

**La Vernia ISD**  
**Business Office Procedures Manual**  
**2018-2019**



## **Welcome to La Vernia ISD Business/Finance Department**

The Business/Finance Department is committed to providing the best service possible in the most efficient and economical manner to the many that depend on us for resources and information. The primary role of this department is to provide the resources necessary for the best teaching and learning possible.

The Business/Finance Department administers and manages Accounting, Investments, Budgeting, Revenues, Accounts Payable, Payroll, Operations, Transportation, Child Nutrition, Grant Financial Reporting, Financial Compliance and Reporting, State and Federal finance requirements, Audits, District Bond and Indebtedness, and Risk Management for the District among other business related duties.

The Business Office Procedure Manual is intended for use a guide to La Vernia Independent School District business practices and to provide a uniform set of policies to reference. It is also designated to provide information concerning the approval procedures for purchasing, travel, payroll reporting, and all other pertinent information to school business.

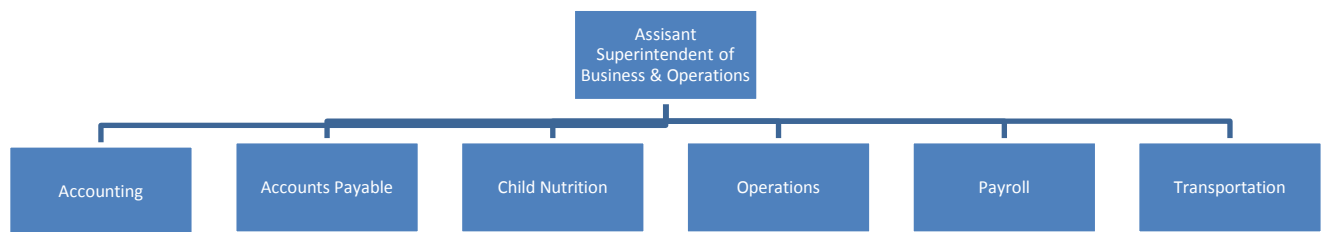
Have a great year.

La Vernia ISD Business/Finance Department

# La Vernia ISD Business/Finance/Operations Organizational

## Chart

2018-2019



## **What is a Budget?**

- ✓ A process of allocating resources to prioritized needs of a campus and/or district
- ✓ A product of the campus and district planning process
- ✓ A valuable tool in the planning and evaluation process
- ✓ The link between instruction and financial planning

## **Legal Requirements**

- ✓ State Law - TEC 44.002 through 44.006
  - Superintendent shall prepare budget
  - President of Board must call public hearing
  - No funds must be expended until adoption
  - Budget must be prepared in accordance with GAAP (accounting practices)
  - Budget must be adopted before the tax rate
- ✓ TEA Requirements
  - Budget must be adopted by Board by June 30<sup>th</sup>
  - Minutes must reflect all Budget adjustments
  - At a minimum, the General Fund, Food Service Fund and Debt Service Fund must be adopted
  - Budget must be filed with TEA through PEIMS
  - Budget must be amended before exceeding function

## **What Time Period Does the Budget Cover?**

- ✓ Fiscal Year
  - July 1<sup>st</sup> through June 30<sup>th</sup>

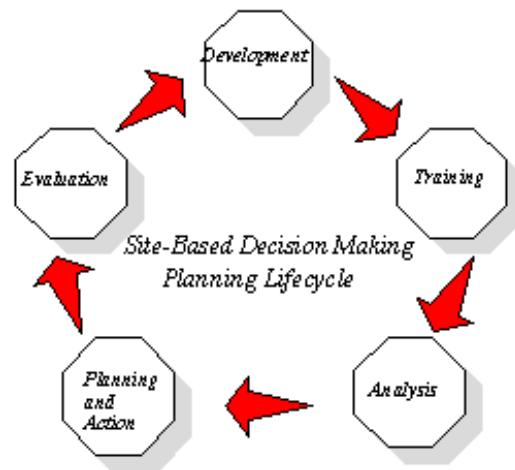
## **What factors determine how much money we receive?**

- ✓ Student Average Daily Attendance (average of entire school year)
- ✓ Number of students served in special programs
  - Gifted and Talented
  - Special Education
  - Compensatory Education – At Risk
  - Bilingual/ESL
  - Career and Technology

## Budget Process Overview

- ✓ Three major phases: planning, preparation, and evaluation
- ✓ Planning defines the goals and objectives of the campuses
- ✓ Budgetary resource allocations are the preparation phase of the budget
- ✓ Evaluation typically involves an examination of:
  - How the funds were expended
  - What outcomes resulted from the expenditure of funds
  - To what degree these outcomes achieved the objectives stated in the planning process
  - The evaluation process determines the following year's budgetary allocations
- ✓ The budget process is part of a continuous cycle of planning and evaluation to achieve campus and district goals
- ✓ The district's mission statement and goals should be the foundation to budget planning, preparation and evaluations.

## Site-based Decision Making Planning Lifecycle (FASRG)



## Monitoring the Budget

- ✓ Financial reports are available via the TxEIS system on a real-time basis
- ✓ Campus and department staff are authorized to view their respective budgets subject to the “masked” accounts in the user profile
- ✓ Periodic monitoring (at least monthly) should be conducted with the site-based committee
- ✓ The timing of planned expenditures should be noted and documented – the campus plan timelines should aid in this process
- ✓ Budget resources should be realigned as the need arises due to changes in the instructional program and/or campus plan

## Evaluation of the Budget – At Year-End

- ✓ As part of the campus planning process, the budget should be reviewed at year- end to determine if:
  - The campus used its resources to meet the district goals
  - The campus used its resources to meet the campus goals
  - The campus used its resources to serve all student populations
  - The campus used its special program allotments for special education, gifted and talented, etc. to supplement the basic instruction for all identified students
  - The campus realigned its resources as needed during the school year to meet the changing needs of the students
  - The campus should consider adding and/or deleting programs

## Meeting the Needs of Special Populations

State Program allotments are estimated and paid to school districts through a Summary of Finance template created by the Texas Education Agency.

A percentage of each state allotment must be spent on “direct” expenditures for the given special program. The current percentages and program intent code (PIC) are noted below by program:

|   |     |                           |
|---|-----|---------------------------|
| <input type="checkbox"/> Special Education                  | 52% | PIC 23                    |
| <input type="checkbox"/> Career & Technical Education       | 58% | PIC 22                    |
| <input type="checkbox"/> Gifted & Talented Education        | 55% | PIC 21                    |
| <input type="checkbox"/> State Compensatory Education (SCE) | 52% | PIC 24-30 (except 25& 27) |
| <input type="checkbox"/> Bilingual/ESL Education            | 52% | PIC 25                    |

Note. The district shall not use PIC 30 – neither of the campuses operate a Title I School wide Program.

