

Cash Management

**AASBO Certificate
Program**

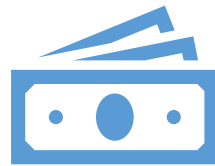
February 2023



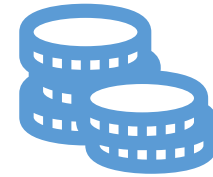
Baldwin County Cash Management Practices (Central Office and Local School)



Banking Structure



Programs/Services which
help with Cash
Management



Internal Controls for Cash
Management

John Wilson – CSFO Baldwin County



Baldwin County Cash Management (Central Office Side)

- Baldwin County has 7 checking accounts and 1 money market account through Regions bank.
- All cash management for these accounts flows through Regions' iTreasury.
- Checks are written and disbursed on only 3 of these checking accounts (CNP, Operating Clearing, and Payroll Clearing). For all other accounts, funds are transferred out and placed into these accounts as needed.
- The money market account is set-up to sweep a certain dollar amount for additional interest earnings.
- All 8 of these accounts are reconciled monthly in Next-Gen.

Operating Clearing Account

- All accounts payable bills for the system flow through the Operating Clearing Account.
- An AP check payment calendar is established at the beginning of each fiscal year with tentative dates for each check run.
- Operating check runs are scheduled for twice a month. Occasionally, there is need for additional check payments outside of the scheduled days.
- After completion of the AP batch reconciliation and check run process, the AP manager submits a check batch account summary form to the Accounting Coordinator for transfer of funds. Additionally, for an added layer of fraud prevention, a file is also created and uploaded into Positive Pay at this time.
- Funds are transferred from other accounts to the operating clearing after every check run no matter the size. This helps ensure accountability and accuracy with the end of month reconciliation process.

Payroll Clearing Account:

- All salary items for the system flow through the Payroll Clearing Account.
- A payroll schedule with submission deadlines and other pertinent information is established at the beginning year.
- After completion of the payroll reconciliation process, ACH statements and checks are generated.
- The Payroll Supervisor submits the ACH file via email to the Accounting Coordinator for upload and approval in the iTreasury system. The ACH file must be submitted two days prior to the effective payroll date.
- The Supervisor also submits a Payroll Register to the Accounting Coordinator for completion of the transfer of funds. Additionally, Positive Pay has also been added to our payroll account for fraud protection so that file is generated and submitted at this point.
- Funds are transferred to the payroll clearing account a day prior to the effective ACH batch posting to employee accounts. Transfers occur each time items are paid via the payroll clearing account.

Controls on transfers and other cash management items

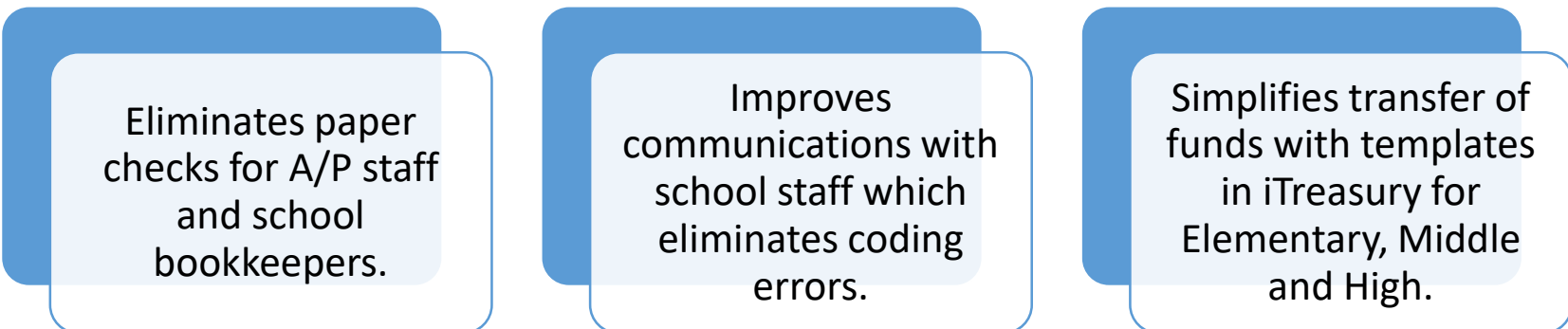
- There are limited individuals with access and the ability to transfer funds through the iTreasury system. Transferred funds show on the bank statement with the date and the first initial last name of the person performing the transfer.
- Once complete, the transfer information is printed from the system and all back-up documentation is attached and kept on file in the CSFO's office and/or with the bank reconciliations.
- Statements are pulled from the on-line system monthly and e-mailed to the respective departments in charge of the reconciliation process. Individuals that transfer funds do not perform the reconciliation.
- ACH files are done for employee travel and employee salary. The AP manager generates the travel file, and the Payroll Supervisor generates all payroll ACH files. These files are submitted to the Accounting Coordinator for verification against the payroll register then upload and approval in the Regions iTreasury system. This provides another layer of internal control by separating these duties.

