


RAÍCES DEL SABER
XINACHTLI COMMUNITY
SCHOOL
POLICIES & PROCEDURES MANUAL

Internal Controls Handbook

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SECTION I – INTERNAL CONTROL STRUCTURE

1) INTRODUCTION

Raíces del Saber Xinachtli Community School (Raíces) has established and works hard to maintain an adequate internal control structure that ensures compliance with all applicable laws and regulations. Our internal control structure consists of the policies and procedures established to provide reasonable assurance that our objectives will be achieved.

Persons involved in the Internal Control Structure of School are:

Governance	Management	Business Office
Governance Board (GB) Members	Principal	On site: Director of Operations and Community Engagement Off site (The Vigil Group): Business Manager, Payroll Specialist

2) CONTROL ENVIRONMENT

Raíces control environment represents the collective effort of various factors to establish, enhance, and mitigate the effectiveness of specific internal controls to reduce the risk of loss of public assets.

These factors include the following:

- a) Management's philosophy and operating style;
- b) Raíces organizational structure;
- c) The functioning of the Governance Board;
- d) Management's control methods for monitoring and following up on performance, including internal auditing;
- e) Personnel policies and practices; and
- f) Various external influences that affect School's operations and practices.

We have established our control environment so that it reflects the overall attitude, awareness and actions of the Governance Board, Management and others concerning the importance of control and its emphasis within School.

3) ACCOUNTING SYSTEM

The accounting system that will be chosen will consist of methods and records that have been established to identify, assemble, analyze, classify, record and report Raíces transactions and to maintain accountability for the related assets and liabilities.

We have focused on establishing methods and records to ensure the following:

- a) All valid transactions are identified and recorded;
- b) Transactions are recorded on a timely basis and described in sufficient detail to permit proper classification for financial reporting;
- c) The value of transactions is measured in a manner that permits the proper recording of their monetary value in the financial statements;
- d) Accuracy is maintained when determining the time period in which transactions occurred to ensure that transactions are recorded in the proper accounting period; and
- e) Transactions and related disclosures are in the financial statements.

4) CONTROL PROCEDURES

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

- a) Segregation of responsibilities to ensure that the following duties are segregated:
 - i. Authorization to execute a transaction;
 - ii. Recording the transaction;
 - iii. Custody of assets involved in the transition.
- b) A system of authorization and recording procedures to ensure that all transactions are properly approved and recorded.
- c) Sound accounting practices are in place in the performance of duties and functions.
 - i. This includes varied error-checking routines that are performed in connection with record keeping and comparing recorded amounts with existing assets and liabilities.
 - ii. Appropriate action shall be taken with respect to any differences.
- d) Employees handling significant amounts of cash must be adequately bonded.
 - i. Access to assets is permitted only in accordance with Management's authorization.
- e) The following shall be sequentially pre-numbered (if system generated, the system will provide the functionality to sequentially number all printouts):
 - i. Receipts;
 - ii. Checks or warrants;

- iii. Purchase requisitions;
- iv. Purchase orders;
- v. Vouchers;
- f) Proper safeguards are in place to protect unused checks, cash that has not been deposited, and other receipts.
- g) All transactions are recorded as necessary to permit preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP); and
- h) Independent checks on performance and proper valuation of recorded amounts is performed including:
 - i. Clerical checks;
 - ii. Reconciliations;
 - iii. Comparison of assets with recorded accountability;
 - iv. Computer-programmed controls;
 - v. Management review of reports that summarize the detail of account balances; and,
 - vi. User review of computer- generated reports.

5) ORGANIZATIONAL STRUCTURE

Raíces has devised, established and maintains an effective organizational structure to give appropriate consideration to ensure the following:

- a) A system of measurement of, and accountability for, employee performances is in place;
- b) A policy has been established in which the delegation of responsibility for employee actions is combined with sufficient authority to perform the assigned activities; (Principal approves expenditures, CPO manages procurement, Business manager checks appropriate budget category and sufficiency of funds)
- c) Budgets and financial reports are created and maintained;
- d) There is adequate monitoring of activities at each level of the organizational structure; and,
- e) There is a system of checks and balances in place which separates incompatible activities to preclude absolute control by any individual or unit.
 - i. This system also provides supervision by higher levels of Management and for the monitoring of overall school activities.