The expenditure of the special program allotments shall be in compliance with state law, Chapter 42. The sections for each special program allotment are noted below:

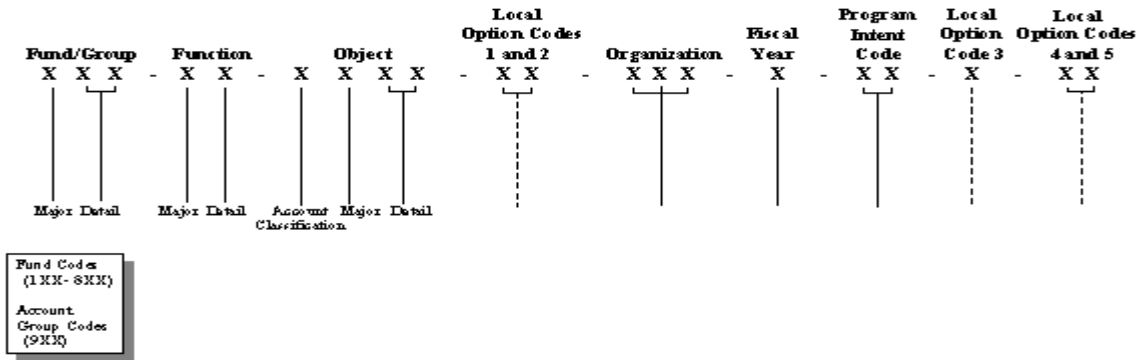
- ✓ Texas Education Codes:
  - TEC 42.151 Special Education
  - TEC 42.152 Compensatory Education
  - TEC 42.153 Bilingual/ESL
  - TEC 42.154 Career & Technology
  - TEC 42.156 Gifted and Talented
  - TEC 42.160 High School Allotment

# Account Code Structure

## UNDERSTANDING THE BUDGET CODE

- Every transaction must be assigned a budget code in order to be processed. The budget code is a 20-digit number, and the numbering system is established by the Texas Education Agency.
- A description for each section of the budget code is as follows:

**The Code Structure**



- Fund Codes
  - School districts accounting system are organized and operated on a fund basis. A fund is an accounting entity with a self-balancing set of accounts recording financial resources and liabilities. A school district designates the fund’s financial resources for a distinct purpose.
- Function Codes
  - A function represents a general operations area in a school district and groups together related activities. Most school districts use all of the functions in the process of educating students or organizing the resources to educate students.
- Object Codes
  - Asset codes are four digit object codes, and are the sixth through ninth digits in the code structure described in the Account Code Overview. These codes are




distinguished from other types of object codes as they always begin with the digit “1”.

- Sub Object Codes
  - Identifies local level accountability
- Organization Codes
  - Identifies campus and/or department
- Fiscal Year Code
  - The fiscal year code is a mandatory code to be used by all school districts. For the school district’s fiscal year, the last digit of the school year is to be used (e.g., 2017-2018 fiscal year is represented by a “8”).
- Program Intent Codes
  - These codes are used to account for the cost of instruction and other services that are directed toward a particular need of a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not the demographic makeup of the students served.
- Local Option Code
  - Identifies local level accountability
- Using the examples above, the budget code 199-11-6399-27-001-811-000 would mean that expenditure is for instructional science supplies for the high school out of the general fund for the 2017-18 school year.
- Refer to the Exhibit 1, 2 and 3 - LVISD Budget Codes, Object Codes Detail and Funds Description (Federal & State) for listing of codes to use for expenditures for the 2017-18 SY
- The object codes used by the District include:
  - ◆ **1XXX** Assets
  - ◆ **2XXX** Liabilities
  - ◆ **3XXX** Fund Balance
  - ◆ **4XXX** Clearing Accounts
  - ◆ **5XXX** Revenue Accounts
  - ◆ **6XXX** Expense Accounts
  - ◆ **7XXX** Other Resources/Non-Operating Revenues
  - ◆ **8XXX** Other Uses/Non-Operating Expenses

## BUDGET TRANSFERS AND AMENDMENTS

Each year, the Board approves the District's budget. After approval, the budget is entered into the District's records. After the budget has been entered, changes to the budget may be made by completing a Budget Transfer form.

### 1) General Guidelines for Processing Budget Transfers

- The Budget Transfer form is used to transfer funds from one budget code to another before an expense has occurred. It is done so that there are enough funds in a specific budget code to allow for a purchase order to be encumbered and the invoices to be subsequently paid.
- Check the budget code for the account that funds will be transferred out of. There must be sufficient funds in this account to cover the transfer.
- If the account that is needed to transfer funds into does not currently exist, it will be created when the Budget Transfer Form is posted.
- Funds cannot be transferred from one general ledger fund to another general ledger fund. For example, a transfer cannot occur from Fund 199 to Fund 211. Also, funds cannot be transferred in Fund 199 between program intent codes. For example, a transfer cannot occur in Fund 199 from program intent code 11 to program intent code 24. Special permission must be given for transfers across program intent codes by the Assistant Superintendent of Business and Operations.
-  **A transfer from one function code to another function code in the general fund or food service fund must be approved in advance by the Board.** For example, a transfer from function 13 to function 11 requires Board approval. All transfers between 2XX – 4XX fund numbers are permitted without Board approval. All non #199 and #240 funds can be transferred across functions without board approval.
- Prior to posting, the Assistant Superintendent of Business and Operations will review all Budget Transfer Forms for approval.
- Submit only the **original** Budget Transfer Form to the Accounting Department at the Business Office. In order to avoid possible double posting of items, do not forward additional copies to Business Office. If a campus or department wants to keep a copy of what they have submitted for their own records, please mark “Copy” on it.
- The Budget Transfer form is available on the La Vernia ISD Business Office Website. All Budget Transfer Forms are rounded to the nearest whole dollar, no change is allowable.

## JOURNAL VOUCHERS

Journal vouchers are used in the general ledger system to record transactions, re-classify, or to correct transactions that have already occurred. One example for the use of a journal voucher at the campus level is when there is a transfer of funds from one student activity account to another. Instead of issuing a check, a journal voucher is prepared to record the transfer. Contact the Accounting Department at the Business Office for guidance if a journal voucher is needed.

## **PURCHASING PROCEDURES**

### **PURCHASING OVERVIEW**

The District's Policies and Procedures, pertaining to purchasing are derived from State Law, Statute and District Policy requirements outline how school districts procure goods and services, the types of competitive processes that must be used, and the exceptions to these requirements.

Public entities must conduct all of their dealings in the public eye and must adhere to strict legal guidelines. As a public entity, our district must make its purchases within relevant statutes and policies. Although bound by these constraints, the school district's objective is to purchase the best products, materials, and services at the lowest practical prices.

### **PURCHASING SOURCES**

#### **1) Vendors**

- All vendors must have a W-9 (Exhibit 5), tax payer identification number form, on file with the Business Office prior to submitting any purchase requisitions. If necessary, due to time constraints, the vendor's W-9 may be received by fax. Please ensure a phone number is provided on the W-9 Form.
- The District uses many cooperative purchasing alliances to procure goods and services. Utilizing these cooperatives allows the District to benefit from combined purchasing power while still following state and federal law and District policy. LVISD commonly uses the following purchasing cooperatives:
  - i.* BuyBoard Cooperative Purchasing (BuyBoard)
  - ii.* Department of Information Resources (DIR)
  - iii.* The Cooperative Purchasing Network (TCPN)
  - iv.* Region 20-13 Purchasing Cooperative
  - v.* Purchasing Association of Cooperative Entities (PACE)
  - vi.* Cooperative Purchasing Systems (TIPS/TAPS)
  - vii.* Texas Multiple Award Schedule (TXMAS)

#### **2) BuyBoard**

- If you are purchasing through an approved BuyBoard vendor, please fax or email a copy to BuyBoard with "Information Only" so the district can receive credit. If you do not indicate for "Information Only", BuyBoard will duplicate order. BuyBoard fax number is 1-800-211-5454. Email address is [info@buyboard.com](mailto:info@buyboard.com).

### **PURCHASING GUIDELINES**

#### **1) Legal Points to Remember**

- It is important to remember that individual schools and departments are not separate legal entities. When determining what sort of competitive process will be required for the purchase of quantities of an item or a category of similar items the entire district's purchases are considered.

