

Secretary Training December 16, 2015

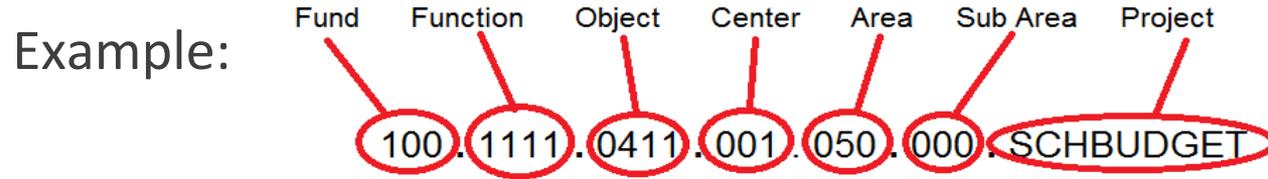
PRESENTED BY DDSD BUSINESS OFFICE

Today's Overview

- HR /Payroll – Smart Find Express Leave Workflow
- Account Codes - School Budget and Student Body
- 1099's & Student Body Accounts
- Internal Controls
- Announcements / Closing
 - Q & A / Feedback

Account Codes

School Budget Account Codes - Codes used to purchase supplies and materials for the school out of the General Fund.



Student Body Codes(Coming Soon) – Account codes used to purchase supplies and materials for student activities out of the Student Body Fund.

Why are account codes important?

- To ensure accountability and that the correct budget is charged for the appropriate expenditure.

Student Body Reporting Example

DAVID DOUGLAS SCHOOL DISTRICT					
REPORT DATE: AS OF 5/30/2015					
ACCOUNT CODE	DESCRIPTION	BUDGET	YTD	ENCUMBRANCES	BUDGET BALANCE
298.1113.0340.001.250.388.000000000	YEARBOOK - TRAVEL	-	-	-	-
298.1113.0390.001.250.388.000000000	YEARBOOK - PROFESSIONAL SERVICES	-	-	-	-
298.1113.0411.001.250.388.000000000	YEARBOOK - CONSUMABLE SUPPLIES	-	6,000.00	500.00	6,500.00
298.1113.0640.001.250.388.000000000	YEARBOOK - DUES AND FEES	-	-	-	-
298.9999.1701.001.000.388.000000000	YEARBOOK - STUDENT FEES	-	(5,500.00)	-	(5,500.00)
298.9999.5400.001.000.388.000000000	YEARBOOK - BEGINNING BALANCE	-	(1,352.56)	-	(1,352.56)
	SUBTOTAL SUB AREA YEARBOOK	-	(852.56)	500.00	(352.56)

- **Budget:** No Budget will be assigned to individual student body accounts. Student body funds operate on a cash basis. Budget is held centrally at the major fund level.
- **YTD:** In the example above the yearbook club began the year with \$1,352.56 they raised \$5,500 the cost of the new year books was \$6,000
- **Encumbrances:** a \$500 transaction is pending (additional year books on order)
- **Budget Balance:** The remaining balance in the yearbook account is \$352.56
- **Note:** if the additional year books do not arrive by 6/30/2016 the invoice would be paid out of the 2016-17 fiscal year.

1099's & Student Body Accounts

What is a 1099: A 1099 is a tax form used to report income to the IRS for any vendor who is paid for services. This includes Student body accounts and district payments.

W9'S are Required for every vendor we pay for services and supplies.

Goods vs. Service:

- **Goods** are tangible items that have physical substance, some examples are supplies, computers, paper, etc.
- **Services** are intangible items that **don't** have physical substance, some examples or services would be having a DJ perform at a school event, having a guest speaker give a presentation or result in a tangible item we have, like a landscaper creating a retaining wall. Services require a personal service contract.

We need your help: The business office will be providing a list of checks to each secretary that has a Student Body Account. You will be responsible for identifying each check as either **Service, Supply** or **Reimbursement**. The business office will be pre-screening the list of checks against employee names to rule out some employee reimbursements.

1099's will be issued by the Business Office to all vendors receiving payment of \$600 or more. This includes payments made by the business office and student body checks.

SBF Needs to be backed up to the server on Friday before you leave for winter break.

Internal Control (IC) Fundamentals

WHY DO WE HAVE THEM?

WHAT ARE “BASIC” CONTROLS?

