



Accounting Procedures Manual

FOCPS Accounting Procedures Manual

Contents

Purpose	4
Objectives	5
Cash Receipts	6
Cash and checks	6
Cash and checks received by mail	6
Cash and checks received from school or district representatives	7
Cash and checks received by schools, at events, or otherwise in person	7
Cash and checks - general	8
Cash and checks – segregation of duties	8
Credit Card Payments	9
Credit card payments authorized by phone or in person	9
Credit card payments received over the FOCPS web site	9
Credit card payments processed by card swiping	10
Credit card refunds	10
Electronic funds transfers	11
LFL payments	11
Employee Giving Campaigns	11
Cash Disbursements	12
Payroll	13
Reporting Payroll to Paychex	13
Posting Payroll in QuickBooks	13
Bank Accounts & Investments	14
General Accounting	15
Maintaining the Chart of Accounts	15
Fixed Asset Tracking	15
Journal Entries	16

FOCPS Accounting Procedures Manual

Administrative Fees.....	16
Investment Income.....	17
Allocations	17
Non-cash transactions	17
Reconciliations.....	17
Reporting Requirements	18
<i>Monthly and Quarterly Reporting</i>	18
<i>Annual Reporting</i>	18
<i>Monthly Financial Reports</i>	19
Appendices	20
Appendix DP: Donor Perfect.....	20
QB-CD: Post disbursements (checks) in QuickBooks.....	20
QC-CR1: Post deposits (cash & checks) in QuickBooks	21
QC-CR2: Post settlements in QuickBooks	21
QC-CR3: Post EFT payments in QuickBooks.....	22
Note 1: Administrative fees & program management fees	22
Files & Forms	23
Computer Files	23
Physical Files.....	23
Forms (see following pages).....	23



Accounting Procedures Manual

Purpose

This manual defines the duties, responsibilities, and operational guidelines for recurring financial activities at the Foundation for Orange County Public Schools (“FOCPS”). The first section of the manual defines the procedures in general terms. This is followed by appendices which define certain tasks in greater detail.



Accounting Procedures Manual

Objectives

The objectives of these procedures are to process accounting transactions for FOCPS, with an eye towards:

- Effectiveness: This includes generating adequate data for providing meaningful financial reports to management, donors, and the public.
- Efficiency: Processing transactions in as efficient a manner as possible.
- Maintaining adequate internal controls. Internal controls include establishing responsibility for each aspect of the process, segregation of duties, restricting access to certain assets and information, documentation of procedures, and independent verification.

Recurring deliverables include annual audited financial statements, the annual Form 990, monthly financial reports to the Finance Committee and Board of Directors, monthly payroll submission, weekly disbursements to vendors and grantees, and monitoring the organization's cash balances. Ad hoc deliverables may include supporting data for grant proposals and grant reporting.

Internal controls are designed in part to minimize the chances for any fraudulent activities, but also to minimize the chances that any malfeasance by FOCPS staff could even be alleged.

Note that, as a general rule, one person should be assigned to each step of each procedure. The same person may be assigned to multiple steps, with some exceptions, which will be specified in the procedures. As a practical matter, there should be a person assigned as a back-up for each step, to cover when the primary person is unavailable. Conversely, to as great an extent as possible given a limited staff, responsibility for the different tasks associated with each aspect of the procedures should be p across as many people as is practical.

The procedures assume the use of QuickBooks ® software ("QB") for general accounting, and Donor Perfect ® software ("DP") for tracking donations.



Accounting Procedures Manual

Cash Receipts

Cash receipts may occur in a variety of methods. These procedures will outline the most common methods, but on occasion FOCPS will experience receipts of cash that do not fall neatly into one of the methods outlined below. In these cases, the FOCPS staff will need to use its judgment, but should utilize a procedure which is in keeping with the spirit of the existing procedures.

The most common methods by which cash will be received include:

- Cash and checks
 - Received by mail
 - Received by schools, at events, or otherwise in person
- Credit card payments
 - Authorized by phone or in person
 - Received over the FOCPS web site
 - Processed by card swiping
 - Credit card refunds
- Electronic funds transfers

Cash and checks

The initial step(s) for processing cash and checks are dependent on how the funds are received and are defined in separate sub-sections here. The remaining steps are the same and are defined in a final “Cash and checks – general” sub-section.