- Generally speaking the aggregate purchases of a particular category of related items such as office supplies, athletic supplies or instructional supplies must be submitted to competitive bidding when the aggregate purchase will total \$50,000 or more over a twelve-month period in accordance with Section 44.031 of the Texas Education Code. For example, if the total purchases of office supplies made by all departments and campuses in the district over a twelve-month period will amount to \$50,000 or more, those office supplies must be submitted to competition as required by the Texas Education Code. Purchasing sources such as the BuyBoard, Cooperatives, etc. allows the district to purchase these items without bidding.
- The Texas Education Code provides for criminal penalties for persons who intentionally circumvent the purchasing contracts law by making split, separate, sequential, or component purchases. Regulation CHD-R states that: "A district employee who purchases or orders any item or service in the name of La Vernia ISD or who obligates the credit of La Vernia ISD without following the purchasing policies and procedures shall be personally responsible for payment to the vendor or return of the item".

**2) Purchase Requests for less than \$1,000**

- No attempt at competition is required; however, the end user is encouraged to secure competition through quotes to obtain the best products, materials, and services at the lowest practical prices.

**3) Purchase Requests from \$1,000 to \$5,000**

- The end user is encouraged to secure competition through quotes from a minimum of two (2) vendors if the "unit" price of an item exceeds \$1,000. All quote documentation concerning choice of vendor needs to be submitted with the requisition request for documentation.

**4) Purchase Requests for \$5,000 but less than \$25,000**

- The end user is encouraged to secure competition through quotes from a minimum of three (3) vendors if the "unit" price of an item is between \$5,000 and \$25,000. All quote documentation concerning choice of vendor needs to be submitted with the requisition request for documentation.
- Construction projects valued at or above \$10,000, the Superintendent shall also submit the resulting contract to the Board for approval.

**5) Purchase Requests over \$50,000**

- Any single, budgeted purchase of goods or services that costs \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place (CH LOCAL).

**6) Emergencies**

- Occasionally, in emergency or repair situations, a purchase order number may be obtained and given to the vendor in order to expedite a service or purchase of goods. The requisition must be prepared as soon as possible and submitted for approval and processing. These types of situations should not be the normal course of business.

## 7) Proper Planning

- It is important to plan appropriately for purchases and prepare the requisitions to allow time for proper approval and processing – allow up to 3 business days for requisition approval, once the Business Office receives the requisition.
- **Purchase Orders should be approved prior to ordering** the merchandise or contracting for services from the vendor. If an exact price is not known for services, obtain an estimate and submit the order with the estimate.

## 8) Coding

- Use the proper budget code for purchases. For example, if you are purchasing supplies, you must use object code 6399. If there are not enough funds in 6399, but there are enough in 6299, you cannot use 6299 just because there are funds there. You must submit a BCR transferring the funds from 6229 to 6399.

## 9) Sales Tax

- All purchases for District use are tax-exempt. If a District employee seeks reimbursement for items purchased and the employee paid sales tax, the District will not reimburse the sales tax amount to the employee. The employee may present an exemption certificate to the vendor to avoid paying sales tax. Employees may not use the exemption form for personal use purchases.

## 10) Unauthorized Purchases

- The school district **WILL NOT PAY** for purchases (any commitment of District dollars) made unless a purchase order was issued first. Valid authorization and approval of a purchase is an order that is assigned a purchase order number. Any supplies/equipment/services committed to or obtained with a requisition number and not a purchase order number is considered an unauthorized purchase and can be at the employee's expense and subject to disciplinary action. It is vital all staff be aware of this policy. Call the Business Office for any questions or exceptions.



**NOTE: Failure to follow purchasing/requisition guidelines will result in written notification to the employee and their supervisor, principal or department head. Continued failure to follow guidelines will be subject to disciplinary action up to and including termination**

**PURCHASING DEADLINES**

| <b>All Funds</b>                                       |                      |
|--|----------------------|
| <b>Object Code</b>                                     | <b>Deadline Date</b> |
| 6300 / 6600 (Supplies and Materials)                   | March 28, 2019       |
| 6200 / 6400 (Contracted Services and Misc. Oper. Exp.) | April 25, 2019       |

Purchase orders need to be finalized before campuses leave for summer break (no later than May 30, 2019).

- Run outstanding purchase order report in TxEIS – Purchasing – Reports – Purchase Order Reports – REQ1350 and turn in all paperwork to Accounts Payable for payment.

***\*Requisitions entered after these deadlines without prior approval will be denied***

## Accounts Payable Procedures

### **Before you plan an order:**

1. Process a purchase request to obtain a purchase order through the appropriate budget administrator. **An approved purchase order (PO) is required by law prior to placing an order.**
2. The campus secretary is usually the person who processes all purchase requisitions for the campus.
3. Once the budget administrator has approved the request, the campus secretary will input the purchase request to the TxEIS purchasing system and encumber the funds.
4. The Business Office will review the purchase requisition for compliance. Upon approval, the requisition becomes a PO.
5. The final PO will be approved by the Assistant Superintendent of Business and Operations. At this point, and **no sooner**, the **PO is authorized and the order may be placed.**

### **When you get the merchandise:**

1. Open the packages and check for the following:
  - a. Is any of the merchandise damaged? If so, report this immediately to the company.
  - b. Are all items on the packing slip in the package? If not, report this immediately to the company.
  - c. Does the packing slip or merchandise match your purchase order? If not, contact the company immediately. If so, indicate on Purchase Order "Ok to pay" and wait for invoice. Once invoice is received, sign and submit to Accounts Payable department immediately.
2. Invoice will be mailed separately. This is used to pay the bill once we have received the "Ok to pay" from the requestor.
3. If the merchandise has been received, please sign, date, and return the yellow purchase order to Accounts Payable immediately.

\*We must pay our vendors timely. Paying vendors late might force certain vendors to not service LVISD any longer. In order to be in compliance with Chapter 2251 of the Texas Government Code regarding overdue payments, the District must generate payment to vendors within 45 days after the later of:

- The date the goods are received
- The date of the performance of the service
- The date we receive an invoice

### **1) Cut-Off Time for Processing**

- Allow sufficient time for POs to be processed. When a check is needed, the Business Office needs the PO no later than noon Wednesday in order to process a check for delivery on Friday. In order to receive a check, the PO must be encumbered,

approved, and set up for payment. It is recommended that POs be submitted as soon as possible. By waiting until Wednesday, there is a risk that the PO may be delayed because of lack of funds in the budget code or other questions about the PO; therefore, please submit as early as possible to avoid problems.

- **If a check is needed by a certain date, please mark this clearly on the requisition.** The date should always be on a Friday (i.e. if you need a check on Wednesday it should be stated on the requisition for the previous Friday).
- Occasionally the “In by Wednesday, Out by Friday” schedule may be altered because of month-end processing or holiday schedules. In these events, campuses and departments will be notified.

## 2) Student Field Trips and Travel Expenses

- When students take field trips, the teacher sometimes takes the check along to pay for the admission fees. Please plan accordingly so that the PO is processed in time for the check. For example, if a field trip is on a Thursday, the PO must have been submitted the week before the trip since check requests must be submitted by Wednesday for Friday processing.
- Notify the Food Service Department at least seven working days before a field trip so that lunches can be prepared for the students. This allows the food service department to order the necessary food items. A list of the students and ID numbers needs to be sent to the cafeteria. Remember that if a sack lunch is prepared for students who are on paid or reduced lunches, there will be a charge to their account or money needs to be sent to the cafeteria. If a teacher wants a sack lunch, he/she needs to send money for it also with the sack lunch request.
- When students will receive money for meals while on a school-sponsored trip, the teacher is listed on the PO as the vendor and the check will be made payable to the teacher. The teacher will then cash the check and distribute the funds to the students. A sign-off sheet must be prepared for the students to initial for the funds then submitted to Accounts Payable for backup validating that the funds were distributed appropriately.
- A list of the students must be attached to the PO when requesting meal money for them.
- The daily amount for meals for students may not exceed \$7.00, but may be less than that depending on the campus’ budget.
- Field trips are requested on a field trip form and not through the requisition system so campuses and departments must periodically check their field trips accounts to ensure funds are not over-expended.