WHICH CONTROLS RELATE TO MY CURRENT WORK?

Why do we have Controls?

- Safeguarding assets and other resources.
- Deter and detect errors, fraud and theft.
- Accuracy and completeness of accounting data.
- Produce reliable, timely financial data and management information.
- Ensure adherence to policies and other requirements.

Who looks at Controls?

- Bond brokers, buyers of District GO Bonds.
- Banks and lending agencies.
- Federal auditors (Generally Accepted Government Auditing Standards aka the Yellow Book).
- External auditors (Statements on Auditing Standards (SASs)).
- The Department of Education (federal and Oregon departments).
- Oregon Secretary of State, other Oregon agencies.
- Media and Taxpayers (when things go “wrong”).

Who pays when Controls are inadequate?

PERS tallies loss on Enron

www.gazettetimes.com/pers...loss-on-enron/artic... ▼ Corvallis Gazette-Times ▼
Feb 5, 2002 - Oregon's retirement fund for public employees lost about \$80 million because of the Enron collapse, the state Treasury reports.

dallas school district to punish credit card abuse by employees

connection.ebscohost.com/.../dallas-school-district-punish-credit-card-ab... ▼
Jan 19, 2007 - EBSCOhost serves thousands of libraries with premium essays, articles and other content including DALLAS SCHOOL DISTRICT TO PUNISH ...

KEN LAY COST TO OREGON =1.4 BILLION

www.portland.indymedia.org/portland/en/2004/07/292183.shtml
Jul 7, 2004 - In opposing the Enron takeover of PGE in 1997, I wrote in testimony ... "protecting Oregon ratepayers from complicated shell games will be ... So, since 1997, we have paid Enron and PGE about \$1.4 billion too much, even if we disregard: ... lost by the Oregon PERS Fund when Enron's stock price collapsed ...

Public official suspected in \$1.3 million embezzlement case ...

sanfrancisco.suntimes.com/.../public-official-suspected-in-1-3-million-embe...
Feb 2, 2015 - Public official suspected in \$1.3 million embezzlement case bought Oregon beach home. Written By San Francisco Business News Posted: ...

Fighting Fraud in Schools | District Administration Magazine

www.districtadministration.com > Feature ▼
Crimes in districts include collusion with outside vendors who provide kickbacks to employees, misuse of district-issued credit cards, embezzlement of district ...

Reedsport schools employee accused of embezzlement ...

theworldlink.com > The Umpqua Post > News > Education ▼ The World ▼
Apr 30, 2015 - REEDSPORT — A Reedsport School District employee has been charged with theft after she is suspected of embezzling about \$25000 in ...

Penn Hills police investigating suspected credit card abuse ...

triblive.com/news/...74/district-card-credit ▼ Pittsburgh Tribune-Review ▼
May 19, 2015 - School district policy establishes checks and balances within the Penn Hills School District aimed at preventing credit card abuse. District ...

PERS fund lost \$80 million in Enron fiasco

democratherald.com/pers...lost...enron.../article... ▼ Albany Democrat-Herald ▼
Feb 4, 2002 - Oregon's retirement fund for public employees lost about \$80 million because of the Enron ... ways depending on how much of their individual accounts are variable as opposed to fixed. ... Smoky haze will stay in valley.

Update on Embezzlement - 4 Years Later | City of West Linn ...

westlinnoregon.gov > ... > Embezzlement Update ▼ West Linn ▼
This presentation is an update on the embezzlement occurring between 2000 and 2005 including more detailed information, information from the forensic audit ...

Fighting Fraud in Schools | District Administration Magazine

www.districtadministration.com > Feature ▼
Crimes in districts include collusion with outside vendors who provide kickbacks to employees, misuse of district-issued credit cards, embezzlement of district ...

APD Press Release: Indictment in Embezzlement Case

www.ashland.or.us/News.asp?NewsID=2559 ▼ Ashland ▼
Jun 27, 2012 - City of Ashland, Oregon / Police / City News APD Press Release: Indictment in Embezzlement Case Re: Body Support Systems Inc.

National response to the 2000 dot.com bust

COSO (Council Of Sponsoring Organizations).

New expectations for ALL businesses and governmental organizations that have re-defined controls:

- Controls will exist at ALL levels of the organization beginning with the “Tone at the TOP”. Control participants include the Governing Board, Senior and mid-level Management, Organization Personnel that are charged with the public’s trust.
- Organization-wide controls now include:
 - Enhanced monitoring
 - Greater information and communication
 - Risk assessment

What do the control changes mean?