Fraud Prevention

- Our Operating and Payroll clearing has Positive Pay which adds a layer of protection against check fraud.
 - A file is generated and uploaded for each check run that flows through our system.
 - The file and check are compared for accuracy when the check is presented for payment.
 - Items checked are date, amount, account number, payee, and check number.
 - If discrepancies are found, assigned individuals receive an alert and check for validity and authorize to pay or return.
 - Some of our local schools have added this layer of protection as well. We are in the process of implementing on the CNP account.
- We have a pre-set list of vendors and dollar thresholds that are allowed to ACH from specified accounts (i.e., IRS, Retirement Systems, etc.).
 - If anyone outside the list tries to ACH from our account, we are alerted and can either pay or decline.
 - There are only a few assigned individuals that have access to check for validity and process accordingly.

Cash Management– Local Schools

All ACH transfers between Central Office and local schools are facilitated through Regions iTreasury:



Eliminates paper checks for A/P staff and school bookkeepers.

Improves communications with school staff which eliminates coding errors.

Simplifies transfer of funds with templates in iTreasury for Elementary, Middle and High.

Cash Management- Local Schools

ACH Transfers from LSA (Billings):

- Bus fuel -- Extra-curricular trips
- Chromebook Fees – Lost chargers,
- Lawn fuel -- Grounds maintenance
- Pre-K Inclusion – Tuition (see notification to school staff)
- Special Payroll– reimburse for subs and bus drivers for field trips/extra-curricular trips.



BALDWIN COUNTY PUBLIC SCHOOLS

Building Excellence

Business and Finance Division

2600-A North Hand Avenue
Bay Minette, AL 36507

Tel 251.937-0312
Fax 251.937-0318

TO: Principal at Belforest Elementary School

FROM: Business & Finance

CC: Bookkeeper

DATE: June 28, 2022

RE: ACH Debit Notice- Pre K Tuition thru May 2022

The following amount has been debited from your school's bank account via electronic funds transfer:

Activity	Description	Total Amount Debited:
7121	OSR Pre K Tuition	13059.88
Code as:	7121-12-5-9910-923-0119-7101-0-9700-0000	

The bank transfer posted on 6/24/2022. Please keep a copy of this notice for audit documentation. If you agree with the amounts disclosed above, no response is needed. If you have questions concerning this EFT, please contact our office.

Cash Management- Local Schools

ACH Transfers to LSA:

- 3-Mill District Tax distribution for select schools (see sample deposit notification)
- AP-IB Test Reimbursements from SDE
- Classroom Support Funds- Library Enhancement, Professional Development & Technology
- Legislative Grants- School specific for general educational purposes
- Locally-funded Allocations- Athletics, Band, & Choral Depts
- Miscellaneous Reimbursements to LSA
- Teacher Maintenance- Career Tech
- Use of Facility fees



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An ACH deposit has been wired to your school's bank account effective January 25, 2023. The deposit should be posted using a C/R entry in the "Create a Journal Entry" transaction to the code indicated below:

Amount

✓ Transfer-In: Spanish Fort District 3 MIL Tax

White Board Tables for Math classroom and 28 chairs	\$6,200.00
CPR Mannequin Kit	<u>1,800.00</u>
	\$8,000.00

Credit 2177-12-4-9230-000-CCTR-7101-0-0000-0000

If you have any questions, please email the LSA Team at lsa@bcbe.org.



Baldwin County Purchasing Card Program:

- We have approximately 230 P-cards (actual plastic) in the system. One of these cards is solely dedicated to an AP staff member for utility payments.
- Out of our top 10 P-card merchants, 5 of them are utilities.
- We have one “ghost” card in the system that is used solely by the AP Manager or the Accounting Coordinator.
- Our overall monthly credit limit is 7.2 MIL (P-card & Virtual cards combined)
- Average monthly combined spend for FY22 was \$3.2 million.
- Occasionally, we will have a higher spend year when county wide large ticket purchases are done (i.e. – one-to-one computer replacements).
- In recent years, we’ve expanded the program to encompass our local schools. Currently, we have approximately 40 school accounts.