Cash and checks received by mail

Cash and checks received by mail do not require any handling other than what is described in “Cash and checks – general” below.



Accounting Procedures Manual

Cash and checks received from school or district representatives

School or district representatives are encouraged to use the guidelines

- Receive cash & checks: The school or district representatives transmitting the cash to FOCPS should include a Funds Transmittal Sheet (see “Forms” appendix). The FOCPS staff receiving the funds should reconcile the funds received to the transmittal sheet. Any discrepancies should be communicated to the school or district representatives immediately, and the date and nature of the communication, and any results thereof, noted on the transmittal sheet. All checks should be endorsed at this time.

Cash and checks received by schools, at events, or otherwise in person

Because of the unique nature of each event, many events will require individual procedures for handling cash receipts. When cash is received in person, the following guidelines should be adhered to as much as possible:

- No one person should be alone with any cash receipts until they are documented. After the receipts are documented, one person should have sole responsibility for the funds at any given time
- Cash receipts should be documented immediately if possible, or as soon as practical after receipt of the funds. For example, a receipt from a spiral bound cash receipts book, with NCR copies of each receipt, could be issued.
- Where possible, utilize a methodology of documenting that all of the funds have been deposited. For example, the use of pre-numbered tickets would allow the calculation of how many tickets were sold, which in turn could be used to determine the funds that should have been received are all accounted for.
- Funds should be remitted to the FOCPS office on any day that the amount of cash and checks on hand exceeds \$100, and at the conclusion of the event. A Funds Transmittal Sheet should be prepared and forwarded to the appropriate FOCPS staff with each remittance.
- Receive cash & checks: The FOCPS staff receiving the funds should reconcile the funds received to the transmittal sheet. Any discrepancies should be communicated to the school, event, or district representatives immediately, and the date and nature of the communication, and any results thereof, noted on the transmittal sheet. All checks should be endorsed at this time.



Accounting Procedures Manual

Cash and checks - general

- Post deposits (donor management software): Each deposit should be posted to the donation tracking software, and a receipt mailed to the donor where appropriate (see “Note DP” in the appendix). This step in the procedures will serve the function of logging cash receipts, and so should not be performed by the person posting cash receipts in QB.
- Deposit cash: On any day that the amount of undeposited cash on hand exceeds \$100, or undeposited cash and checks combined exceed \$1000, the funds should be deposited in the bank. The person preparing the deposit should:
 - Endorse all checks,
 - prepare a deposit slip,
 - photocopy the deposit slip and all checks (including the check stub if provided), attach any backup documentation (this would include any documents which define the purpose or restrictions for the receipt, and which are not stated on the check and/or check stub)
 - staple the photocopies and forward the deposit documentation to the person who will be posting the deposit, and
 - deposit the funds with the bank.
- Hold receipts: Any cash receipts which are not deposited the same day should be kept in a locked cabinet until they are deposited.
- Post deposits (accounting software): Each deposit should be posted to the accounting software as an individual deposit. Individual receipts of over \$250 should be separately stated within the deposit; smaller receipts for the same purpose may be combined. See “Note QC-CR1” in the appendix for details on posting deposits in QuickBooks.
- File deposit backup: The deposit documentation should be filed in the “Deposits” file for that month.

Cash and checks – segregation of duties

None of the following activities should be performed by the same person:

- Physical receipt of cash
- Posting of cash in accounting software
- Reconciliation of bank statements



Accounting Procedures Manual

Credit Card Payments

Credit card payments authorized by phone or in person

- Process the charge: Go on the authorize.net web site and process the charge
- The charge will be included with the charges made on the FOCPS web site (see below)

Credit card payments received over the FOCPS web site

FOCPS will receive two e-mails for each credit card payment, plus one for each settlement.

