

### Internal Financial Controls

The Board expects all board members, employees, volunteers, consultants, vendors, contractors, students and other parties maintaining any relationship with the school district to act with integrity, due diligence, and in accordance with all laws in their duties involving the school district's resources. The board is entrusted with public dollars and no one connected with the school district should do anything to erode that trust.

Internal control is the responsibility of all employees of the school district. The superintendent, directors of finance and board secretary shall be responsible for developing internal controls and procedures designed to prevent and detect fraud, financial impropriety, or fiscal irregularities within the school district subject to review and approval by the board. Administrators shall be alert for any indication of fraud, financial impropriety, or irregularity within the administrator's area of responsibility.

Any employee who suspects fraud, impropriety, or irregularity shall report their suspicions immediately to their immediate supervisor or to the superintendent. The superintendent shall have primary responsibility for any necessary investigations and shall coordinate investigative efforts with the board's legal counsel, auditing firm, and other internal or external departments and agencies, including law enforcement officials, as the superintendent may deem appropriate.

Employees bringing forth a legitimate concern about a potential impropriety will not be retaliated against and those who do retaliate against such an employee will be subject to disciplinary action up to, and including, discharge.

In the event the concern or complaint involves the superintendent, the concern shall be brought to the attention of the board president who shall be empowered to contact the board's legal counsel, insurance agent, auditing firm, and any other agency to investigate the concern or complaint.

Upon approval of the board, the superintendent may contact the State Auditor or elect to employ the school district's auditing firm or State Auditor to conduct a complete or partial forensic/internal control/Statement on Auditing Standards (SAS) No. 99 audit annually or otherwise as often as deemed necessary. The superintendent is authorized to order a complete forensic audit if, in the superintendent's judgment, such an audit would be useful and beneficial to the school district. The superintendent shall ensure the State Auditor is notified of any suspected

embezzlement or theft pursuant to Iowa law. In the event there is an investigation, the Superintendent will maintain records for use in the investigation. Individuals found to have altered or destroyed records will be subject to disciplinary action up to, and including, termination.

Adopted: February 12, 2007  
Revised: October 12, 2009  
Reviewed: October 13, 2014

Legal References:  
Iowa Code Ch. 11, 279.8 (2005)

**Dubuque Community School District**  
**2013-2014 Internal Control Policies and Procedures**

Approved by the Board of Education on December 8, 2014.
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**Requires Annual Review by Facilities/Support Services Committee and Board of Education**

<u>Internal Control</u>	<u>Date Reviewed</u>	<u>Reviewed By</u>	<u>Comments</u>
<b>1. Cash Controls</b>			
a. Petty Cash – The request to replenish a building’s petty cash fund must have a reconciliation sheet with attached invoices and account codes. No individual purchase over \$25 will be allowed.	Every accounts payable batch	Rick Till	No exceptions have been noted throughout the year.
b. Cash Deposit Policy – All money must be deposited at least one time each week as well as on the 20 <sup>th</sup> of each month and on the last business day of each month. This is a minimum requirement as the Business Office would prefer a daily deposit if possible.	6/27/14	Rick Till	Joni maintains a monthly checklist for each school. When there is an issue identified, Joni emails the building to resolve the issue. Joni keeps copies of all emails between herself and the person at the building responsible for the deposits.
c. No District personnel shall exchange cash for a check from the cash deposits or petty cash funds.	6/27/14	Rick Till	Joni spot checks each schools SAR deposits to make sure the cash and check totals on the SAR match the cash and check totals on the deposit ticket. In addition, this is noted in the Budget Resource Book.
d. Cash funds should never be left unattended.	6/27/14	Rick Till	This is typically mentioned at the secretaries’ meeting at the beginning of the school year. In addition, this is noted in the Budget Resource Book. No instances of noncompliance were brought to my attention this year.
e. The Executive Director and/or Assistant Director of Finance and Business Services will review each month’s bank reconciliation.	9/23/14	Kevin Kelleher	I reviewed all of the FY 2013/2014 bank reconciliations and noted that Rick Till reviewed and initialed all of them.
f. Depository Limit – The Board Secretary will monitor bank balances weekly by reviewing balances online to ensure depository limit is not exceeded.	6/27/14	Rick Till	Joni reviews the bank balance to make sure it is lower than the maximum depository amount. Joni also reviews the Premier Bank balance and transfers funds from DB&T to the checking account to maximize interest.

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<p><b>1. Cash Controls, continued</b></p> <p>g. <i>All purchases on the District P-card will be reviewed and signed by a Board member. An expense recap and copies of each invoice for every purchase will be provided to them.</i></p>	9/23/14	Kevin Kelleher	We have created a Sign Out Form for the District PCard. Anyone who uses the card is required to record time sign out and returned, purpose of use, amount of use and acknowledge read the policies for use of the card. Also, each month a Board member must sign that they have reviewed and approve all purchases and accompanying receipts.
<p><b>2. Fixed Asset Controls</b></p>			
<p>a. All equipment costing \$5,000 or more shall be recorded in the fixed asset system and tagged with a District bar code.</p>	9/12/14	Kevin Kelleher	Lisa and Kevin worked on the fixed asset module of the District's new Finance system. The fixed asset module has a reconciliation document with the General Ledger. It shows all items coded with a fixed asset code in the General Ledger are recorded in the fixed asset module and any differences must be reconciled.
<p>b. A physical inventory of all District fixed assets will be conducted on a four year rotating cycle under the supervision of the Business Office. After completion of the physical inventory, the Executive Director of Finance and Business Services and the Assistant Director of Finance and Business Services will review the findings.</p>	11/24/14	Kevin Kelleher & Rick Till	We have determined different variance levels. Less than 5.01% - Acceptable (4 schools and two departments) 5.01% to 10.00% - Meet with building Principal (1 schools) Greater than 10% - Meet with building Principal and building will need to do another physical inventory the next year. (0 schools)