SECTION II – BUDGET

1) BUDGET DEVELOPMENT

- a) The Business Manager is responsible for developing the proposed budget in conjunction with the Raíces Principal which covers all anticipated funds. In addition, a budget calendar must be developed to include a meeting for community input. The budget for the first year of operation was developed by the Business Manager in conjunction with the Raíces Governance Board and the newly hired Principal.
- b) In succeeding years, the prior year budget will be reviewed, and a budget to actual report will be developed.
 - i. This report will be given to the Governance Board to review.
- c) The Business Manager will consult with the Principal, the Governance Board and the Finance Committee regarding the strategic direction of the budget for the upcoming year. The following will also be considered when developing the proposed budget:
 - i. Current and expected growth patterns;
 - ii. The budget to actual report from the prior year; and,
 - iii. The Educational Plan for Student Success (EPSS).
- d) Once the proposed budget has been developed, which is done on an Excel spreadsheet, it is forwarded to the Principal for approval.
- e) The proposed budget is then presented to the Governance Board for approval in an open meeting.
- f) For State Authorized Charter Schools, once the budget has been approved by the Governance Board it is submitted directly to the Public Education Department (PED).

2) BUDGET ADJUSTMENTS AND MODIFICATIONS

- a) Budget adjustments, which do not alter the total amount of the budget, include the following:
 - i. Intra-budget transfers: which are transfers between expenditure codes within the same function, also known as Maintenance Budget Adjustment Requests (BARs).
 - ii. Inter-budget: which are transfers between expenditure codes outside state functions, also known as Transfer BARs.
- b) Budget modifications, which do alter the total amount of the budget, include the following:
 - i. Budget increases: which increase the funds available for the current year, also known as Increase BARs.

- ii. Budget decreases: which decrease the funds available for the current year, also known as Decrease BARs.
- c) There are no budget transfers allowed between funds.
- d) The Business Manager is responsible for preparing a proposal for all budget adjustments and budget modifications.
- e) The Business Manager will submit the proposed modified budget to the Principal for approval.
- f) Once approved by the Principal, the proposed modified budget is submitted to the Governance Board for approval at a scheduled meeting.
 - i. If the changes are approved, the approval is noted in the meeting minutes.
 - ii. A budget adjustment request is then submitted electronically to the PED for approval.
- g) Once all approvals are in place, the Business Manager makes the approved changes to the budget in the Budget Module in the accounting system.

3) BUDGET INCREASES & SHORTFALLS

- a. A Budget increase may be an additional allocation for a fund already established through the budget process and/or a new fund applied for and received by the school.
 - i. The necessary revenue and expenditure lines will be budgeted through the Budget Adjustment process mentioned above.
- b. A Budget Shortfall may be caused by several factors (a decrease in student enrollment, decrease due to audit reconciliation of cash, decrease in fund awards due to reduced allocation of a federal or state program, unforeseen employee turnover, unanticipated/emergency expenses, etc.)
 - i. In the instance of a shortfall resulting in budget decrease, the Business Manager will work with the Principal to determine the order in which budget lines will be reduced.
 - 1. General Supplies & other general expenses
 - 2. Contracted services
 - 3. Operation and Maintenance costs
 - 4. Employee Salary and Benefits
 - a. Reduction of Full Time Equivalent (FTEs) is to be considered a final recourse and any decisions considered in this area should follow the requirements set forth in Raíces Reduction in Force (RIF) policy as well as ensuring that all FTEs vital to Raíces program or other legal requirements are not affected.

SECTION III – PURCHASING

1) REQUISITION PURCHASING

- a) The requisitioning employee completes a purchase requisition form.
- b) After all applicable information has been obtained, based on the procurement terms (see below for the procurement process), the requisitioning employee must sign and date the purchase requisition and forward it to the Principal for approval.
- c) The Principal or designee will review the purchase requisition and either approve, change or deny the purchase.
 - i. If the purchase requisition is approved, the Principal will sign and date the purchase requisition to signify approval.
 - ii. If the purchase requisition is denied:
 1. The reason will be documented on the purchase requisition;
 2. The Director of Operations and Community Engagement (hereafter in this document referred to as Director of Operations) who is the Certified Procurement Officer (CPO) will make a copy of the denial to be filed; and
 3. The form will be sent back to the requisitioning employee.
- d) Once approved, the purchase requisition is forwarded by the Raíces CPO to the Business Manager to be entered into the Purchasing Module on the accounting system.
- e) The selected vendor must be entered into the system by the business manager as follows:
 - i. If the vendor is an existing vendor, their name is chosen from the vendor list.
 - ii. If the vendor is a new vendor, at a minimum the vendor name, federal tax ID number and 1099 delegation must be entered. In order to ensure accuracy of the federal tax ID, all new vendors must furnish a W9 to the Business Manager.
- f) The original purchase requisition is then filled in the appropriate vendor file in chronological order.