## 3) Shipping and Handling Charges

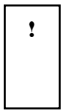
- If the merchandise order includes shipping and handling charges, remember to include them on the PO. Always inquire about shipping and handling charges before ordering items, especially with out-of-state vendors. Sometimes after adding the shipping and handling charges from out-of-state vendors, the total cost becomes higher than if the items had been purchased locally.



#### 4) Merchandise Receipt

- All deliveries are handled through the Shipping and Receiving department located at 315 Bluebonnet Road. After receipt, the Shipping and Receiving department will deliver the items to the appropriate campus and/or department.

#### 5) Invoices



- If a vendor sends an invoice directly to the campus or department, the invoice must be forwarded to the Accounts Payable Office so that the vendor can be paid. Please make every effort to sign and submit the invoice to the Accounts Payable Office immediately upon receipt of the invoice. The Accounts Payable Office cannot pay a vendor without an invoice.

#### 6) Returned Merchandise to Vendors

Occasionally, a campus or department may need to return merchandise to a vendor. In order to receive proper credit from the vendor, it is important that the following steps be taken.

- Contact the vendor for authorization to return merchandise. Be sure to write down the name of the contact person, phone number, date, and any authorization numbers. Retain a copy of a list of the items returned.
- When the merchandise is returned, be sure to obtain shipping information from the carrier, such as UPS. Record the date the merchandise was returned and the address where it was shipped.
- Notify the Accounts Payable department that merchandise has been returned. Be sure to include the purchase order number and the above information. Write on purchase order “cancel or damaged” with correct amount on PO.

**Failure to follow these steps may result in the vendor not knowing that merchandise has been returned and proper credit cannot then be given to the account. The Accounts Payable department may have to pay the invoice (using the appropriate campus/department budget codes) unless there is proof that the merchandise was returned.**

#### 7) Employee Reimbursements

- Employees must make every effort to make purchases via the purchase order system. On rare occasions, an employee may make a purchase for District purposes out of his/her own pocket. **All employees must have prior approval to purchase items that they will later seek reimbursement for from the District.** If an employee has purchased items without prior approval from their principal or supervisor, the reimbursement claim is subject to disapproval. Also, the employee will not be reimbursed for any sales tax paid.

#### 8) Contracted Services

- The District contracts with vendors and consultants to perform services. These individuals are not employees of the District and the District is responsible for certain

documentation to be on file for regulatory purposes. Additional required forms, such as the IRS Form W-9, may be obtained from the Business Office. A purchase order must be submitted to the Business Office prior to the services being performed.

#### **9) New Vendors**

- In the event a campus or department wants to use a vendor that the District has not used previously, a vendor packet along with a W-9 Form needs to be completed and submitted by the vendor to the Accounting Department in order to establish the vendor.
- Make sure all information such as signature, tax status, address, phone number, and ID number are filled out on the W9 form prior sending in to the Business Office. Incorrect or incomplete data will result in delaying vendor input in TxEIS.
- After the Business Office has approved the vendor, the information will be entered into TxEIS.
- A new W-9 will be required for all vendors not currently in TxEIS.

#### **10) Distribution of Accounts Payable Checks**

The following details the procedures for the distribution of checks from the Business Office.

##### **a) Vendor Payments and Employee Reimbursements**

- As a normal practice, checks to vendors will be mailed after services have been performed or the goods received.
- If a District employee needs to pick up a check to take to the vendor, please note "Hold Check" on the requisition.
- If a check is needed by a certain date, please note this clearly on the purchase order.

##### **b) Check Distribution**

- Persons requesting checks to be held may come to the Business Office between 12:00 noon and 4:00 p.m. on Fridays to pick up the check.

## **Professional Development Travel**

From La Vernia ISD Professional Ethical Conduct, Practices, and Performance (DH)

- Standard 1.3. The educator shall not submit fraudulent requests for reimbursements, expenses, or pay.
- Standard 1.6. The educator shall not falsify records, or direct or coerce others to do so.
- Standard 1.7. The educator shall comply with state regulations, written local Board policies, and other state and federal laws.

All employees who plan to attend a conference, seminar, or other function that requires them to be away from their assigned area must submit information about travel to the secretary of their campus for process / approval.

## **TRAVEL EXPENSE – ADVANCES AND SETTLEMENTS**

In general “travel” is defined as travel outside the District boundaries where you are acting as a representative of the District. In this case the District may reimburse you for some or all of your qualified expenses. Approval to travel must be obtained **before** taking any trip regardless of expenses requested. Always complete a **Request for Employee Travel Out of District Form** when requesting funds for food, mileage, and parking if not included in hotel cost. This includes athletic scouting, school business meetings such as district or regional UIL meetings, etc. Documentation as to the purpose of the trip must be attached to the travel request before submitting it. Documentation must show the location, dates, and times of the event, and any meals or other expenses that are provided. **Copy of MapQuest must be attached for mileage reimbursement.** Copies of the approved travel request along with the supporting documentation must be attached to any travel Purchase Orders. **All travel request reimbursements need to be submitted to Accounts Payable no less than 30 days from the first date of the trip. Travel turned in after 30 days will not be accepted for reimbursement.**

The Superintendent must authorize all school business travel. The Out of District Travel Form authorizes the travel and the estimated travel expenses.

### **Travel Authorization Procedures:**

- Before the trip
  - Submit a Request for Professional Leave, Out of District Travel Form, and Transportation Request Form to the Superintendent through your immediate supervisor. The out of district Travel form must list all estimated expenses. Please ensure that adequate budgeted funds exist to cover all estimated expenses. Meal per diem expenses will be advanced to the traveler, but not more than 7day before the trip. For mileage reimbursement a **MapQuest must be attached** to the travel form in order to receive reimbursement.
- Parking reimbursement after trip

- Submit a payment authorization form if you are charged for parking, if not already included in hotel cost. In order to receive reimbursement **receipts** must be attached.

**Reasonable Travel Expenses:**

District or Personal vehicle

- District vehicle is the preferred method of transportation. A request for a vehicle shall be submitted on a Transportation Request form. Fuel receipts, if any, shall be submitted with the travel settlement.
- Personal vehicle – mileage reimbursement at the currently approved rate by the Board of Trustees when a school district vehicle is not available for use to attend school district related meetings and/or staff development. Fuel and other costs are not reimbursed.

**Lodging**

- Actual cost of room charge, plus appropriate taxes. **State taxes within Texas are not allowed since LVISD is exempt** from state taxes, but state taxes for out-of-state travel are allowable expenses.
- It is the employee’s responsibility to present a Hotel Occupancy Tax Exemption form to the hotel, or be personally liable for the assessed taxes.
- Checks will be made payable directly to the hotel. An exact dollar amount shall be provided with your purchase order and printed out hotel conformation.
- Hotel receipts must be returned to central office.
- Lodging \$85 per night per employee.

