, incorrect quantities, damaged product, etc. If that happens:
  - The school or department must work with the vendor to correct it.
  - Accounting must be notified to not pay a bill, and why, until corrected – keep Accounting in the loop.
  - Accounting will receive the phone calls from the bill collectors. If Accounting knows what the status is on an invoice and why the school or department is delaying payment, Accounting can indicate that to the bill collector. If Accounting does not know the status on a bill, the bill collector is usually not happy, which in turn makes everyone unhappy.
- If contractual issues arise on the order, request assistance from Purchasing.
Problems with Orders cont’d

- Credit Memos are negative invoices; shows the vendor owes us funds back.
  - Used if we receive damaged product and a bill that includes damaged product
  - Used if they sent less than they billed us for
- Accounting will not pay less than was invoiced.
- The way to “pay less” is to receive a credit memo from the vendor.
- Accounting can then pay the invoice in full and “pay” or “apply” a credit memo to reduce the amount the vendor receives.
NPOs
• Stands for “Not Purchase Order”
• Used for reimbursements to employees
• Used for purchases not requiring a quote; generally purchases less than $2,000
• Must include the vendor key, vendor name (who the check is payable to), vendor address (must have for all employee reimbursements), correct account code, and approvals
NPOs cont’d

• Requires two signatures (and date signed)
  • One must be the budget director of the program being charged
  • If an employee reimbursement, the employee’s supervisor must be one of the signers
  • If an employee benefits from the purchase (e.g. conference travel, class registration, etc.), the employee’s supervisor must be one of the signers
  • Sign in blue ink – indicates original request, avoids duplicate payments
• NPOs should arrive in Accounting “ready-to-pay.” If Accounting receives an NPO without all the needed elements, it will be sent back to the department for correction.
NPOs cont’d

- Original receipts, invoices and applicable documentation must be attached to the NPO sheet as “backup”.
- If the backup documentation is smaller than regular sized paper, please tape onto regular white paper taping the edges.
- Note that tape and highlighter will “eat” or erase the ink on receipts. Tape the edges and do not highlight the document (circle text for emphasis).
- The body of the NPO document is available for a very detailed explanation of why a check payment is being requested.
- Accounting scans check documentation, so the backup must be scannable (no highlighters or dark colors; taped down; paper-clipped, not stapled).
Mileage Reimbursement

- Mileage is reimbursed when detailed and approved on a Mileage Reimbursement Form (*spreadsheet available on web*)
  - Please use the digital format so we can read it
- Reimbursed at the current IRS rates
- Must use district calculated mileages between DO, ASB and schools
  - These pre-calculated mileages are available in the Financial Accounting Manual and on the **Accounting Department webpage**
- Reimbursement to or from Home is limited
  - See **Financial Accounting Manual** for specific rules
Document Imaging

- Accounting scans all check documentation into an electronic filing cabinet called Document Imaging.
- This allows for easy retrieval of information without having to go through Accounting’s physical files.
- Departments, normally the administrative assistants, are allowed access.
Procurement Cards (aka P-Cards)

- Intended for those employees making numerous small (less than $2,000 each) purchases each year.
- Issued by name, cannot be shared
- Contains sales tax exemption number to save sales tax on purchases
- Requires one report each month, rather than multiple NPOs or POs for each purchase
- More convenient than NPOs and POs
P-Cards cont’d

- Monthly report turned into Accounting BY THE 20th complete with:
  - US Bank summary report printout (internet)
  - Cardholder and Supervisors signature
  - Cardholder description of each purchase
  - Corrected account code to charge each purchase
  - This is a District P-Card, not a school P-Card; therefore schools cannot use school checkbook accounts
  - Attached original receipts for each purchase, taped down to regular white sheet(s) of paper

- Because of the above, cardholders should plan on submitting their P-Card report to their supervisor by the 12th so the supervisor can get it to Accounting by the 20th.
P-Cards cont’d

• Very similar to a normal credit card
  • If there are problems with a purchase, it is the cardholders responsibility to get corrected
  • If fraud occurs on the account, cardholder must call US Bank immediately
  • Has a monthly cycle of transactions (opening the 7th and closing the 6th of the following month, unless a holiday or weekend)
• District pays the monthly bill. The employee only needs to turn in the report and documentation.
Employee Travel

- The following apply to employees traveling without students. Student related travel (employees traveling with students) is handled separately.
- When a hotel or airfare is anticipated, the department must submit on Skyward a travel request no later than 45 days prior to the trip.
- Information is gathered in Skyward and routed to Purchasing for pricing.
- Once travel costs are estimated, Skyward routes for approvals.
- After travel takes place, a NPO is completed for Per Diem and pre-approved purchases.
  - Per diem is $31 for each travel day and $47 for each full day.
  - Per diems are not provided for day trips not requiring lodging or airfare.
Employee Travel cont’d

• Nearly all travel costs (airfare, lodging, car rental, shuttles, etc.) except per diems should be paid in advance by the travel buyer.
• Those planning to retire or otherwise leave their current position within six months are not allowed to travel for the District.
• Every effort should be made to minimize costs when traveling.
• The Financial Accounting Manual includes many frequently asked questions.
• This process is not needed for local travel not requiring lodging or airfare.
Petty Cash