- Process e-mails: Payment receipt e-mails should be forwarded to the appropriate school or district representative, where applicable, and to the person that will be posting to the donor management software. Settlement e-mails should be forwarded to the person that will be doing the bank reconciliation. The settlement e-mail should be printed, the payment receipt e-mails printed and attached to the settlement e-mail, and the package forwarded to the person that will be posting to the accounting software.
- Post settlements (donor management software): Each settlement should be posted to the donation tracking software, and a receipt mailed to the donor (see “Note DP” in the appendix).
- Post settlements (accounting software): Each settlement should be posted to the accounting software as an individual deposit. Individual charges of over \$250 should be separately stated within the deposit; smaller receipts for the same purpose may be combined. See “Note QC-CR2” in the appendix for details on posting settlements in QuickBooks.
- File settlement backup: The settlement backup package is filed in the “Settlements” file for that month.



Accounting Procedures Manual

Credit card payments processed by card swiping

FOCPS will receive an e-mail for each settlement.

- Identify individual transactions: Go to the processing company's web site, and download the detail for the settlement to Excel. In the Excel worksheet, group the American Express charges together, and the other charges together. Sub-total each group of charges, and print the worksheet. Forward a copy of the worksheet to the person who will be posting to the donor management software, and to the person that will be posting to the accounting software.
- Process e-mails: Settlement e-mails should be forwarded to the person that will be doing the bank reconciliation.
- File settlement backup: The settlement e-mail should be printed, the Excel worksheet attached, and the package filed in the "Settlements" file for that month.
- Post settlements (donor management software): Each settlement should be posted to the donation tracking software, and a receipt mailed to the donor (see "Note DP" in the appendix).
- Post settlements (accounting software): Each settlement should be posted to the accounting software as an individual deposit. Individual charges of over \$250 should be separately stated within the deposit; smaller receipts for the same purpose may be combined. See "Note QC-CR2" in the appendix for details on posting settlements in QuickBooks.

Credit card refunds

- Process the charge: Go on the authorize.net web site and process the credit
- The credit will be included with the charges made on the FOCPS web site (see above)



Accounting Procedures Manual

Electronic funds transfers

At this writing, the only EFT transactions are License for Learning (LFL) payments and employee giving programs. EFT transactions are posted on a weekly basis.

LFL payments

- Identify payments: Go on the LFL web site, and identify the EFT's for the previous week.
- Post settlements (accounting software): Each EFT should be posted to the accounting software as an individual deposit. See "Note QB-CR3" in the appendix for details on posting EFT's in QuickBooks.
- File EFT backup: Each month, go on the LFL web site, print the EFT activity for the month, and file the report in the "Settlements" file for that month.

Employee Giving Campaigns

- Identify payments: An e-mail should be received indicating that an EFT transfer was made.
- Post settlements (accounting software): Each EFT should be posted to the accounting software as an individual deposit. See "Note QB-CR3" in the appendix for details on posting EFT's in QuickBooks.
- File EFT backup: The EFT documentation is filed in the "FET Receipts" file for that month.



Accounting Procedures Manual

Cash Disbursements

Checks are processed once per week. Check requests are due in the office on Monday, and checks are cut on Wednesday. Check requests are initially placed in a “Check Requests - Incoming” file folder.

- Review the check request: Confirm
 - 1) that the person requesting the check is authorized to do so,
 - 2) that the request is backed up by appropriate documentation,
 - 3) that the amount of the check request matches the amounts of the backup documentation,
 - 4) that the budget for the program has adequate funds available,
 - 5) that there is a Form W-9 on file for the payee where appropriate (a Form W-9 will typically be required for any payee that does not have “Inc.”, “Corp.”, or some other indication of corporate status in its name), and
 - 6) whether any special handling is required (for example, if the donor requires a copy of the check and/or documentation).
- Hold check requests: If a check request does not meet one or more of the above criteria, contact the person requesting the check and advise them of the issue. Place the check request in a “Check Requests – Holding” file folder until the issue is resolved.
- Post check requests: Check requests should be posted to the accounting software, and the checks printed. Printed checks are attached to the check request form, along with any additional back-up (an invoice, for example), and forwarded to the Executive Director for signature.
 - Checks for over \$1000 require a second signature. Upon return from the Executive Director, they should be placed in the “Check Requests – Second Signature” folder until fully executed.
 - See “Note QB-CD” in the appendix for details on posting settlements in QB.
- Mail and file checks: After a check is fully executed, review the check request for any special handling. The check and one check stub are mailed to the payee. The bottom stub is attached to the check request and backup documentation, and filed in the “Paid Bills” file for that month.