**Meals**

- **Meals Per Diem before travel:**
  - Eligible meal reimbursement is applicable when an employee is away during the noted times and when a meal is not already provided.
  - Meal receipts are not required if requesting per diem before travel.
  - Meals charged to district credit card must still provide receipts for statement reconciliation purposes.
  - **Continental breakfasts provided by hotel or conference are not eligible for reimbursement.**

**Only La Vernia ISD employee consumptions can be claimed for reimbursements.**

- Eligible reimbursement for meal costs incurred during approved **over-night** travel shall be limited to the following:
  - Breakfast      \$8.00 (must leave before 6:00 a.m.)
  - Lunch            \$12.00 (must leave before 11:00 a.m. or return after 1:00 p.m.)
  - Dinner           \$16.00 (must leave before 5:00 p.m. or return after 7:00p.m.)
- **Day trips are not eligible for meal reimbursement**

## **STUDENT ACTIVITY FUNDS**

There are two (2) primary types of activity funds: Campus and Student Activity Funds. Generally, the type of activities and source of the revenue determines the type of activity fund.

### **Campus Activity Funds**

Campus Activity Funds are generally under the control of the campus principals. The revenue sources in this activity fund generally include vending machine, concessions, campus fundraisers, and commissions from school pictures, publications, or school stores.

### **Student Activity Funds**

Student Activity Funds generally belong to a bona fide chapter such as student groups or organizations. These funds do not belong to the district; however, the district must act as a trustee of the funds. Hence, these funds are accounted for in a trust fund or agency group.

According to the State Comptroller's office, a bona fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just participatory campus), holding meetings, and conducting business are bona fide chapters of the school.

The revenue sources of this fund typically include dues and fundraisers. All expenditures from this fund must be expended for the benefit of the students in the organization as approved by the students. The club or organization sponsor shall oversee the funds.

### **Definitions**

Commonly used terms in the administration of activity funds include the following:

**Bona fide club or chapter** – Bona fide chapters include student groups recognized by the school and organized by electing officers, holding meetings and conducting business.

**Centralized** – Funds are controlled and disbursed through the school district's Accounting Department

**Decentralized** – Funds are accounted for and controlled at the various school sites.

**General Fund** – The general fund is a governmental fund with budgetary control which is used to show transactions resulting from operating of on-going organizations and activities from a variety of revenue sources for which fund balance is controlled by and retained for the use of the local education agency.

**Special Revenue Fund** – Special revenue funds are governmental funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Trust and Agency Fund** – These funds are held in a custodial capacity by a school district, and they consist of funds that are the property of students or others.

## **Roles and Responsibilities Related to Managing Activity Funds**

### **Responsibilities of Activity Fund Sponsor**

Activity Fund Sponsors are responsible for managing their respective activity funds. This responsibility can include developing fund raising plans, monitoring the financial position of the activity fund, reviewing the activity fund financial statements, safekeeping activity fund money until it is deposited by the school district and other fiduciary responsibilities.

Campus activity funds sponsors may include sponsors such as classroom teacher, librarian, or other campus or department staff. In addition, student activity fund sponsors include the sponsor of a student club or organization. The student activity fund sponsors are also responsible for ensuring that the “students” make the decisions related to all expenditures of their funds. Club or organization meeting minutes may be used to substantiate the approval of the students.

A Sponsor Responsibility Affidavit, or similar form, is recommended to ensure that each sponsor is aware of his/her responsibilities.

### **Responsibilities of a Campus Secretary or Bookkeeper**

A campus secretary or bookkeeper is responsible for maintaining an adequate supply of various activity fund forms. This person should be responsible for issuing cash receipt books as needed to teachers and other persons authorized by the school principal. This clerk must keep a distribution record of all receipts books issues, which is part of the official activity fund records. The school secretary/clerk is commonly responsible for the depositing of activity funds into the bank, accounting and reporting for activity fund activities and cash management.

The campus secretary or bookkeeper should also assist the Activity Fund Sponsor in all matters related to campus and student activity funds. In addition, the campus secretary or bookkeeper should strive to keep the Campus Principal informed of all potential issues related to activity fund management. For example, if a campus secretary or bookkeeper is aware that a sponsor has conducted a fundraiser but has not submitted any funds as a result of the fundraiser, he/she should inform the campus principal. This duty to report is critical to mitigate any loss of activity funds due to fraud or theft.

If utilizing a decentralized accounting system, the campus secretary or bookkeeper’s responsibilities are greatly increased in the areas of cash management, purchasing, and payment for goods and services. Among the cash management responsibilities are the deposit of funds received, posting the cash receipts to the appropriate activity account, monitoring available cash for disbursements, and reconciling the bank account(s) at the end of each month. The bookkeeper functions as a business office in several areas of business management and consequently must be adequately skilled and training all areas of responsibilities.

## **Responsibilities of the District Bookkeeper or Accountant**

The responsibilities of the district bookkeeper or accountant are largely dependent upon whether the district is operating under a centralized or decentralized accounting method.

The district bookkeeper or accounts is responsible for overseeing the business management activities at the campuses. All transactions may be posted to the district's general ledger after-the-fact when the transactions are received from the campuses on a daily, weekly, or monthly basis. Alternately, all transactions may be posted to the general ledger on an ongoing, real-time basis dependent on the district's finance software. Training of the campus secretary or bookkeeper operating under a decentralized accounting system is essential to ensure that they perform all business functions in accordance with state law, board policy, the FASRG, and district procedures.

## **Responsibilities of the Campus Principal**

The campus principal is personally responsible for the proper collection, disbursement and control of the all activity funds at the school. This responsibility includes providing for the safekeeping of funds at the school.

The principal is not responsible, however, for funds collected, disbursed and controlled by parents, patrons, or alumni organizations, and these funds should not be accounted for in a school district's activity funds (i.e. Parent Teacher Organizations, athletic and band booster clubs, etc.). The ultimate responsibility for all activity funds rests with the campus principal. The level of responsibility will vary based on whether the campus manages activity funds under a centralized or decentralized accounting method. As noted earlier, the responsibilities of the campus secretary or bookkeeper are much greater under a decentralized accounting method; consequently, the level of responsibility for the campus principal is much greater, too.

## **Activity Account Accounting Methods**

### **Centralized Accounting Method**

The centralized accounting method is used to control and manage activity funds at the district business office. The campus role in a centralized accounting method is similar to the responsibilities with all other district funds.

Although the campus initiates all transactions such as collecting funds and preparing purchase orders and check request, the financial transactions are completed by the district business office.

### **Decentralized Accounting Method**

The district currently utilizes a decentralized accounting method which is used to control and manage activity funds at the campus level. The district business office role in a decentralized accounting method is to oversee the transactions after-the-fact and to record all campus transactions on the general ledger.

Under the decentralized accounting method, the campus typically performs the following business functions:

- Collects all activity funds
- Deposits all funds at the depository bank
- Reconciles all activity account bank statements
- Makes all purchases directly from a vendor
- Makes all payments directly to a vendor

The campus staff such as the principal and secretary/bookkeeper must be knowledgeable of all aspects of the business functions in a decentralized accounting system. At the point of the purchase or payment for goods or services, the transactions must be properly recorded and executed in accordance with state law, board policy, and district procedures.

The District uses a decentralized system of accounting for activity funds. This means that all funds are deposited and disbursed through the District's checking account; campuses do not have separate accounts.

It is important to remember that all funds, including student funds, must be handled responsibly. Standard 1 of the Educators' Code of Ethics regarding Professional Ethical Conduct, Practices and Performances addresses several responsibilities educators have regarding financial transactions. The following guidelines will assist educators and other staff members in fulfilling those responsibilities.

## **Cash Management**

### **Cash Receipts**

According to the FASRG, cash receipt records are the means of accurately recording cash received and provide support to substantiate each bank deposit. Creating accurate cash receipt records at the time of the transaction is essential to ensure that all funds are properly receipted and recorded in the appropriate activity account.