2) PROCUREMENT CODE UPDATE & PROCESS

- a) Services, construction, or items of tangible personal property under \$20,000 may be obtained from the best obtainable source, considering cost, service, delivery and prior use of similar goods. At a minimum, 3 verbal quotes are required in order to ensure the best obtainable price is achieved. The Director of Operations who is a certified Procurement Officer is responsible for soliciting quotes.

- i. A purchase order may be issued directly if the services, construction, or items of tangible personal property are under \$20,000 once 3 quotes are obtained.
- b) Services, construction or items of tangible personal property having a value not exceeding \$60,000, excluding applicable state and local gross receipts taxes, may be procured by the central purchasing office without going through the RFP competitive bid process. At a minimum, 3 written quotes are required for items and/or services anticipated to be more than \$20,000 but not anticipated to exceed \$60,000 to ensure best obtainable price is achieved
- c) Competitive bids must be obtained by the Director of Operations on a Request for Proposal (RFP) form and in accordance with NM State Statute for purchases exceeding the following thresholds:
 - i. Bids are required for tangible items estimated to cost more than \$60,000.
 - ii. Bids are required for professional services estimated to cost more than \$60,000.
- d) In all instances where it is possible, the “Piggy Back” process will be utilized in accordance with New Mexico State Statute (13-1-129 NMSA).
 - i. A letter will need to be provided from the vendor stating the uniformity of the contracted cost.
- e) Chief Procurement Officer (CPO) [In our current structure the CPO is the Director of Operations]
 - i. Each State Agency and Local Public Body is required to identify its Chief Procurement Officer by January 1, 2014.
 - 1. 13-1-38.1 Definition; chief procurement officer:
 “Chief Procurement Officer” means that person within a state agency’s or local public body’s central purchasing office who is responsible for the control of procurement of items of tangible personal property, services, or construction. “Chief Procurement Officer” includes the state purchasing agent.
- f) Responsibilities of the CPO
 - i. 13-1-38 Responsible for the issuance of change orders
 - 1. “Change Order” means a written order signed and issued by a procurement officer directing the contractor to make changes which the changes clause of the contract authorizes the procurement officer to order with or without the consent of the contractor.
 - ii. 13-1-70 Responsible for the issuance of invitations to bid
 - 1. “Notice of Invitations to Bid” means a document issued by the CPO which contains a brief description of the services, construction or items of tangible personal property to be procured, the location where copies of the invitation to bid may be obtained, the location where bids are to be received, the cost, if any, for copies of plans and

specifications, the date and place of the bid opening and such other information as the procurement officer deems necessary.

- iii. 13-1-95 Responsible to make determinations, including determinations regarding exemptions, pursuant to the Procurement Code; issue purchase orders and authorize small purchases pursuant to the Procurement Code; and approve procurement pursuant to the Procurement Code.
 - iv. 13-1-106 Any decision by a procurement officer to permit or deny the withdrawal of a bid on the basis of a mistake contained therein shall be supported by a determination setting forth the grounds for the decision.
 - v. 13-1-111 Responsible for making the determination of when to use competitive sealed proposals.
 - vi. 13-1-117.1 Responsible for adopting and carrying out regulations regarding the selection of professional service awards.
 - vii. 13-1-125 Responsible for following the small purchase procedures for his/her local public body [Charter School].
 - 1. *See 2a, 2b, 2c of this document*
 - viii. 13-1-126 Responsible for the approval of sole source awards; this includes determining the basis for the sole source procurement, conducting negotiations, and maintaining all written determinations on file.
 - ix. 13-1-127 Responsible for making determinations regarding emergency procurements.
 - x. 13-1-146 Responsible to determine when a security bid is required.
 - 1. For construction contracts that exceed \$25,000
 - xi. 13-1-156.1 Responsible to determine how to dispose of tangible property.
 - xii. 13-1-175 Responsible for issuing a determination relating to a protest.
 - 1. Determination will explain the reasons for the actions taken, and inform the protestant of the right to judicial review of the determination.
 - xiii. 13-1-179 Responsible for issuing a determination to debar or suspend.
- g) Penalties
- i. Any business or person that willfully violates the Procurement Code is guilty of:
 - 1. A misdemeanor if the transaction is \$50,000 or less;
 - 2. A fourth-degree felony if the transaction involves more than \$50,000.