Accounting Procedures Manual

Payroll

Reporting Payroll to Paychex

- Payroll cycles:
 - Reading assistants report time monthly. Time is reported through a date determined by administrative staff (typically a Friday around the 20th of the month). Time is reported on a cover sheet, showing total hours for each school, and a detailed time sheet for each school. The detailed time sheets should be signed by the Reading Assistant and school's Authorized Representative. The form is faxed or e-mailed to FOCPS, reviewed and approved by the program directors.
 - Other hourly employees turn in time for a calendar month, estimating the last few days and adjusting as needed on the following month. Time is allocated to programs by the employee.
 - Salaried employees turn in time after the end of the calendar month, allocating time to programs.
- Time for each employee is entered in a workbook called a "Monthly payroll tie-out." The workbook has a summary worksheet and a worksheet for each employee. The summary sheet calculates expected gross pay.
- Payroll information is called in to Paychex three business days before month-end, reporting hours for hourly employees, salaries, and any setup changes. Total hours for hourly employees are used as a control total.

Posting Payroll in QuickBooks

- After payroll is complete, go onto the Paychex website and print the payroll reports. A monthly payroll allocation workbook, with one page per employee, is prepared, allocating gross pay, taxes, and benefits for each employee to programs. The individual sheets are printed out.
- The payroll journal is approved by the Executive Director
- There is a memorized journal entry in QB entitled "Payroll JE." Fill in the journal entry based the allocation worksheets.



Accounting Procedures Manual

Bank Accounts & Investments

After checks are cut on Wednesday, the balance in the operating account should normally be between a minimum balance of \$50,000 and a maximum balance of \$100,000. When aware of an unusually large impending disbursement, these balances can be temporarily increased accordingly. Funds should be transferred to or from a short-term investment account (may be a money market or savings account at the same financial institution).

- If the balance in the operating account is below the minimum balance, funds will be transferred via ACH from the short-term investment account in an amount adequate to bring the operating account balance up to that minimum balance.
- If the balance in the operating account is above the maximum balance, funds will be transferred via ACH to the short-term investment account in an amount adequate to bring the operating account balance down to that maximum balance.
- All fund transfers, other than transfers between different FOCPS accounts at the same financial institution, should 1) be initiated by one person, and approved by a different person, and/or 2) require confirmation notices to one designee on the FOCPS staff and one designee who is an FOCPS Board member and is not on the FOCPS staff.
- The establishment of any account at any financial institution which can receive transfers from an FOCPS account require confirmation notices to one designee on the FOCPS staff and one designee who is an FOCPS Board member and is not on the FOCPS staff.



Accounting Procedures Manual

General Accounting

Maintaining the Chart of Accounts

- At any time a change is made to the Chart of Accounts, it should be reflected in the following places:
 - The Chart of Accounts in QB
 - The “Actuals-YTD” and “Forecast” worksheets of the most current monthly financial package workbook

Fixed Asset Tracking

- Individual assets with a useful life of more than one year and a cost of at least \$1,000 should be capitalized. Assets with a useful life of one year or less, or a cost of less than \$1,000 should be expensed at the time of purchase.
 - A fixed asset schedule worksheet should be maintained for all capitalized assets, detailing a description of the asset, the serial number if applicable, the date of acquisition, and acquisition cost.
 - The fixed asset schedule worksheet should be updated annually to reflect the current and accumulated depreciation applied to each asset.
 - As assets are retired, the disposition date should be noted on the fixed asset schedule worksheet.
- Individual assets with a useful life of more than one year, a cost of less than \$1,000, and which are intended for use outside the FOCPS offices, should be tracked in a “Small Equipment Inventory” worksheet.
 - For each new asset, record a description of the asset, the serial number if applicable, the date of acquisition, and acquisition cost.
 - Any time such equipment is assigned to a new location, the inventory should be updated to reflect the new location.
 - As equipment is retired, the disposition date should be noted on the inventory.