The most frequent method of receiving activity fund revenue is typically during face-to-face transactions during fundraising activities. A cash receipt is a record that a transaction occurred just a voided cash receipt is a record that a transaction was voided or cancelled.

### **Cash Receipting Procedures**

- In order to maintain effective cash control, if possible, at least two persons should be involved in the functions of collecting cash and receipting cash.
- The person who collects the cash should not be responsible for receipting cash receipts.
- The procedures that should be followed for activity fund receipting are:
  - An official receipt should be prepared immediately for any cash and/or checks received.



- Receipts should be issued in pre-numbered sequence and should be prepared in ink.
- Do not accept post dated checks.
- Do not accept temporary checks.
- A form that includes details about the payer and a description of the receipt should be completed for cash receipts.
  - An actual cash account by the person signing the receipt should be made in the presence of the person turning in the money.
  - The total of cash and checks should be shown separately on the cash receipt.
  - The maker of a check should be shown separately on the cash receipt if the maker is someone other than the person turning in the money.
  - The account name should be placed on each check.
  - A copy of the receipt should be given to the person paying the money.
  - Original receipts must be retained in the activity fund cash receipt book.
  - Under no circumstances should a receipt amount or the signature be altered. If either of these errors occurs in the preparation of a receipt, void the receipt and issue a new receipt.
  - The original of the voided receipt must remain attached in the activity fund cash receipt book. The principal should approve the voiding of a receipt by signing the original receipt.
  - Receipts are not to be pre-signed or predated.
  - Deposit slips should include receipt numbers to allow for a proper audit trail for the disposition of all pre-numbered receipts.

The sample receipt below illustrates some of the recommended procedures:

|                     |  |                             |
|---------------------|--|-----------------------------|
| <b>CASH RECEIPT</b> |  | Date _____ 001612           |
| Received From _____ |  |                             |
| Address _____       |  | Dollars \$ _____            |
| For _____           |  |                             |
| <b>ACCOUNT</b>      |  | <b>HOW PAID</b>             |
| AMT OF ACCOUNT      |  | CASH                        |
| AMT PAID            |  | CHECK                       |
| BALANCE FWD         |  | FOUNTAIN PENN<br>OTHER CASH |
|                     |  | By _____                    |

La Verne ISD  
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La Verne, Texas 76121  
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### Bank Deposits and Reconciliations

As noted earlier, cash receipt records are the means of accurately recording cash received and provide support to substantiate each bank deposit. When properly validated by the bank, bank deposit slips serve as evidence of money deposited on specific dates. The source document that is often used to conduct an audit of an activity fund is the monthly bank statement.

The bank statement is a vital document because every cash receipt must ultimately be recorded on the bank statement. Timely deposits, typically on the same day of collection, are critical to ensure that the sponsors and/or students initiating purchases or payments from activity funds have their collected funds available to them.

Best practices are listed below in chronological order from the receipt of the bank statements to the reconciliations to the activity fund account balance.

- Upon receipt of bank statement, it should be opened and reconciled by someone other than the individual that deposits and/or disburses funds.
- All validated bank deposit receipts should be matched with the deposits posted on the bank statement. Discrepancies, if any, should be reconciled as soon as possible.
- All disbursements (checks) issued should be matched with the withdrawals posted on the bank statement. Discrepancies, if any, should be reconciled as soon as possible, but no later than 30 days.
- The activity account cash balance should be matched with the bank account balance on the bank statement. Discrepancies, if any, should be reconciled as soon as possible.

## Sales Tax Issues

### Tax Exempt Purchases & Certificates

#### Guidance from Texas Comptroller of Public Accounts

The exempt status of Texas public school is addressed in the Texas Administrative Code and the Texas Comptroller of Public Accounts publication title, *Exempt Organizations: Sales and Purchases*, November 2012, which states:

- *Texas public schools, colleges and universities are exempt from sales tax under Section 151.309 of the Texas Tax Code. Texas colleges, universities and all public and private elementary and secondary school are exempt from state and hotel tax under Section 156.102. Exempt organizations should claim an exemption at the time of purchase by providing completed exemption certificate in lieu of paying tax to the retailer. A government entity's purchase voucher is sufficient proof of exempt status and an exemption certification is not required on its purchases.*



[http://comptroller.texas.gov/taxinfo/taxpubs/tx96\\_122.pdf](http://comptroller.texas.gov/taxinfo/taxpubs/tx96_122.pdf)

### Guidance from TEA, FASRG

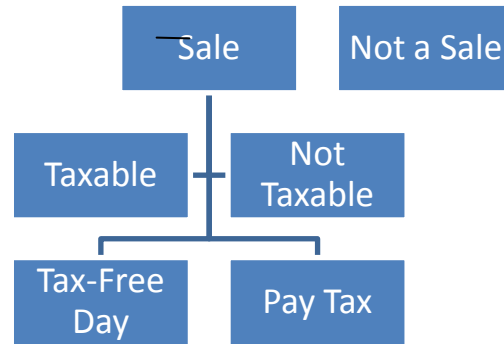
According to the FASRG, all items purchased by a public school for the school's own use qualify for an exemption from sales tax if the items purchased relate to the educational process. The school, school district or an authorized agent should provide the seller a tax exemption certificate. To be valid, the certificate must state that the merchandise being purchased is for the organization's own use in providing education is being made in the name of the organization, and that payment shall be made from the organization's own funds.

The school district will not reimburse employees for sales tax they paid on purchases made on the behalf of the school district.

Purchases for their own use by individuals, even though connected with a school or school organization, are not exempt from the tax. As an example, cheerleaders purchasing their own uniforms, teachers purchasing computer equipment, band members purchasing their own instruments and athletic purchasing their own jackets are not tax exempt.

## Sale or Not a Sale

When a school district is receipting revenue, care must be taken to determine if the revenue is a sale or not. After that determination, a sale will be determined as taxable or not, and then any taxable sales are determined to be eligible for a tax free day or pay the sales tax.



Some examples of a “sale” include the following:

- Admission tickets for athletic events, dances, performances, etc.
- Admission fees for summer camps, clinics, workshop, etc.
- Donated items that are sold
- Fundraisers that include the sale of tangible property
- Parking permits
- Rentals of equipment, facilities, etc.
- Sale of food
- Sale of items made by the district, a campus or school-related group
- Sale of services such as a car wash
- Sale of publications such as yearbooks, newspapers, etc.

A non-sale is revenue received that is not attributed to the transfer of title or possession of tangible property or the performance of a taxable service. Some examples include the following:

- Collection of money from students to pay a company for admission or service, such as Magic Theatre, Sea World, PSAT test, etc.
- Fundraising omissions received from a vendor, such as pictures, vending machines, etc.
- Donations of money to the school or school group
- Dues received from students for club membership
- Field trip collections
- Fees such as musical instrument maintenance, lab, uniform cleaning, transcripts, etc.
- Fines such as library books, textbooks, parking, lockers, uniforms, calculators, or other obligations
- Payment for lost or damaged items such as library books, textbooks, calculators, ID cards, technology devices, etc.

- Marathon fundraisers such as lift-a-thon, jog-a-thon, jump rope for heart, etc.
- Tuition fees such as summer school, community educations, etc.

The sum of these collections and payments are not reported on the sales tax report since they are not sales.

### **Taxable Sales, Non Taxable Sales, Tax Free Days**

The term taxable item is defined to include both tangible personal property and taxable services. Tangible personal property is defined as something that can be seen, weighed, measured, felt or touched, or that is otherwise perceptible to the senses. Taxable service include but are not limited to amusement services; specified personal services; repair, remodeling, maintenance and restoration of tangible personal property; information services; data processing services; and real property repair and remodeling services.