3) VERIFICATION AND APPROVAL

- a) When the purchase requisition is entered into the financial system, a purchase order is assigned to the purchase and a pre-numbered purchase order is automatically generated.

- b) Once the purchase order is generated, the assigned Business Manager will verify the accuracy of the cost account by reviewing the purchase order within the Purchasing Module.
 - i. If any changes are mandated, they are entered into the system at this time.
- c) The assigned Business Manager is responsible for comparing the purchase order to the current budget to verify that the funds are available. During this verification process, the specific line within the budget that corresponds to the purchase must be considered rather than the total amount of the remaining budget.
 - i. If the funds are not available, the Business Manager will review whether there are funds available to transfer to this line item to allow the purchase order.
 - ii. If funds are available, the Business Manager documents the fund availability on the purchase order.
- d) Prior to printing the purchase order, the assigned Business Manager must review the vendor information for completeness and accuracy as follows:
 - i. If a different vendor is utilized because the vendor noted on the purchase order was not on the state approved vendor list, the new vendor and product information is entered.
 - ii. If the original vendor is on the state approved vendor list, any omitted information is entered into the system and all existing information is checked for accuracy.
- e) The financial system maintains a copy of every purchase order. Either an electronic copy or a hard copy of the purchase order is sent to the vendor.
- f) The CPO and/or Principal must sign purchase orders sent to the vendor.
- g) The vendor copy is filed in the Open Purchase Order file until an invoice is received.

4) EXEMPTIONS FROM THE PROCUREMENT CODE

- a) There are several items that are exempt from the Procurement Code, listed in Section 13-1-98 NMSA 1978. Those related to school districts include:
 - i. Procurement of items of tangible personal property or services from another state agency or local public body;
 - ii. Purchases of publicly provided or publicly regulated gas, electricity, water, sewer and refuse collection services;
 - iii. Travel or shipping by common carrier or by private conveyance or to meals and lodging;
 - iv. Contracts for public school transportation services are covered under regulation;
 - v. Minor purchases consisting of magazine subscriptions, conference registration fees and other similar purchases where prepayments are required;

- vi. The issuance, sale and delivery of public securities pursuant to the applicable authorizing statute with the exception of bond attorneys and general financial consultants;
 - vii. Contracts for retirement and other benefits pursuant to Sections 22-11-47 through 22-11-52, NMSA 1978; and,
 - viii. Entertainers.
- b) SB 443 - *Updated* Exempt Purchases from the Procurement Code
- i. Training materials in printed or electronic format
 - ii. Magazine subscriptions, web-based or electronic subscriptions, conference registration fees, and other similar purchases where prepayment is required not exceeding \$10,000
 - iii. Legal subscriptions and research services
- c) When a purchase is exempt from the Procurement Code, or is a recurring purchase or a reimbursement payment, the normal purchasing process does not need to be followed. In any of these instances, the following procedures are followed:
- i. For recurring payments, no purchase requisition, purchase order or check request is required. The assigned Business Manager will enter the payment into the Accounts Payable Module during the invoice processing.
 - ii. For reimbursements or other items that are exempt from the Procurement Code, the requester must complete a check request form and submit the supporting documentation to the Director of Operations and Community Engagement and
- d) The assigned Business Manager will review the voucher summary report that is created during the invoice processing cycle and authorize that all payments that are not supported by a purchase order or do not follow the normal procurement process are mandated and appear to be reasonable expenses.

SECTION IV – ACCOUNTS PAYABLE PROCESSING

1) RECEIVING

- a) The Operations Director and Community Engagement is responsible for receiving all purchased goods and performing the following steps when goods are received:
 - i. Inspect the goods for visible damage in the presence of the carrier. Damaged goods should not be accepted.
 - ii. The employee will inspect all goods received and compare the items and quantities to the open purchase order in the Purchasing Module.
 - iii. If discrepancies are discovered, they are documented and investigated.
- b) The goods are delivered to the requisitioning employee.