- In the past 15 years there is an increasing expectation of greater accountability and transparency at all levels of the organization.
- For DDS and other state and local governments, all but the most restricted information is public information. This includes how we spend funds in the schools.
- Federal and state grants now focus on greater accountability (for DDS beginning this year in grant audits).
- This is not about “trust”, this is about “accountability and transparency”. We are all accountable to the taxpayers for our actions.
- Controls are there for your protection, why?

The basic internal control toolkit includes:

- Separation of duties -
- Limiting access to assets and other resources -
- Reviewing monthly reports -
- Reading & understanding policies and procedures -
- Identifying areas where DDSD is at risk of loss -

Control Types

PREVENTIVE CONTROLS

- Separation of duties for cash handling.
- Reading and understanding policies such as timekeeping requirements, or the requirements for purchase authorizations and purchase orders.
- Reviewing monthly budgetary reports to make sure costs are valid and correct.

DETECTIVE CONTROLS

- Exception reports that list invalid entries or transactions.
- Physical inventories that will help determine if items are unaccounted for.
- Comparison of cash receipt numbers to bank deposits to detect errors, gaps.

Quiz: Which of these are basic internal controls?

- A. Locking your desk when you step away to secure the cash.
- B. Reviewing monthly reports to verify your budget and expenses are correct.
- C. Requiring authorization for purchases.
- D. Reconciling your monthly bank statement.
- E. Items A, C and D
- F. All of the above
- G. None of the above

Controls at DDSD. . .

CASH RECEIPTS

- Receipts should be given each time money is turned in or transferred. Each transaction is an "exchange" and the receipt traded for the money.
- Receipts should be entered into the accounting system as soon as the money has been counted, and a receipt printed from the system.
- Whenever there are "gifts" to the school - get a description of the intended purpose in writing from the donor. Contact grant accounting in the Business Office.

Controls at DDSD . . .

CASH RECEIPTS

- Pre-numbered tickets should be used for events where there are gate receipts. There should be a reconciliation done following the event to ensure that the money collected is reasonably close to the number of tickets sold times the price of the event.
- Deposits should be taken to the bank at a minimum of once per week (if there have been any receipts) or when total receipts since the last deposit exceed \$500.
- Note: Automated InTouch receipting is currently planned for all DDSD schools. InTouch will eventually replace pre-numbered tickets and will enhance current internal controls.

Controls at DDSD . . .

DISBURSEMENTS

- The principal's written approval should be completed prior to any purchase.
- The approval should include the account code, vendor, purpose of the expense, amount, and signature by the principal.
- Goods purchased should be shipped to the school, district warehouse or district office only.

Controls at DDS D . . .

DISBURSEMENTS

- All disbursements must be supported by original itemized receipts.
- Appropriate supporting documentation should be kept for all disbursements, such as a vendor invoice, vendor statement, packing slip, or itemized receipt.

Controls at DDSD . . .

DISBURSEMENTS

- No payments should ever be made to district employees other than for cost reimbursements.
- The reimbursement must be for goods, not services.
- The goods must be purchased directly from a vendor.
- If goods purchased are over \$300, contact Business Office Purchasing for assistance.

Controls at DDSD . . .

STUDENT BODY FUNDS CANNOT BE USED FOR:

- Payments to District employees for services (W-2 issues, contact payroll).
- Vendor payments for services (1099 issues, contact purchasing).
- Gift cards (IRS and accountability issues, gift cards are deemed by the IRS to be cash equivalents and special tax rules apply).
- Student body funds should never be used to disburse funds that will later be charged to the General Fund or to any other fund. This circumvents internal controls that are required to maintain accountability.

MORE INFORMATION/RESOURCES

Preparing for Audit. OASBO Presentation by Pauly Rogers and Co. PC
07.24.2014.

Council of Sponsoring Organizations (COSO) – also known as the Treadway
Commission <http://www.coso.org/>

Governmental Accounting Standards Board (GASB) <http://www.gasb.org/>

Oregon Administrative Rules (OAR)
http://sos.Oregon.gov/archives/pages/Oregon_administrative_rules.aspx

Announcements / Closing

Q & A / Feedback ?