

# Useful Management Tips

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# What Are Internal Funds And Why Are They Audited?

- Internal Funds are revenues generated from student activities at the school level which are not part of the school's budget process.
- Each school administers its internal funds separately through an operational checking account, following District guidelines as established in the *Manual of Internal Fund Accounting*.
- Banks for school funds must be approved by the School Board and certified by the State Treasurer.
- **Idle funds in the operational account may be invested to yield interest revenue in a savings account, certificate of deposit or in the MDCPS-Money Market Pool Fund.**
- Annual audits of internal funds are required by Section 1011.07, Florida Statutes, and State Board of Education Rule 6A-1.087.

## Bookkeeping 101

- Centralized automated accounting system in MSAF to enter all financial transactions (i.e., receipts, disbursements and all other related transactions) on a daily basis
- Chart of Accounts
- Activity posted to various accounts following the guidelines in the Manual
- MSAF automated accounting system produces various reports listing account activity and balances

SCHOOL INTERNAL FUNDS - ANNUAL FINANCIAL REPORT

SCHOOL - 1234--ABC SCHOOL

FUNDS	BEGINNING BALANCE	RECEIPTS	DISBURSE- MENT	NET TRANSFER	ENDING BALANCE		
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TRUST							
DONATIONS	300.00	20,000.00	8,800.00	.00	11,500.00		
FUNDRAISING	200.00	400.00	100.00	.00	500.00		
SPECIAL PURPOSE	100.00	800.00	300.00	.00	600.00		
LIBRARY	.00	200.00	100.00	.00	100.00		
GRANT	.00	400.00	300.00	.00	100.00		
TRUST	600.00	21,800.00	9,600.00	.00	12,800.00		
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TOTAL	600.00	21,800.00	9,600.00	.00	12,800.00		
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CHECKING	1,200.00	INVESTMENTS	.00	SBMMF	11,600.00	TOTAL	12,800.00
			ACCOUNTS PAYABLE		.00		

# Financial Chest of Drawers



Checking = Avg. Total  
Disbursements=  
 $\$9,600 / 12 \text{ Mos.} \times 1.5 =$   
 $\$800 \times 1.5 = \$1,200$

Donations	\$11,500.00
Fundraising	500.00
Spec. Purp.	600.00
Library	100.00
Grant	100.00

\$12,800.00

Checking \$1,200.00

MMarket \$11,600.00

# Manual Of Internal Fund Accounting— Areas To Be Familiar With

- ***Manual Of Internal Fund Accounting***
  - Receipts/Deposits
    - Depositories Investment Procedures (Section II, Chapter 1)
    - Receipting Procedures (Section II, Chapter 2)
    - Deposit Procedures (Section II, Chapter 3)
  - Expenditures Procedures
    - Purchasing And Receiving (Section II, Chapter 4)
    - Disbursements (Section II, Chapters 5 And 6)
  - Monthly Reports
    - Bank Reconciliation (Section V, Chapter 1)
  - Operating Procedures
    - **Fundraising Procedures (Section IV, Chapter 2)**
    - **Student Activity Operating Reports (Section IV, Chapter 2)**

# Manual Of Internal Fund Accounting— Areas To Be Familiar With

## – Activity Specific

- **Field Trips (Section IV, Chapter 1)**
- Book Fair (Section IV, Chapter 3)
- **Student Pictures (Section IV, Chapter 4)**
- **Memory Books (Section IV, Chapter 5)**
- **Yearbooks (Section IV, Chapter 6)**
- Graduation/Senior Activities (Section IV, Chapter 7)
- Newspaper (Section IV, Chapter 8)
- **Sales Tax (Section IV, Chapter 9)**
- Travel (Section IV, Chapter 10)
- **Vending Machines (Section IV, Chapter 11)**
- **PTA/Booster Club (Section IV, Chapter 12)**
- Magazine Sales (Section IV, Chapter 13)
- **Gifts, Incentives, Donations and Solicitations (Section IV, Ch. 14)**
- **United Way Campaign (Section IV, Chapter 15)**
- Production Shops/Service Activities (Section IV, Chapter 16)

# Useful Tips-Supervision

- At Schools--Improper Segregation Of Accounting Duties Due To Limited Staff
- Individual Who Collects Funds/Performs The Recordkeeping Duties—This Is A Material Weakness

***– Compensating Control—Supervision Of Staff By The Principal/Administrative Designee.***



# Useful Tips-Organization

- Observe Physical Location Of The Treasurer's Office—Access To The Treasurer's Office Should Be Restricted And Away From Traffic And Noise.
- Organization Is Paramount- Is Your Treasurer Organized Or Is The Treasurer's Office The Picture Of Chaos?



# Useful Tips-Controls Over Monthly Reconciliation

- Have You Directed Staff To Deliver All Bank Correspondence ***Unopened (Including The Checking Account Bank Statement) Directly To Your Office Before Handing Over To The Treasurer?***

**This is extremely important.**

- Are You Going Over The Monthly Bank Reconciliation With The Treasurer?

**This review is also extremely important.**



# Useful Tips-Controls Over Receipting Function And Deposits

- Demand Staff To Issue A Receipt Every Time Money Exchanges Hands

**(extremely important)**

- Set Up A Schedule For Turning In Collections To The Treasurer



- Require Your Treasurer To Inform You Of Staff Members That Do Not Turn In Collections On A Timely Basis.

