

LYMAN SCHOOL DISTRICT 42-1 INTERNAL CONTROLS POLICY

The Lyman School District 42-1 has established procedures to maintain an effective system of internal control over assets. The purpose of establishing internal controls is to provide a reasonable assurance that the District will accomplish its objectives of safeguarding assets, providing reliable financial information, promoting operational efficiency and ensuring compliance with laws, regulations, and established district policies and procedures.

The Lyman School District 42-1 has implemented an internal control system and framework based on its internal and external needs. It is the policy of the district to ensure that its control framework provides for strong administrative governance. The district's internal control system is a relevant tool for internal control over financial reporting. The district's internal control will also be reviewed annually with the district's independent auditor. The internal control structure shall be designed to ensure that the assets of the district are protected from loss, theft, or misuse and provide reasonable assurance that these objectives are met.

Internal control comprises the environment, plans, policies, systems and procedures:

1. Establish, executed and monitored by the Board, management, and other personnel
2. To foster achievement of the district's objectives
3. In compliance with applicable laws and ethical standards
4. In a prudent manner with cost-benefit considerations.

SEGREGATION OF DUTIES:

The following procedures are those used by the Lyman School District 42-1 in the recording of revenues, expenditures, and payroll.

REVENUE:

Governmental Funds:

1. Mail is retrieved from the post office by the custodian or Administrative Assistant.
2. The bank statements are given to the Business Manager and verified by the Superintendent.
3. The Administrative Assistant sorts and disperses the mail.
4. Cash/checks go to the Business Manager.

Food Service:

1. Students turn in lunch money to the Administrative Assistant.
2. Administrative Assistant receipts the payment into the school lunch program.
3. Administrative Assistant turns the money into the Business Manager.

Trust & Agency Funds:

1. Money is counted by the Student Representative (if applicable) and Advisor.
2. Advisor reconciles money to order forms (if applicable) and completes a count sheet.
3. Advisor turns money and count sheet in to the Business Manager.
4. Business Manager writes up a deposit slip and takes money to the bank.

EXPENDITURES:

Governmental and Enterprise Funds:

1. Teacher fills out a requisition for items needed.
2. The appropriate Principal approves the requisition as well as the Superintendent.
3. The Administrative Assistant assigns a purchase order number.
4. The Administrative Assistant submits order.
5. Items are delivered to the Administrative Assistant.
6. Administrative Assistant inspects the contents of package(s) to make sure all items have arrived and delivers to staff member.
7. Invoice is sent to the Administrative Assistant.
8. Administrative Assistant compares Purchase Order to invoice.
9. The Business Manager reviews and confirms invoices and a check is issued.
10. A voucher for payment is completed and attached to the invoice and signed by the Business Manager.
11. Check is signed by the Business Manager and Board President. Vice-President is authorized in the absence of the Board President.
12. The check is mailed to the vendor once approved by the Board at the regular monthly meeting.

Trust and Agency Funds:

1. Advisor's requisition for items needed.
2. The Administrative Assistant or Business Manager assigns a purchase order number (when applicable).
3. Administrative Assistant submits order.
4. Items are delivered to the Administrative Assistant.
5. Administrative Assistant inspects contents of package to make sure all items have arrived and deliver to the advisor.
6. Invoice is sent to the Administrative Assistant.
7. A voucher for payment is completed by the Administrative Assistant and given to the Business Manager.
8. Invoice is entered in the accounting software by the Business Manager and a check is written.
9. Check is signed by the Business Manager and the Superintendent.

PAYROLL:

1. Contracts are entered in the accounting software by the Business Manager.
2. Time sheets for classified staff are reviewed by the Administrative Assistant and checked against leave slips submitted to the Administrative office.
3. Business Manager issues checks/direct deposit stubs to the employees on the 24th of each month.
3. Business Manager submits a direct deposit file to the designated bank.

At the end of each month after all revenue, expenditures and payroll have been entered and processed; the Business Manager reconciles the funds with the bank statements. The Business Manager will make any necessary manual journal entries needed. The Superintendent will verify the reconciliation and sign off on them.