- c) The recipient is required to sign and date the packing slip.
- d) The packing slip is forwarded to the school's assigned Business Manager to be matched and maintained with the corresponding purchase requisition.

2) INVOICE PROCESSING

- a) All invoices are forwarded to the Director of Operations and Community Engagement. When an invoice is received, the Business Manager will pull the corresponding purchase order from the open purchase order file and attach to the invoice.
- b) Accounts Payable will be processed on a bi-weekly basis.
- c) The Business Manager is responsible for comparing the invoice, purchase order and any packing slips. The following should be performed:
 - i. Verify that all items shown on the invoice were received.
 - ii. Compare the items and quantities shown on the invoice to the items and quantities shown shipped or delivered on the receiving reports.
 - iii. Verify the calculations and totals on the invoice, such as quantities received multiplied by unit price.
 - iv. Verify that the total on the invoice is no more than 10% and \$100 over the amount approved on the Purchase Order.
 - v. If the total exceeds the limit, a new Purchase Order or a Change Order on the existing Purchase Order must be created and the verification and approval process must be redone with the new total.
- d) The Director of Operations and Community Engagement will enter all invoices to be paid into the Accounts Payable Module.
- e) A voucher summary report is printed and forwarded to the Principal or designee along with all invoices and supporting documents.
- f) The Principal or designee will compare each payment on the voucher summary report to the supporting documentation and initial and date the report to authorize that the checks may be printed.
- g) The Director of Operations and Community Engagement will take the number of checks needed according to the voucher summary report and will then print all checks listed on the voucher summary report.
- h) The checks and supporting documents are forwarded to the authorized individuals to be signed.
- i) The Director of Operations and Community Engagement will match all checks to the voucher to ensure that all printed checks were received.
- j) The signed checks are mailed to the appropriate vendor.
- k) The payment vouchers and supporting documents are given back to the Director of Operations and Community Engagement to be stamped "Paid" and filed in the appropriate vendor files by date

1) PROCESS FOR TRAVEL

- a) Employees traveling for work-related purposes must document their proposed itinerary on a travel requisition form. The form must include the following information:
 - i. Employee Name;
 - ii. Dates of Travel;
 - iii. Reason for the travel;
 - iv. Estimated cost and description of related expenses, including:
 1. Hotel
 2. Flight
 3. Rental car, mileage
 4. Per diem
 5. Registration fees, etc.
 - v. An indication as to whether advanced funds or reimbursement will be utilized.
- b) Per diem and mileage rates will be applied according to the state rates established by the Department of Finance and Administration.
- c) Once the requisition is completed, the requisitioning employee must sign and date the form.
- d) The travel requisition form must be submitted to the Principal for review and approval.
 - i. If the travel requisition is denied, the Principal will document the reason for the denial.
 - ii. If the travel requisition is approved, the Principal will sign and date the requisition.
- e) If the Principal is the employee that is submitting a travel requisition, it must be reviewed and approved by the Governance Board President or his/her designee from the Governance Board.
- f) The travel requisition form will be distributed as follows:
 - i. Original form to the requisitioning employee;
 - ii. Duplicate copy to the Director of Operations and Community Engagement;and,
- g) Funds may be advanced, if requested up to 80% of the total estimated travel cost. If advance funds are required, the payment will be processed by the Director of Operations and Community Engagement during the next accounts payable cycle and in accordance with the accounts payable policies and procedures.
- h) The requisitioning employee is responsible for making all travel arrangements.
- i) All receipts must be maintained and must be in itemized format including date and time clearly printed.

- j) When the employee returns from travel, they have 7 days to complete a pre-numbered travel voucher. The corresponding receipts or other supporting documentation must be attached to substantiate each expense. The travel voucher must include, at a minimum, the following information:
 - i. Employee Name;
 - ii. Corresponding travel requisition number;
 - iii. A description of each expense incurred;
 - iv. The actual cost of each expense; and,
 - v. For advances, a reconciliation must be performed between the expense totals on the travel requisition and those on the travel voucher with a total of how much is owed to the employee or due from the employee.
- k) The completed travel voucher must be signed and dated by the employee and forwarded to the Principal for approval.
- l) If the Principal is the employee that is submitting the travel voucher, it must be reviewed and approved by the Business Manager.
 - i. If the travel voucher total exceeds the approved total on the Travel Requisition form by greater than 10% and by more than \$100, the Business Manager will forward the Travel Voucher to the Governance Board for approval.
- m) The travel voucher form has duplicate copies that will be distributed as follows:
 - i. Original form to the requisitioning employee;
 - ii. Duplicate copy to the Director of Operations and Community Engagement; and,
- n) The Director of Operations and Community Engagement will match the travel voucher to the corresponding travel requisition and file the forms in the appropriate personnel file.
- o) The assigned Business Manager will match all travel vouchers received to their corresponding travel requisitions and determine if payment is due.
- p) Any payment due to the employee will be processed by the Director of Operations and Community Engagement during the next account payable cycle and in accordance with the accounts payable policies and procedures.

