

## **Tyler ISD Disbursements Internal Control Procedures**

TISD Financial Services requests that all invoices be routed directly to the Accounting Department including an AP email address posted on the Financial Services website. When an invoice comes into the Accounting Department, the clerks will enter the invoices into the system as soon as they can, after matching those invoices to the authorizing purchase orders (PO). The PO is approved by either the principal and/or department head. If the clerks do not find a related PO, they research it to find out who authorized the purchase. If a PO should have been issued, a memo from the Assistant Superintendent for Finance and Operations is sent to the appropriate person informing him/her that a PO should have been used. If the invoice has a pricing difference or product difference over 10% of the total PO, then the principal or department head is contacted for approval. The approval is noted in the check package; typically, this is done via email. After the invoices are posted by the AP clerks, the AP Supervisor prints the checks and gives the original checks along with a copy back to the AP clerks. The clerks will then match the copies of the checks with the appropriate documentation.

In order to print checks, the AP Supervisor gets the blank checks out of the vault and loads into the printer. She then prints the checks in batch files according to the type of disbursement process – Employee Reimbursements, Non-Employee Reimbursements, Check Requests, Purchase Orders, AP Invoices, or Procurement Card Statement. There are a few individuals who can print checks; they are: the AP Supervisor, the Executive Director of Financial Services, and the Executive Assistant to the Assistant Superintendent for Finance and Operations. Typically, checks are printed by the AP Supervisor. The TEAMS process is called Create Check Run on Demand. If the AP Supervisor is not there to print checks then the Executive Director of Financial Services will print the checks. All checks are required to have 2 signatures (Board President and Assistant Superintendent for Finance and Operations) which are printed on the check by the system. The check number is printed onto the check by the system as well. Check runs occur on Tuesday and Thursday of each week with rare exceptions as needed.

Some vendors have opted to receive payment via MasterCard instead of a paper check. They have been marked by Purchasing as being paid by Credit Card instead of paper check. These payments are checked in the same manner as the other AP checks.

After the checks have been matched with the appropriate documentation (including those paid by MasterCard), with the exception of Check Requests, Employee Reimbursements, and Non-Employee Reimbursements, they are given to the AP Supervisor for review. The AP Supervisor will initial the copy of check to ensure accuracy. If necessary, the Executive Director of Financial Services will fill in for the AP Supervisor. After the copies of the checks have been reviewed with no changes, they are given back to the clerks to be filed. The envelopes have already been stuffed by the clerks before the documentation has been approved. Once everything is approved, the clerks will give the envelopes to the mail room for processing. (A second review for coding accuracy is performed by the Executive Director of Financial Services or designee, but the mailing of checks is not delayed for this review.)

If a PO exists for a purchase, then proper approval for payment of the purchase is inherent in the system due to the purchasing procedures that are in place. However, there are several exceptions. There will not be a PO for utilities. When the invoices for the utilities come in, the Administrative Assistant to the Executive Director of Financial Services reviews the invoices for appropriateness and prepares payment. The invoices will also be reviewed by the AP Supervisor.

Other methods of disbursements are Employee Reimbursements (ER's), Non-Employee Reimbursements (NER's), and Check Requests (CR's). These do not require purchase orders and have their own sets of procedures to follow. The Administrative Assistant to the Executive Director of Financial Services processes all CR's and the Executive Assistant to the Assistant Superintendent for Finance and Operations processes all ER's and NER's after they have been approved by the department head or principal. They electronically receive the approved transactions with supporting documentation attached in TEAMS. They review for reasonableness, supervisor approval, proper coding and proper supporting documentation. After they perform their initial review, they approve them and they are routed to the Assistant Superintendent for Finance and Operations or Executive Director of Financial Services for a second review. The Assistant Superintendent for Finance and Operations reviews and approves all General Fund ER's, NER's and CR's; the Executive Director of Financial Services reviews and approves all other ER's, NER's, and CR's. Once they have been through these approvals, the checks are printed, matched with anything that needs to be mailed to the payee, and mailed. As much as possible, ER's are paid by Direct Deposit. The Assistant Superintendent for Finance and Operations and the Executive Director of Financial Services will approve for the other when absent.