Card controls:

- Spending limits are customizable and can be set by a per transaction limit, daily limit, and an overall credit limit per card.
- Our overall limits vary in range from \$150 per card to \$150,000 per card for individual cardholders. The higher limits are minimal and are in our construction/maintenance department.
- Merchant categories are restricted to reduce fraud.
- P-cards are very helpful for those small spur-of-the-moment type purchases. (i.e., need for maintenance to repair something immediately).
- For us, allowable purchases under \$500 won't need to wait on PO approval. Anything over \$500 the p-card can still be utilized but a PO must be done.

P-Card Internal Controls:

- Each department within our system utilizes Card Managers. We have detailed card manager procedures in place.
- The AP department conducts an annual bookkeeper training where the manager procedures are reviewed.
- Card requests flow from Directors, Coordinators, or Supervisors and are ordered through the AP department. Limited number of staff have the administrative ability to request cards through Regions.
- Cards are distributed from AP to the departmental card managers.
- Card managers issue cards after the card holder returns the signed Purchasing Card Agreement and completes the Sign In/Out sheet.



BALDWIN COUNTY BOARD OF EDUCATION REGION'S PURCHASING CARD AGREEMENT

Cardholder's responsibilities for use of the purchasing card:

1. The cardholder agrees to use the card exclusively for the purchases specified in *this* agreement.
2. The cardholder agrees to use the card for local purchases (pick-up) only with two exclusions for school operations only:
 - a. Sam's Club/Wal-Mart Online orders for delivery and/or pickup. *(The use of purchasing cards for Internet orders, telephone orders, mail-in orders, lay-a-ways, confirmations, guarantees, and other charges to vendors excluding Sam's Club/Wal-Mart Online orders prior to receipt of the materials, supplies, equipment or other items purchased is prohibited.)*
 - b. Student-related travel with pre-approval from CSFO. *School principal must ensure that a non-public fund source is available to cover any unforeseeable situations, i.e. airfare paid but trip cancelled.*
3. The cardholder agrees to use the card for registration and hotel expenses relating to the Board's approved travel policies.
4. The cardholder agrees to obtain a legible receipt with an itemized listing for each purchase made with the card and to complete a Purchasing Card Approval Form.
5. The cardholder agrees to inform merchants that purchases with the card are exempt from Alabama sales tax.
6. The cardholder agrees to reimburse the applicable school for purchases that are determined to be unallowable, not supported with an itemized receipt, or have Alabama sales tax charged to the card.
7. The cardholder agrees to adhere to Baldwin County Board of Education's guidelines for purchasing cards.
8. The cardholder agrees that card purchases are limited to the cardholder only. The card is to be used only by the *designated school personnel for which a signed agreement is on file.*
9. The cardholder understands that the purchasing card may only be used for purchases of \$500 or more when there is an approved purchase order (items must be allowable). Exceptions include **allowable** purchases of \$500 or less and if hotel expenses, relating to approved travel, exceed \$500.
10. The cardholder understands that purchasing card privileges may be suspended upon failure of the cardholder to follow the terms of this agreement.
11. The cardholder understands that the use of the purchasing card for anyone's personal use is subject to criminal prosecution.
12. Applicable supervisor/coordinator/executive staff will determine when card privileges should be suspended.
13. A check must be sent to the applicable school within the month of the cardholder violation(s).
14. The cardholder agrees to adhere to established field trip policies and procedures for school-related travel expenses for extra-curricular and/or academic activities.

I acknowledge receipt of card, and I agree to the purchasing card agreement and procedures.

Printed Staff Name

Staff Signature

Date

Principal Signature

Date

P-Card Internal Controls

- P Card holders are reviewed at the beginning of each fiscal year and new agreements are obtained.
- Our purchasing card guidelines give the user detailed instructions regarding the program.
- User training is provided per request by Directors, Coordinator, or Supervisors for their assigned department.
- Card holders must submit receipts as well as the P-Card approval form to their manager daily.
- Managers must submit receipts to the appropriate AP staff member no later than Wednesday of each week (for the prior week's purchases).
- Our program has proven successful. Minimal issues. In the last 10 years, only one card has been revoked.