SECTION VI – BANK RECONCILIATIONS

BANK RECONCILIATIONS

- 1) A bank reconciliation is performed on a monthly basis by the assigned Business Manager.
- 2) The bank reconciliation is performed using the accounting system's internal processes.
- 3) The bank statement is viewed online.
- 4) The reconciliation must be completed by the 10th of each month.

- 5) All differences between Bank and Book will be posted in the month reconciled.
- 6) The assigned Business Manager will prepare the bank reconciliation. Once completed, another licensed Business Manager will review and sign the bank reconciliation if it is verified that Bank and Book are in balance with no variances.
 - a) If variances exist, the reviewing Business Manager will work with the assigned Business Manager to prepare a corrective Journal Entry (JE).
- 7) Bank reconciliations are included in summary format along with the monthly reporting to the Governance Board. Any variances that required a corrective JE are noted explicitly on the summary report.

SECTION VII – PAYROLL

To provide a system of internal controls the following procedures over Payroll and Payroll Liabilities will be implemented:

1) PAYROLL SET-UP

- a) The budget process will establish proposed positions, FTE's, and school budget lines (cost accounts) which will be used to develop the school budget. The assigned Business Manager will work with administration to develop the budget which will be approved by the Governance Board.
- b) The Principal is responsible for hiring and terminating all school employees. As part of this, the Principal will provide payroll files for all employees to the Vigil Group Payroll Specialist. The Payroll Specialist will work with the assigned Business Manager to review the files to ensure the payroll checklist is complete. The assigned Business manager, or her/his designee, will also provide data entry into the accounting system's payroll and human resource modules of all employee information. The assigned Business Manager will electronically inform the Payroll Specialist when the data entry has been completed.
- c) The Payroll Specialist will review the data entry completed. The assigned Business Manager will review the entry for budgetary compliance for FTE, Cost Account, salary amount and stipend amounts. The Payroll Specialist will review the data entry completed for payroll compliance.
- d) The Payroll Specialist will make all necessary corrections. When the payroll is correct, the Payroll Specialist will electronically notify that all entries are correct and ready for job approval. The assigned Business Manager will approve the job.
- e) The Payroll Specialist, or her/his designee, will then enter all deduction sets. Upon completion of the entry, the assigned Business Manager will be notified that the deduction sets have been entered and he/she will review the data entry. The Payroll Specialist will correct any found errors. Upon correction of any errors, the Payroll

Specialist will electronically notify the assigned Business Manager that the employees are fully set up.

- f) The Business Manager can now review the overall budget for compliance with state regulations. The Payroll Specialist can now move employees into the payroll register.

2) PROCESSING PAYROLLS

- a) Schools will be asked to submit all timesheets and leave sheets to the Payroll Specialist. The Payroll Specialist will establish deadlines for each payroll. The Payroll Specialist will monitor the submissions of required payroll sheets. If a school does not meet the deadline the Payroll Specialist may request the assigned Business Manager to get the needed documents.
- b) The Payroll Specialist will be tasked with data entry, or delegation of data entry, of payroll documents. The Payroll Specialist will review all entries made by delegees. Upon completion with no errors, the Payroll Specialist will submit the Payroll Register and Wage Variance Report to the Principal copying the assigned Business Manager. The Principal will approve the register. The approval can be by approval on the accounting system directly or by email. If the approval is by email, the assigned Business Manager should approve the payroll register on Apta.