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<b>3. Accounts Payable Controls</b>			
a. All District purchase orders will be signed by the Executive Director of Finance and Business Services.	Every accounts payable batch	Kevin Kelleher	Review and sign each purchase order.
b. An original invoice must be received and attached to the purchase order to process for payment.	Every accounts payable batch	Rick Till	If there is not an invoice attached, it is not approved for payment and returned to A/P department.
c. The Assistant Director of Finance and Business Services will review all purchase orders for proper account coding before payment.	On a daily basis as purchase orders are produced	Rick Till	Reviewed and initialed essentially all purchase orders (exceptions being when I am absent).
d. <i>Verify accounts payable warrant listing totals match all batches entered for the month.</i>	Monthly	Rick Till	Reviewed and compared the Warrants Listing with the Disbursement Detail Listing
e. <i>All revised purchase orders must be dated and initialized by the Executive Director of Finance and Business Services.</i>	On a daily basis as needed	Kevin Kelleher	All revised PO's are reviewed by the Executive Director of Finance and Business Services. Once reviewed, they are initialized and dated and returned to the Accounts Payable Dept.
<b>4. Payroll Controls</b>			
<p><b>NOTE: During FY 2013-14, payroll was processed on two different applications. For period 7/1/13 – 12/31/13, payroll was processed on a custom written program that was in place for over 25 years. Effective 1/1/14, payroll was processed on software from Infinite Visions that also integrates with H/R and G/L. In addition, payroll utilizes AESOP that is used for substitutes and leave tracking. Infinite Visions has internal controls built into the software in that it timestamps changes made and list the user that made the change. Due to the changes in software, many internal processes were changed and will be continually monitored.</b></p>			
a. Timecards and attendance cards must be approved and signed by a school or building administrator.	At fiscal year end	Rick Till	Per review with Amy, this process did not change. Beginning in FY 2014-15 the district intends to implement an electronic time and attendance system.

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<b>4. Payroll Controls, continued</b>			
b. Substitute time from AESOP will be checked against the employee's absence as shown on attendance card or timecard.	At fiscal year end	Rick Till	Per review with Amy, reports are run from AESOP that payroll compares to timecards.
c. Payroll edit list will be checked online and approved by the Payroll/Benefits Manager before checks are posted.	At fiscal year end	Rick Till	Per review with Amy, effective 1/1/14, the payroll edit is checked and approved online. Prior to 1/1/14 the edit was approved manually.
d. Checks will be posted and printed by one employee and processed by another.	At fiscal year end	Rick Till	N/A – Process will be evaluated due to change in software.
e. Benefits are calculated by the Payroll/Budget Coordinator and processed by the Payroll/Benefits Manager.	At fiscal year end	Rick Till	N/A - Process will be evaluated due to change in software.
f. Effective 1/1/14 staff recommendations and contracts are generated by e-pars from the Human Resources department and verified by Payroll/Benefits department.	At fiscal year end	Rick Till	Per review with Amy, before an employee can be paid there are steps in the e-par process that payroll must complete. Until all steps are completed electronically the employee cannot be paid.
g. W-4's are checked against Social Security Business Services website when processing a new employee's paperwork.	At fiscal year end	Rick Till	Per review with Amy, employees complete their W-4 online and Amy checks their SS# online to ensure information is correct.
h. Monthly bank statements will be reconciled by an employee who doesn't print or process checks.	At fiscal year end	Rick Till	Effective 1/1/14 the payroll bank account was closed and all payroll transactions run through the general checking account that is reconciled by non-payroll staff.
i. Insurance premiums are paid based on what is processed in the Payroll/Benefits department not by what is billed by the companies. Company billings are updated to agree with District records.	At fiscal year end	Rick Till	Amy compares the actual payroll postings for insurance to make sure they agree with the DFU and any differences are reconciled. Amy then takes the DFU file and makes adjustments to the vendor billings to make them match the DFU amount. The check is then written to the vendor for the amount listed on the DFU.

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<b>5. Concessions and Athletic Ticket Sales</b>			
<b>NOTE: During the fiscal year the district implemented a new concessions and athletic ticket sales software (AimSi) system and a new receipt software (InTouch) system.</b>			
<p>a. The Assistant Director of Finance and Business Services will annually review the concession stand reports and athletic event ticket sales reports and present the findings to the District Activities Director.</p>	At fiscal year end	Rick Till	<p>At the end of FY 2013-2014, the District switched to an automated ticket and concession software that includes credit card payments. There have been numerous meetings with the Athletic Director as well as support staff throughout this process. The Business Office will continue to monitor and implement any changes needed to ensure proper internal controls and safeguarding of assets.</p>