Cash Management- Purchasing Card Program (Local Schools)

Another ACH Transfer to LSA:

Regions Purchasing Card Rebate

- Approximately 130 local school p-cards in use
- Over last two years- roughly \$3M in total spend at school level
 - Rebates calculated on BCBE rate
 - Transferred approx. \$60k to school accounts
 - LSA Total Spend/Rebates increasing year after year
 - Incentivizes principals

Local School – Purchasing Cards

REGIONS PURCHASING CARD PROCEDURES OVERVIEW

BCBE is pleased to provide purchasing cards to applicable schools. We have contracted with Regions Bank for an easy program that provides many features. The purchasing cards are a Regions Visa Card. An overview of the new process and the main features of the Regions Purchasing Cards include:

1. It is still permissible to use purchase orders when required or applicable.
2. Each employee will sign a Purchasing Card Agreement form. Once this is signed each employee must sign a "Sign Out Sheet" which indicates they have received a Visa Purchasing Card. The card will be issued to them at this time. The employee must agree to return the card to the school bookkeeper as applicable.
3. The cardholders will make their purchases using the cards and **submit all itemized receipts/invoices to the card manager (school bookkeeper) on a daily basis for items purchased.**
4. The cardholder will **submit one Purchasing Card Approval Form with itemized receipt/invoice** to the bookkeeper for **each transaction**.
5. Bookkeeper will follow the daily procedures for processing and managing all Purchasing Cards transactions (purchases) in accordance with the card manager procedures (Reflected in the *Card Manager Procedures* under separate cover).
6. The statement cut-off date is the **end of each month**. The card manager will login and print the P-Card Transaction report in **Region's Intersect** (<https://intersect.regions.com/welcome.aspx>) to ensure that prior transactions (purchases) have been received and submitted for payment.
7. Cardholders should always contact the bookkeeper for information and assistance. Other Region's purchasing card questions may be directed to Patsy Chastang in Business & Finance at pchastang@bcbe.org or (251) 580-1914. You may contact any of the LSA staff for questions related to credit card receipt/invoice processing in Nextgen.

Region's Purchasing Card Approval Form

EXHIBIT 3

Vendor _____

Item Description _____

Amount _____ Receipt/Ticket/Inv # _____

Purchase Order No. _____ (\$500 or more)

School/Dept _____ Activity / Program _____

Specific GL Code(s) for Department/User	Amount

Cardholder agrees to submit payment for any disallowed costs.

Submitted by: _____
Staff Signature (Legible) _____ Date _____

☐ Approved _____
Principal's Signature _____ Date _____

☐ Denied

If denied, check applicable reason:

☐ Check Attached?

- ☐ No itemized receipt
- ☐ Sales Tax Charged
- ☐ Technology purchase without prior approval
- ☐ Unallowable purchase (Internet orders to disallowed vendors, not allowable in Program, etc.)
- ☐ Cardholder allowed others to use his/her card
- ☐ Other – Explain _____

(Amount) _____

Comments _____

Technology Items

Technology purchases for hardware (PCs, laptops, printers, iPads, Slates, wireless access points, etc.) and software. **MUST attach ET SERVICES' approval documentation.**

Local School- Online Payments

- **BCBE implemented MY SCHOOL BUCKS to facilitate:**
 - Online payments for field trips, yearbooks, etc. (School Store)
 - Invoicing/fee tracking capability for specific groups, i.e., band students
- **Benefits:**
 - Eliminates or greatly reduces cash/check payments
 - Eliminates NSF check issues
 - Eliminates/reduces trips to bank



Cash Management- Local Schools

- **MSB Anywhere**
 - Credit card reader on-site
 - Parents have option to pay with credit card at school
 - Provides fee balances and outstanding invoice amounts at kiosk
 - Imports into Nextgen software same as online payments



Cash Management- Local Schools

- **SQUARE UP**

- Concessions, School-based enterprises, or off-site fundraisers
 - Track inventory, sales, profit margins, etc.
 - Custom reports—sales, payments, discounts/comps, item & category sales



Cash Management- Other Internal Controls

- Remote Deposit Capture
- Check Scanning
 - Reduces time processing bank deposit- No endorsing checks
 - Eliminates misplaced checks by bank teller
 - Eliminates encoding errors on checks



Cash Management
AASBO Certificate Program

February 2023
David Smith-AASBO
John Wilson – Baldwin County