SECTION VIII – CAPITAL ASSETS

1) CAPITALIZATION

- a) A capital asset shall be defined as any single item of non-expendable personal property, the cost of which exceeds \$5,000 and has a useful life of more than one year.
- b) The cost basis of assets includes all charges relating to the purchase of the asset, including the purchase price, freight charges, and installation, if applicable.
- c) The cost of buildings includes all expenditures related directly to acquisition or construction. These costs include:
 - i. Materials
 - ii. Labor
 - iii. Overhead incurred during constructions
 - iv. Fees (such as attorney's fees, architect's fees, etc.)
 - v. Building permits
- d) Expenditures incurred in connection with maintaining an existing facility in good working order are expensed as a repair if the cost is less than \$5,000.

2) ACQUISITIONS

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

3) DISPOSITIONS

- a) All dispositions will be processed according to the salvage process and in accordance with NM State Statutes.
 - i. After the salvage process has been completed, the assigned Business Manager deletes the item from the asset records and records the disposition.
- b) Missing or stolen assets are reported in writing to the Principal as soon as possible.
 - i. A police report must be filed for all stolen assets.
 - ii. If unrecovered, the assigned Business Manager is notified in writing and the asset is then removed from the asset records.

4) ASSET RECORDS

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

SECTION IX – CASH CONTROLS

1) CASH RECEIPTS

- a) The Director of Operations and Community Engagement maintains a book of pre-numbered cash receipts.
- b) Coin, currencies, checks, money orders, and other forms of monies are received in the following ways:
 - i. Received at the school by the teacher and the amount received from each source must be entered on a cash receipts listing.
 1. The teacher is responsible for turning in all monies received and the corresponding cash receipts listing on a daily basis to the Director of Operations and Community Engagement.
 2. The Director of Operations and Community Engagement is required to count all monies received in the presence of the teacher and issue to the teacher a pre-numbered cash receipt at that time.
 - ii. Received directly by the Director of Operations and Community Engagement who issues a pre-numbered cash receipt.
- c) The cash receipts book has triplicate copies that shall be distributed as follows:
 - i. Original to the payer;
 - ii. Duplicate attached to the school's copy of the corresponding deposit slip;
 - iii. Triplicate remains in the receipt book.
- d) If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.
- e) All monies received must be kept in a locked drawer or safe until they are deposited.
- f) All checks shall be endorsed with "For Deposit Only" when received.

2) DEPOSITING

- a) All monies must be deposited into a checking account within 24 hours of being received.
- b) The Director of Operations and Community Engagement is responsible for completing pre-numbered deposit slips.
- c) The deposit slip and all monies being deposited are forwarded to the appropriate authority for approval.
 - i. The Principal or designee approves all deposits at the school.
- d) Deposits are made by the Director of Operations and Community Engagement or designee.
- e) A copy of the deposit slip, the deposit verification slip and all related cash receipts are filed together by date.

3) REVENUE LEDGER

- a) All revenue entries are entered into the revenue ledger by the assigned Business Manager.
- b) The Director of Operations and Community Engagement is responsible for forwarding a copy of all cash receipts to the assigned Business Manager on a weekly basis.

SECTION X – STUDENT ACTIVITY FUNDS

1) DEPOSITS

- a) Student Activity Funds are used to account for those resources owned, operated and managed by the student body, under guidance of a staff member or another adult, for educational, recreational or cultural purposes. These funds are used for a wide range of activities that can include the school yearbook, student athletics or various student clubs.
- b) The club sponsor or treasurer must bring all monies collected to the Director of Operations and Community Engagement for deposit by the end of the day of collection.
- c) Sponsors who fail to deliver funds to the Director of Operations and Community Engagement shall be reported to the Principal.
- d) The Director of Operations and Community Engagement will issue a pre-numbered cash receipt for the monies received and record the receipt on a Student Activity Funds Log. The depositor is required to sign the log to signify the noted amount of deposited funds is accurate.
- e) The Student Activity Funds Log must be forwarded to the assigned Business Manager weekly in which the collection occurs, so that it can be entered into the system.
- f) The Director of Operations and Community Engagement will follow the normal deposit procedures when depositing Student Activity Funds.
- g) Sponsors are responsible for developing budgets upon deposit of funds.
- h) The assigned Business Manager will reconcile the cash account on a monthly basis.

2) DISBURSEMENTS

- a) Sponsors are responsible for submitting a check request and all other appropriate documents to withdraw funds from their account.
- b) Sponsors are responsible for obtaining the Principal's signature on the check request, approving the withdrawal of funds, prior to submitting the request to the assigned Business Manager.