• The P-Card has replaced the need for nearly all petty cash boxes in the District.
• Petty cash is for small, irregular transactions.
• Petty cash purchases must be tracked on the “Received Of Petty Cash” form (available on Accounting Website) and on a worksheet listing the detail of each transaction for the reimbursement NPO.
• The reimbursement NPO is made out to Petty Cash and the department administrator’s name.
• Custodians of petty cash boxes should regularly verify the balance in the boxes plus their receipts for payments made match the set amount of the fund (e.g. $200).
• Surprise audits of petty cash are conducted.
Cash Receipting

- No district department is authorized to have a department bank account
- Some departments have created a department party or gift account wherein each employee is asked to contribute a set amount (e.g. $20) and then someone handles all gifts / parties for departmental personnel throughout the year. This is not considered District money and is okay if all of the following are true:
  - The account is held in a person’s name and social security number and not the District or department name and employer identification number
  - The account signors are not the department administrative assistant or administrator
  - The administrative assistant and the administrator are not asked to oversee, reconcile, handle, or otherwise take care of the account
Cash Receipting cont’d

• All cash, checks, credit card payments paying the District or its departments must be deposited into the District checking account.

• Recycling, vendor rebates, vendor incentives, interest, etc. received as a result of District purchases, events, or activities must be deposited into the District checking account.

• If a payor is paying for a service or benefit the District provides at the department’s location, the department should provide the payor a receipt indicating payment was made.
Cash Receipting cont’d

• Within one day of receiving payment, departments prepare a remittance form, keeping the pink copy and placing the white and yellow copy with the cash and checks in an envelope and place in the safe in Accounting.
• ASB department administrators can either:
  • bring deposits to Accounting or
  • prepare a deposit slip and bring to the bank and send to Accounting the remittance form and the bank deposit receipt within 1 day.
• Accounting will send back the yellow copy of the remittance form and a Skyward receipt.
• Departments verify funds were receipted as expected.
• If any problems with a deposit, call Debi in Accounting (x8118) immediately.
Donations

- Donors may donate to the District or to the Jordan Education Foundation.
  - Both are tax deductible
  - Both will work to ensure proper use of funds
- As a general rule, donations are not accepted for salaries and benefits.
- Donations cannot be restricted to benefit a specific individual.
  - The payment of student fees is not considered a donation.
Journal Entries

• An accounting transaction occurring separate from a cash receipt or cash disbursement
• Should be used when dollars are moving between ledger accounts
• If dollars move between bank accounts, a cash receipt or cash disbursement is used (e.g. school check, NPO, etc.)
• Effects actual transactions, not budgeted dollar amounts
• Total debits must equal total credits
• Must be signed (authorized) and dated by the budget director/coordinator of the budget line being debited
• Must include a detail description of what is desired and why
• Usually used to correct coding errors in cash receipts or cash disbursements
Skyward Budget Reports

- Program administrators (aka budget directors) and program administrative assistants should at least once a month review their Summary Budget Program Report which shows their budget compared to what they have purchased already.
Skyward Budget Reports cont’d

- Program administrative assistants should also at least once a month review the detail transaction report which shows each item charged to their budget.

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<th>Date</th>
<th>Description</th>
<th>Vendor</th>
<th>Vendor ID</th>
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<th>PO Enc Amount</th>
<th>Lapsed</th>
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* The year column displays the first year of the fiscal year pair (2013 for 2013-14).
Skyward Budget Reports cont’d

• Both the administrator and the administrative assistant are looking for overspending, anything that looks out of line, items coded incorrectly, etc.
• You are the best person to review your financial transactions and responsibilities.
  • No one knows your transactions better than you.
  • It may not be fun, but it is part of the job.
• No one is authorized to overspend their overall budget.
Budget Adjustments

• Budgets are approved twice a year
  • January – the current year’s budget is reviewed, adjusted, and amended as needed
  • April – the next year’s budget is calculated and projected
• Budget worksheets and a budget directions memo are distributed at these times
• The completed worksheets are due back to Accounting within two weeks
• Any items receiving automatic budget increases are taken care of before the worksheets are distributed (e.g. pay increases, retirement rate changes, health insurance composite rate changes, etc.)
• Any additional increases beyond these require the approval of the Deputy Superintendent for Business Services.
Budget Adjustments cont’d

- Budgets may be adjusted between line items, without approval, between objects codes 300-899 so long as the total budget within this area is not increased.
- The worksheets already have benefits calculated. However, you must adjust the benefits if wages are incorrect for whatever reason (e.g. absence incentive, hourly pay, vacation payout, etc.).
- Budget Directors/Coordinators must sign and date their budget worksheets before submitting to Accounting.
- Following a review by Accounting, budgets are input into the financial system.
Personal Use of District Assets

• Use of district assets must comply with:
  • DP371 Network Acceptable Use Policy
  • AA444 Private, but Public Education-Related Activities
  • DA154 Use of School Property and Equipment

• Absolutely no personal profiting or gains are allowed from using District assets
Theft

- Accounting will do what it can to ensure compliance with rules and procedures and to safeguard district assets, but in the end it is every employee’s job to spend wisely and watch for theft from others.
- When someone steals from the District, they not only steal taxpayer money, they steal money intended to benefit students, schools, or employees.
- If you have a question, concern, or something just does not seem right, please call and ask. Statistically, most thefts are caught by tips and not through audits. Frequently, questions and concerns can be resolved once everyone knows all sides of a transaction. Either way, it is best for everyone if you call and ask.