

SECTION III--ACCOUNTING RECORDS

SOURCE DOCUMENTS

The details of financial transactions are usually described on various documents received by or produced within the school system. These documents provide input into the system. The purchase of supplies or materials will produce a purchase order (if used), an invoice and/or statement and a voucher. Each of these documents provide input into various stages of the system either as a control device or authorization of the transaction.

Receipts issued by the business manager for payment of taxes and various other resources which provide revenue to the school are source documents. Any document that initiates or controls a financial transaction within the school should be considered a source document, be retained and be recorded in the books of original entry.

Receipts:

A pre-numbered, duplicate receipt should be written for all money received by the school district. This would include amounts deposited directly to the school district bank account. A receipt serves several purposes:

1. It provides a proof of payment for the payer.
2. It identifies the individual to whom payment is made.
3. It identifies when the payment was made.
4. It provides controls through a means of accountability for money received by the school district.
5. It provides a reference for recording money received by the school district in an orderly manner.

Receipts issued should contain the following information:

1. The name of the school district.
2. The name of the payer.
3. The date the receipt was written.
4. The number of the receipt. (Receipts should be prenumbered by the printer with sequential numbers.)
5. The amount received.
6. A description of what the money was received for.
7. The signature of the person issuing the receipt.
8. The fund and account to which the money will be credited (the coding).

An example of what a receipt might look like is presented at Illustration 1.

A school district may want to use one receipt form for money received for all funds or may want to use different type receipts for different funds. The number of forms used will be left to the discretion of each school district.

Receipts should be made in duplicate with the original going to the payer and the duplicate being retained by the school district for recording in the receipt journal. All copies of receipts which are voided should be retained in the receipt book.

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Money received by a school district should be deposited intact on a current basis, preferably daily but at least weekly. Depositing intact means the deposit should equal the total receipts issued since the last deposit.

The nature of some receipts will require supporting documents be maintained by the school district. Examples of such receipts are food service sales and admissions to school functions.

Receipts written for admissions collected at school functions should be supported by tally sheets similar to that shown at Illustration 2. The school function, date held, ticket seller, beginning change, type of ticket, value of ticket and beginning ticket number portions of the tally sheet should be filled in by the business office prior to giving the tally sheet, change and tickets to the ticket seller. The completed tally sheet, cash and unused tickets should be submitted to the business office as soon after the school function as possible. The business office should check the tally sheet, count the cash and issue a receipt to the ticket seller for the amount of sales remitted.

Unused tickets should be kept in a safe or locked file drawer when not in use.

Purchase Order: (Optional)

A purchase order is a document which authorizes a vendor to deliver described merchandise or materials at a specified price. Upon acceptance by a vendor, a purchase order becomes a contract.

The purpose of a purchase order is to provide a control over purchases. Some of the things it will do is to eliminate duplicate ordering, or maintain expenses within budgets, to provide a record of what is on order and what has been received and to control the cash flow.

An example of a purchase order is shown at Illustration 3.

The purchasing and related accounting procedures should consist of the following steps: (1) preparing the requisition, (2) securing prices and bid specifications, (3) receiving purchase authority, (4) placing orders, (5) receiving the merchandise, (6) receiving the invoice, and (7) paying for the merchandise.

These steps require a systematic approach and may be accomplished as outlined in the following paragraphs.

The department that is requesting the supplies and materials should issue a purchase order in triplicate showing the items requested and the estimated cost thereof. If the costs exceed the bid requirements, bid specifications should also be drawn up. The order is then taken to the business manager for approval to insure that budget authority exists for these items. In this manner the person authorizing the purchase is aware that the items have been provided for in the budget and will avoid any overexpenditure of the budget.

After the purchase authorization is granted, and bids are accepted, the third copy of the purchase order is returned to the business manager for encumbrance of the budget, numbering and filing. The budget is encumbered through the use of a "Purchase Order Journal" in which

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purchase orders are numerically listed and appropriations for the fund, activity and object are encumbered for the estimated costs

The second copy of the purchase order is retained in the department requesting the purchase and is filed until the goods are received. The original copy is sent to the vendor as his authorization to sell and/or ship merchandise to the school. Along with the original copy of the purchase order, a voucher should be sent to the vendor to be filled in, signed and returned with the invoice.

When the merchandise is received by the department, the second copy of the purchase order is documented as to the receipt of the merchandise and is returned to the business manager who compares it with the third copy on file in the business office. If they are in agreement they are filed in an unpaid purchase order file.

Upon receipt of the vendor's invoice and a signed voucher, a comparison is made against the unpaid purchase order. If all agree in items, quantities and prices, the voucher is numbered, coded, and recorded in the check register as an expenditure

These documents can then be forwarded to the governing body for approval and payment.

The triplicate purchase order serves as a requisition, a purchase authorization, a budget control document and a receiving document. The voucher serves as a payment authorization. This procedure assures that no merchandise is paid for unless actually budgeted, ordered and received.

Claim Vouchers:

A sample claim voucher is presented as Illustration 4.

A claim voucher should be prepared for all school expenditures except regular payroll. Vouchers must be coded for the appropriate fund(s) and expenditure classification(s).

Two declarations are shown on the lower part of the voucher. The first declaration is for the claimant's signature and it must be signed for personal services performed by school district employees, travel reimbursements and contracted services. Claims for supplies and materials may be signed by the appropriate authorized agent of the district under the second declaration.

A checklist for auditing claim vouchers by the business manager or other designated official before they are approved for payment should include but not be limited to the following items:

- Mathematical accuracy
- Legality
- Proper supporting documents
- Properly itemized
- Properly verified
- Sales tax charged where applicable
- Discounts available properly taken

Warrants:

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All school district disbursements should be made by check. The check should contain the name of the bank, date, name of the payee, amount, name of the school district, and the signature of the business manager and presiding officer of the board. If the signature of the business manager and/or the presiding officer of the board is affixed through the use of a signature stamp, access to these stamps must be controlled at all times. The business manager **MUST NOT** have access to the Board President's signature stamp.

The business manager should have sufficient documentation or support before any check is issued.

Checks which are not paid for want of funds should be registered and handled in accordance with SDCL 13-18-9 through 13.