- c) Funds that are withdrawn shall be given to the adult sponsor; under no circumstances shall funds be released to individual students.
 - i. Funds will be dispersed in the form of a check.
 - ii. Absolutely no cash will be given as a form of withdrawal.
- d) All excess change that results from a withdrawal shall be re-deposited in accordance with the deposit procedures above.
- e) When a prepayment must be made or a reimbursement is being claimed, the appropriate receipts or other supporting documents must be attached to substantiate the amount of the withdrawal.
 - i. Again, funds that are not accounted for with receipts must be re-deposited.
- f) All goods purchased through Student Activities must follow the school's procurement policies.
- g) Any balances remaining of the account name shall be carried over into the new fiscal year under the same account. If a club or activity closes at the end of a fiscal year, the Principal/Principal shall be authorized to move any remaining funds into an administrative activity fund.

SECTION XI – JOURNAL ENTRIES

JOURNAL ENTRIES

- 1) All journal entries are made at the Business Office.
- 2) The assigned Business Manager prepares a journal entry in the financial system. The system will date the day of entry; the assigned Business Manager will date the effective date.
- 3) Another Vigil Group Business Manager must review the journal entry, ensure the accuracy of the account coding, and post the journal entry into the system indicating their approval by the action.

SECTION XII – GENERAL LEDGER

GENERAL LEDGER

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

Component	Structure
Fund	X/XXXX
Function	X/XXX
Object	X/XXXX
Program	XXXX
Location	XXX/XXX
Job Class	XXXX

- 3) The assigned Business Manager is responsible for maintaining the following journals:
 - a) Cash Disbursement Journal
 - b) Cash Receipts Journal
 - c) Payroll Journal
 - d) All other accounting data is summarized in the General Ledger at month end

- 4) These journals are all used to update the General Ledger (summary of accounts) at month end.

SECTION XIII – FINANCIAL REPORTING

FINANCIAL REPORTING

- 1) All reports are generated by the assigned Business Manager.

- 2) The following reports are generated:
 - a) Account Summary Report - Revenues
 - b) Account Summary Report - Expenditures
 - c) Bank Account Register Activity Report
 - d) Outstanding Purchase Orders Report
 - e) Bank Reconciliation Summary Report
 - f) Balance Sheet Report

- 3) All reports are reviewed and approved by the Business Manager prior to being submitted to the Governance Board and the Principal.

- 4) All monthly and quarterly reports must be submitted to the state by the 15th day of the end of the reporting period.
- 5) The Annual Summary of the Year report must be submitted by July 31st (last day of the month following year-end).

SECTION XIV – RECORD RETENTION

RECORD RETENTION

- 1) The school retains records in an orderly fashion, for time periods that comply with the State Records Retention Act.
- 2) Filing at the school is performed and maintained by the Director of Operations and Community Engagement.
- 3) Filing at the Business Office is performed and maintained by the assigned Business Manager and/or his/her designee.
- 4) All archived files will be stored by category and dated in filing boxes and maintained in a locked room. The filing boxes will be clearly labeled indicating what files are in the box.
- 5) The Director of Operations and Community Engagement and the assigned Business Manager are responsible for maintaining adequate and up-to-date records of where all records are maintained.
- 6) The Director of Operations and Community Engagement maintains a permanent list of all destroyed records for future reference.

SECTION XV – ACCOUNT RECONCILIATION

1) ASSET ACCOUNT RECONCILIATIONS

- a) Asset accounts, which may include investments, inventory, prepaid expenses, travel advances, employee accounts receivable, etc., will be reconciled by the assigned Business Manager on a monthly basis. This reconciliation is necessary to make adjustments to the asset account to correct previous posting errors, to correct detail in the asset account as a result of the discovery of subsequent information about an account, and other miscellaneous adjustments needed to bring the asset account in agreement with the supporting detail.

- b) These asset accounts should first be reconciled to any supporting subsidiary ledgers. The subsidiary ledgers maintain the detail by individual transaction. All debit and credit entries to the individual subsidiary ledgers should be agreed to the total posting in the General Ledger for that period.
- c) Once the subsidiary ledgers have been reviewed, corrected and are deemed accurate, adjusting journal entries may be necessary to bring the General Ledger in agreement with the totals from the subsidiary ledgers. The information necessary to complete these adjusting journal entries will be uncovered during step b) above.
- d) The assigned Business Manager will maintain a file folder for each asset account.

2) LIABILITY ACCOUNT RECONCILIATION

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