### **Taxable Sales**

According to the FASRG, public school and school-related organizations must collect the sales tax on all sales which are not specifically exempted. For example, sales taxes must be collected on the following:

- School purchased supplies sold directly to students including athletic equipment and physical education uniforms
- Fees for materials when the end product becomes a possession of the student
- Student publications such as yearbooks and football programs
- School rings
- Books sold to students at book fairs

This list is not comprehensive:

- ✓ Agenda books
- ✓ Agricultural sales
- ✓ Art – supplies and works of art
- ✓ Artistic – CDs, tapes, videos
- ✓ Auction items sold
- ✓ Automotive – parts and supplies
- ✓ Band – equipment, supplies, patches, badges, uniform sales or rentals
- ✓ Book covers
- ✓ Books – workbooks, vocabulary, library, author (when we are the seller)
- ✓ Brochure items
- ✓ Calculators
- ✓ Calendars
- ✓ Candles
- ✓ Car – painting, pin striping
- ✓ Clothing – school, club, class, spirit
- ✓ Computer – supplies, mouse pads
- ✓ Cosmetology products sold to customers
- ✓ Cups – glass, plastic, paper

- ✓ Decals
- ✓ Directories – student, faculty
- ✓ Drafting – supplies
- ✓ Facility rentals – if food is provided in cost of rental
- ✓ Family and Consumer Science – supplies and sewing kits
- ✓ Fees – copies, printing, limiting
- ✓ Flowers – roses, carnations, arrangements
- ✓ Greeting Cards
- ✓ Handicrafts
- ✓ Horticulture items
- ✓ Hygiene supplies
- ✓ Identification cards – when they are sold to entire student body (not just the fine for a lost ID card)
- ✓ Locks – sales and rentals
- ✓ Lumber
- ✓ Merchandise, tangible personal property
- ✓ Magazines – subscriptions less than six months
- ✓ Magazines – when sold individually
- ✓ Musical supplies – recorders, reeds
- ✓ Parts – career and technology classes (not to include products used in cosmetology)
- ✓ Parts – upholstery
- ✓ PE – uniforms, supplies
- ✓ Pennants
- ✓ Pictures – school, group (if school is the seller)
- ✓ Plants – holiday greenery and poinsettias
- ✓ Rental – equipment or uniforms of any kind
- ✓ Repairs to tangible personal property (i.e., computer repair, house remodeling)
- ✓ Rings and other school jewelry
- ✓ Rummage, yard, and garage sales
- ✓ Safety supplies
- ✓ School publications – athletic programs, posters
- ✓ School publications – brochures, magazines (unless less than six month subscription)
- ✓ School publications – newsletters, newspapers (generally are not sold though)
- ✓ School publications – reading books
- ✓ School publications – sheet music, hymnals
- ✓ School publications – yearbooks
- ✓ School store – all items (except food)
- ✓ Science – science kits, boards, supplies
- ✓ Spirit items
- ✓ Stadium seats
- ✓ Stationery
- ✓ Supplies – any sold to students
- ✓ Uniforms – any type to include PE, dance team, drill team, cheerleaders, athletic, club shirts
- ✓ Vending – pencils and other non-edible supplies when the school services the machine
- ✓ Woodworking crafts – entire sale to include parts and labor
- ✓ Yard signs

## **Non-Taxable Sales**

The FASRG also provides guidance regarding non-taxable sales. It states that public schools and school-related organizations are not required to collect sales tax on the following:

- ✓ Fees and admission tickets, if the event is entirely for educational purposes
- ✓ Student club memberships
- ✓ Sales of food and soft drinks that are:
  - Sold or served during the regular school day
  - Sold or served by a parent-teacher association during a fund-raising sale, the proceeds of which do not benefit an individual
  - Sold by a person under 19 years of age who is a member of an organization devoted to the exclusive purpose of education, and groups associated with public or private elementary or secondary schools as a part of a fund-raising drive sponsored by the organization for its exclusive use
- ✓ Ad sales – in yearbooks, athletic programs, newspapers, posters
- ✓ Admission – athletic, dances, dance performances, drama and musical performances
- ✓ Admission – summer campus, clinics, workshops, project graduation
- ✓ Admission – banquet fees, bids, prom, homecoming
- ✓ Admission – tournament fees, academic competition fees
- ✓ Cosmetology services (products sold to customers are taxable)
- ✓ Discount/Entertainment cards and books
- ✓ Facility rentals (if no food is sold or if rented to another exempt organization)
- ✓ Food items sold during fundraisers (including annual plans and seeds that produce food for human consumption)
- ✓ Labor – automotive, upholstery classes (parts are taxable)
- ✓ Magazine subscriptions greater than six months
- ✓ Parking permits
- ✓ Services – car wash, cleaning

## **Tax Free Days**

Effective August 30, 1993, each school district, each school, and each bona-fide chapter of each school is allowed to have two, one-day tax-free sales each calendar year. During these tax-free sales, the organization may sell and taxable item tax-free when the price of the item is \$5,000 or less. There is no limit on the number of bona-fide groups at a school or school district. One-day tax-free sales mean that collection and remittance of state sales taxes is not required on qualified sales on that day.

According to the State Comptroller's office or bona-fide chapter is a group that must be organized for some business or activity other than instruction or a participatory group. Essentially, any student group that is recognized by the school and is organized by electing officers (not just participatory captains), holding meetings, and conducting business are bona-fide chapters of the school and each group may have two, one-day, tax-free sales in a calendar year. Groups meeting for classroom instruction or team sports are not categorized as bona-fide chapters and do not qualify for the tax-free day sales.

One-day means 24 consecutive hours; the delivery should be made on a single day. Generally title passes to the purchaser when the item is given to the purchaser. In the case of pre-ordered and pre-paid sales, title can transfer as soon as the seller (school) receives the order. Therefore, the date the items are delivered by the vendor to the seller is designated as the one-day for the purposes of the tax-free sales. However, persons buying from surplus stock on subsequent dates after the tax-free day owe tax on the items.

**Submit your fundraising calendar to the Assistant Superintendent of Business and Operations for the current school year by September 13, 2018.**

As noted above a school district may have many tax-free sales per calendar year. The tax-free sales are not based on a school year. For example, if the Student Council held two-tax free sales in the spring it will not be entitled to hold any additional tax-free sales that fall.



## **Activity Fund Disbursements**

### General Guidelines

- All expenditures should be paid by pre numbered check from the activity fund checking account
- Checks made out to “cash” or to the paying school should never be issued
- Must have 2 signatures for all processed checks
- Disbursement vouchers are the authority to issue a check drawn on the activity fund checking account and the support to substantiate each bank withdrawal
- Permanent original (e.g. not copies) documentation (invoices, etc.) must support the payment and should be attached to the original disbursement voucher
- After payment of a voucher, the original documentation should be defaced (stamped as paid, or perforated) to ensure that invoices are not mistakenly paid twice
- No expenditure of funds should be approved by the principal unless sufficient funds are available in the appropriate account

## **Decentralized Accounting System Guidelines**

A decentralized accounting system generally includes the cash management and disbursement activities at the campus or department. Disbursements are made at the campus level without oversight and validation from the district office. Consequently, the campus bookkeeper and principal must have a strong working knowledge of the accounting aspects of disbursing activity funds.

Even though the campus or department has the “checkbook” and can write a check at any time of the day or week, it is a best practice to set a check processing timeline. The check processing timeline should help a campus bookkeeper from having to stop repeatedly for last minute check requests. It is the last minute checks that tend to be issued in error.