There is a way to input a bill/invoice to be paid without using a CR, ER, or a PO. To enter an invoice, you must select one of the following:

PO, Payroll Disbursement, AP Invoice Template, Benefit Reimbursement, or AP Invoice. The Payroll department uses the Payroll Disbursement & Benefit Reimbursement. AP uses the AP Invoice Template for utility bills. The AP Invoice can be used for miscellaneous items that do not have a PO, like Fedex bills or a Texas Tollway charge.

After the AP Supervisor and the Executive Director of Financial Services have completed their check reviews and sign off, one of the AP clerks gets the checks back along with the copies and supporting documentation. The clerk puts them in sequential order to determine that all checks have been returned (by the AP Supervisor & the Executive Director of Financial Services) and also to determine that all checks have been copied for the file. The clerk files all the check copies.

The Accounting Department does not review receiving reports. The department that receives the order is required to "receive" the order in the system electronically. The Accounting Department will then match the invoice with the PO and look into the system to match the quantity received. For example, if the system indicates that 2 computers were received and the PO reflects that 4 were ordered, then the AP clerks will prepare a check to pay for the 2 computers received and keep the PO open in order to match it up with the invoice that comes in for the remaining 2 computers on the order. If the PO indicates that 2 computers were ordered and the invoice is for 4 computers, then the AP clerks will research to determine why the quantity is different before they pay.

Encumbrances are setup when the PO is entered into the system. The requisition system in TEAMS automatically creates encumbrances and then automatically unencumbers when subsequent payment is made. Encumbrances are reconciled on a monthly basis by the Purchasing/Finance Specialist. Included in the encumbrances are approved purchase orders, CR's, Pcard receipts, NER's, and ER's. Unprocessed budgetary transfers are accounted for in a separate budget encumbrance.

Past due invoices are reviewed by the AP Supervisor to determine why they are past due as the check review is performed. Sometimes the vendors' statements are past due because the correct department has not "received" the items or the items could be back ordered. If a good is ordered

and it does not meet the description of the item ordered, the item will not be received in the system so the Accounting Department knows not to pay this bill and someone will look to make sure the account is credited back the amount billed for the item returned.

At a scheduled date near the end of the fiscal year, the accounting system is closed and no one can enter items into the system while wrapping up year-end procedures. The Assistant Superintendent for Finance and Operations handles the cutoff procedures, compiles the accruals and reconciles them to the GL and also reviews the accruals and other liabilities for reasonableness.

Even though the signatures are electronic, the bank is notified when a check signer leaves or they are no longer authorized to sign. The Executive Director of Financial Services, along with the Technology department, work to change out the signatures.

No one is allowed to write a check payable to cash or bearer.

Progress payments under long-term contracts related to contractor's efforts are handled by the Director of Facilities. The Assistant Superintendent for Finance and Operations will also review these payments.

When employees in the Accounting Department take their vacation, they try to schedule so they can have at least one person to perform at least one of the functions. The AP clerks prepare the checks for printing and AP Supervisor covers for them when necessary. The Executive Assistant to the Assistant Superintendent for Finance and Operations covers some of the Administrative Assistant to the Executive Director of Financial Services' functions and AP Supervisor covers some of The Executive Director of Financial Services' functions. The Assistant Superintendent for Finance and Operations and the Executive Director of Financial Services cover each other's duties.

The District has a procurement card program which is overseen by the AP Supervisor and reviewed by the Executive Director of Financial Services. Certain key personnel, along with athletic coaches, have District procurement cards. The monthly expense reports are processed by the AP Supervisor and distributed to the card holders (Athletics can generate their own expense reports). Card holders then review the expenditures, attach receipts, sign the report and get supervisory approval by signature. They or their secretaries also enter their receipts in the TEAMS Pcard module where funds are immediately encumbered. These completed reports are returned to the AP Supervisor who compiles them and reviews them for completeness, appropriateness, adherence to District policy, and for coding. A second compliance review if done by the Purchasing/Finance Specialist before the Executive Director of Financial Services ultimately releases the transactions for payment.

In addition, the District issues temporary Travel Cards as part of the procurement card program. These are issued only with supervisory approval which specifies an account and a maximum amount to be charged. These travel cards are active only for the time span authorized and only for the amount approved. In addition, they are limited to certain types of transactions (for example, they will work at a hotel, won't work at a jewelry store). Travel cards are returned with appropriate receipts to the AP Supervisor. They are included in the final review done by the Purchasing/Finance Specialist and Executive Director of Financial Services.