# Useful Tips-Controls Over Receipting Function And Deposits

- Are Teachers Leaving Monies Locked In Cabinets In The Classrooms?
- Do You Have A Safe/Vault At The School To Safeguard Funds When Left Overnight? Is Access To This Safe/Vault Restricted?
- Is Your School Utilizing The " Collections/Deposits Log" [FM-7249] To Document When Funds Are Placed And Removed From The Safe/Secured Locked Area?
  - **For More Information, See Weekly Briefing #5164 posted November 6, 2008.**

# Useful Tips-Disbursements

- Is The School Using Purchase Orders To Control Expenditures, Or Can Anyone Make A Purchase And Later Be Reimbursed?
- Did You Ensure That The Account Has Sufficient Funds Before Approving Disbursement/Signing Check?
- **Purchases Over \$1,000-Are You Obtaining Minimum Of Three (3) Written Quotes From Vendors Including a Certified Minority Vendor To Support Disbursement?**

## Useful Tips-Disbursements

- Is There a Schedule For Making Payments And Signing Checks?
- Have You Designated A Specific Location/Individual For Receiving Merchandise?
- Are You Ensuring That Disbursement Documentation Is Complete Before Signing Checks?



## Useful Tips-Disbursements

- Are You Spot Checking Canceled Checks To Verify Signatures, Endorsements, Etc.?
- Are You Reviewing Documentation Carefully When Issuing Reimbursements To Treasurer And Staff?



# Useful Tips-Daily Payroll

- Have You Assigned Staff To Oversee Daily Payroll Attendance Sheets Sign-in/Sign-out Procedures?
- Is Staff Properly Documenting Daily Attendance?
- Is Full-Time Staff Aware That **Signing-in/Out On Behalf Of Others Is Not Allowed?**
- Is Attendance Of Itinerant Teachers Properly Documented?



# Useful Tips-Hourly Payroll

- Are Hourly Paid Employees Recording Attendance According To Hourly Schedule?
- Are Hourly Employees That Signing In/Out At The Same Time Or Signing In/Out On Behalf Of Others Is Not Allowed?
- Is Cafeteria Manager Aware That Signing In/Out On Behalf Of Cafeteria Staff Is Not Allowed?
- Do You Allow Hourly Employees To “Bank” Hours?
- Regarding Reporting Of Hourly Payroll: Is Staff Converting Minutes To Decimals Correctly?

# Useful Tips-Substitute Payroll

- Is Temporary Instructor's (Substitute) Time And Attendance Properly Documented On Daily Attendance Rosters (As Well As Name Of Teacher Being Substituted For)?
- Is The School Preparing Leave Cards For Teachers On Temporary Duty Assignments Which Require The Hiring Of Substitutes?
- Is A Memorandum Of Explanation Filed In Cases Where Substitutes Hired To Cover Teachers Present But On Alternative Assignment At The School?
- Are Substitutes Hired To Perform Clerical Duties?
- Are Substitutes Paid From the Proper District Accounts?

## Useful Tips-Leave Cards

- Are Leave Cards Properly Completed And Filed Chronologically?
- Are 'Opt Days' Properly Reported And Documented?
- Are Leave Cards Reviewed To Ensure They Properly Document Leave Reported On Daily Payroll Attendance Sheets And Final Rosters?
- Is A Leave Card Filed For Each Type Of Leave?
- Are Leave Cards Completed/Signed In Blue Ink?

# Useful Tips-Condition of Payroll Records

- Are Payroll Records Disorganized And Incomplete Or Missing?
- Are Signatures Missing From The Records Or Are Records Not Properly Signed?
- Are Forms And Reports Completed And Signed In Pencil?
- Are There Numerous Corrections, White-outs, And Scratches?



# Property Inventory-Manual And Forms

- ❖ **Official Inventory Of Equipment With Individual Cost of \$1,000 Or More Conducted On A Yearly Basis**
  - Items Not Located During Audit Are Reported As “Unlocated”
- ❖ **Manual Of Property Control Procedures (On e-Handbooks)**
  - Outgoing Controlled Equipment Form (6-9, FM-1670, 6-10, 6-13, 6-14)
  - Off-Campus Form—Staff And Students (6-17, FM-2380).



# Property Inventory-Useful Tips

- ❖ Property Inventories Should Be Conducted By School **Periodically**
  - Have You Assigned Staff To Oversee Property?
  - Is School Equipment Used By Staff **Off-Campus** Documented With Properly Completed/Signed FM-2380?
- ❖ Plant Security Reports Should Be Done Immediately Upon Discovery Of Loss Or Theft, Regardless Of Amount
  - Take Full Inventory Immediately If Break-in Occurs To Prevent Possibility Of “Unlocated” Equipment
- ❖ Proper Disposal of Inventoried Equipment **Must Be Done** Through Stores & Mail Distribution (S&MD).

# Investigations-Useful Tips

- Auditors Are Required To Report Instances Of Fraud, Waste And Abuse
- If The Principal Discovered The Wrongdoing, The Audit Report Will Give The Principal Credit For The Discovery
- If You Suspect Or Discover Any Financial Wrongdoing At Your School, [Call Our Office Immediately](#).

# Investigations-Useful Tips

- Always Be Discrete And Do Not Accuse Anyone Of Any Wrongdoing, Unless You Have Solid Proof
- Sometimes The Person You Least Suspect Is The One Responsible For The Wrongdoing!!!



# Questions?