Some of the common errors include:

- Failure to obtain two signatures on a check (as required) because both signers are not readily available
- Failure to obtain an invoice or receipt to support the disbursement
- Failure to record the disbursement on the activity fund checkbook or account ledger due to the interruption
- Failure to verify that adequate funds exist in the bank account due to the unscheduled disbursement
- Failure to pay timely. Chapter 2251.021 of the Texas Government Code requires that we generate payment to vendors with 31 or 45 days, depending on circumstances

In a decentralized accounting system, the campus bookkeeper must follow the same internal controls used in the business office for check disbursements. For example, the accounts payable department does not issue a check unless it has conducted a 3-way match. The 3-way match includes a purchase order, receiving report, and invoice. Although, a campus bookkeeper will not have these specific documents, the bookkeeper should ensure that they have validated that the following are documented:

- Proof that a purchase has been made – receipt or invoice
- Proof that the purchase was received and accepted by the appropriate staff member

# **PAYROLL PROCESS BASICS**

## **1. - New Employee Pay.**

Human Resources are responsible for the hiring process, credentials, benefits, and placements. Payroll set up the employee in all systems: Aesop, VeriTime, and TRS; activates deductions Direct Deposits, determine Budget Distribution Codes, set up or verify Earnings Information. Payroll is responsible for timely and accurate pay of board-approved positions, salaries and Supplemental pay

## **2. - Pay Changes to Employees**

Assistant Superintendent of Business and Operations and Executive Director of HR are the only authorize administrators to make any changes to an employee pay. A majority of time is spent each pay period in dealing with a number of changes be in compensation amounts, but also other types of changes such:

- ✓ Location changes (campus or department)
- ✓ Budget Distribution changes
- ✓ Deduction changes
- ✓ Leave of absence tracking system (docking)
- ✓ Time tracking (overtime or supplemental pay)
- ✓ FMLA (docking)

## **3. - Payoffs of Terminated Employees**

This is an intricate part of the payroll process. When an employee resigns or is terminated, the “final” pay figure for this employee must be correctly calculated. Not only do we calculate final salary earned, but adjustments to pay may also be required when calculating earned leave versus leave taken, or paying out accumulated vacation, in order to arrive at a final pay amount.

They are two different types of payoff:

1. The employee resigns or is terminated in the middle of the year
2. The employee resigns at the end of the contract days (end of school year)

Is very important to send to HR department and payroll all resignations or notifications in a timely manner.

### **Payroll and Human Resource Department**

These two departments work closely together, but should have clearly defined roles and responsibilities along with accountability for each area’s critical processes. Coordination and cooperation between the two departments is essential for smooth workflow.

### **Confidentiality**

Do not share sensitive data including salary information with anyone not in a “need to know” position. Always be mindful of your location and your surroundings. All in reference to the Privacy Act Statement.

## **INFORMATION FOR ALL EMPLOYEES**

- **Pay checks will be ready for pick-up after 9:00am in the business office on the scheduled pay dates.**
- All non-exempt employees (paraprofessionals, custodial, maintenance, food service, transportation, and hourly substitutes) must utilize our electronic veritime system to record their daily hours. Any time sheet discrepancies must be promptly reported to the campus or department secretary for correction prior to the campus/department's submission of the reports to the payroll department. **No editing can be done without a comment on the timesheet.**
- As soon as an employee learns that he/she anticipates an extended absence (more than five days) such as for surgery or pregnancy, the employee needs to provide a written request for medical leave to the Human Resource Department (see forms). A physician's statement that includes the expected absence dates needs to accompany the request. The Human Resource Department will proceed with the proper paperwork to implement the Family Medical Leave Act (FMLA).
- A workers comp injury report must be completed when an employee is injured on the job. The report must be submitted the day of the injury, along with a supervisor's report, to the Human Resource Clerk. If the injury results in an employee absence(s), the employee must submit a medical release before returning to work.
- Direct deposit of payroll funds is available for employees. Employees should contact the payroll office for the forms to initiate the direct deposit.
- Lvisd.org / useful links access:
  - AESOP = Absence Management
  - Veritime = Time Management
  - Employee access for:
    - W2 print
    - 1095 print
    - Deduction verification
    - Pay Stub print
    - Salary verification

## **INFORMATION FOR ADMINISTRATORS**

- **Authorization for Extra Duty Pay**



- When there is a need for a teacher to perform extra duties for which there will be additional compensation, such as tutorials or summer school, there must be a memo submitted by the appropriate administrator to the Human Resource Office that includes the purpose, estimated time period, funding source, and hourly rate, PRIOR to the start of the extra duties. If the Human Resource Office approves the memo, it will be forwarded to the payroll office so that when the time sheets are submitted, the payroll staff knows that the work was properly authorized and approved.
- The above guidelines regarding memo submission and superintendent approval apply anytime an administrator is requesting to hire current staff and non-district employees who are not an employee of the district (example – a retired teacher for tutoring purposes).

- **Authorization for Extra Days**

- If an administrator wants to request extra days for an employee above what the employee is scheduled or contracted to work, the administrator needs to submit a memo to the Superintendent stating the number of days requested, funding source and the need for the extra days. The memo needs to be approved by the Superintendent prior to the work being performed.

## **INFORMATION FOR SECRETARIES/CLERKS**

The following guidelines are intended to help secretaries and clerks who process and submit payroll information to the payroll office for processing.

- **Daily Clock-in/Clock-out**

It is a job requirement that **ALL** non-exempt employees **MUST** “clock-in” in the morning, and “clock-out” at the end of the work day at their place of work. (Under certain conditions, such as training course at a different location, the employee shall clock-in/out at the different location, or be clocked in/out manually by the Campus/Department Timekeeper).

- The time clock system records daily hours in 15 minute segments, with a 7 minute rounding grace. How does this affect the recording of employees’ clock-in/out time? If an employee is scheduled to work 8-4, and he/she clocks-in at 7:53, their time will display 8:00, or if they clock-out at 4:07, their time will display 4:15.
- Employees should not clock-in earlier than 7 minutes before their scheduled starting times (unless the employee has Supervisor approval for early arrival).
- Employees clocking in 7 minutes or later after their scheduled starting time will be recorded tardy (unless Supervisor has approved late arrival).

- Employees shall not clock-out before their scheduled ending time, unless authorize to do so by their supervisor. If a non-exempt employee that is paid on an annualized basis clocks out early, they shall either “make-up” that time during the same work week or the time not worked will be docked from their pay.
  - Employees clocking out 7 or more minutes before their scheduled ending time shall be recorded as leaving early.
  - Each employee is entitled to a ½ hour or hour lunch break towards the middle of their work day.
  - All non-exempt employees leaving campus/department site for any personal reason, including lunch during the day must clock-out when leaving campus, and clock-in when returning to campus/department.
  - Time sheets should be verified before administrator submits electronically.
  - Signatures from both the employee and their supervisor are required on all time sheets before submission to the payroll department.
  - In order for compensation to be distributed in a timely manner, completed time sheets must be submitted to the campus/department administrator by 12:00 p.m. the Monday following the work week assignment.
  - **All Substitutes will clock in and out on respected sign in sheet which will be submitted to the payroll department by the 3<sup>rd</sup> of the following month.**
- **Excessive Absence and FMLA**
    - When an employee has been out five consecutive days the campus/department supervisor or secretary should notify the Human Resource Department so that an FMLA notice can be sent to the employee.
    - Employees who anticipate an extended absence (such as for pregnancy, a scheduled surgery, etc.) should notify the Human Resource Department as soon as possible before the absence so that the appropriate paperwork can be completed.