Accounting Procedures Manual

Journal Entries

Administrative Fees

- Administrative fees are charged to school and district funds as follows:
 - Normally 5% of receipts, with \$250/year minimum (this varies for some programs)
 - There is an additional fee of 3.5% of receipts for all charge card settlements

- Calculate the fee amounts as follows:
 - Export a memorized report from QB, of all deposits for the calendar quarter, for all school and district funds, to an Excel worksheet.
 - Adjust for any transfers and other exempt transactions.
 - Refer to the “School District Fund Summary” for details of administrative fee policies for a particular fund. Apply the rate for the fund to the adjusted receipts.
 - Transfer the quarterly fees for each fund to the “School District Fund Summary”
 - At fiscal year-end, calculate and add any additional fees required to achieve the minimum annual fee for each fund
 - There is a memorized journal entry in QB entitled “Admin Fee.” Fill in the journal entry based the allocation worksheet.

- Calculate the merchant discount fees
 - Export a memorized report from QB, of all deposits for the calendar quarter, for all school and district funds, to an Excel worksheet.
 - Charge 3.5% of charge card settlements to each fund
 - There is a memorized journal entry in QB entitled “CC fees alloc.” Fill in the journal entry based the discount fees worksheet.



Accounting Procedures Manual

Investment Income

- Record the investment income from the investment accounts:
 - Download statements for each investment account from NBC Securities
 - Using the memorized journal entries in QB, record income, gains, losses, and expenses for each investment account
 - Confirm that the ending balance in QB for each investment account matches the ending balance on the statement for that account
- Reconcile each bank account, recording any interest and service charges
- Investment statements should be e-mailed to the Chairman of the Finance Committee each quarter.

Allocations

- Using the memorized journal entries in QB, allocate copier lease payment and web site hosting
- Using the memorized journal entry in QB, allocate LFL receipts, based on budgeted allocation and actual receipts

Non-cash transactions

- Using the memorized journal entry in QB, record depreciation and amortization for the month
- Review each deferral and accrual account, and make adjusting journal entries as required

Reconciliations

- Each month, each bank account statement should be reconciled to the balance in QB
- Each month, the receipts in DP should be reconciled to the receipts in QB



Accounting Procedures Manual

Reporting Requirements

The following reporting requirements are in place at this writing:

Monthly and Quarterly Reporting

- Monthly Financial Reports: due monthly, by the Monday preceding the Finance Committee meeting (see below).
- High School High Tech Quarterly Report: due quarterly, by the 01th of the month following each calendar quarter. Refer to the grantor's instructions for details on preparing this report.

Annual Reporting

- Annual audit and Form 990: These are both prepared by an outside auditing firm, in July and August. They will provide direction on reporting requirements for this purpose.
- Workers Compensation Premium Audit Report: due annually, around August. Refer to the insurer's instructions for details on preparing this report.
- License for Learning Annual Report: due annually, after the Form 990 is filed. Refer to the agency's instructions for details on preparing this report.
- Florida Department of Agriculture and Consumer Services: An annual registration is due each year in January. Refer to the agency's instructions for details on preparing this report.
- CFEF Member Survey: due annually, in February. Refer to the agency's instructions for details on preparing this report.
- Department of State Annual Report: due annually, by May 1. Refer to the agency's instructions at www.sunbiz.com for details on preparing this report.



Accounting Procedures Manual

Monthly Financial Reports

- Monthly financial reports are prepared using a multi-tab workbook for each month.
- The workbook for a new month is prepared by opening the workbook for the previous month, and saving it with a new directory location and/or name.
- All source data is maintained in one of four worksheets:
 - The “GenData” worksheet contains the month-end date, the number of months, checksums, and miscellaneous notes.
 - The “Actuals-YTD” worksheet contains the amounts from the trial balance for each month, and is updated every month.
 - The “Budget” worksheet contains the annual budget, spread by month. It should be set up at the beginning of each year, and not changed, unless the budget is amended.
 - The “Forecast” worksheet is set up at the beginning of each year, at which time it is identical to the budget. This worksheet may be updated as needed to anticipated future variances from the budget.



Accounting Procedures Manual

Appendices

Appendix DP: Donor Perfect

These procedures TBD after DP software is installed, including issuing acknowledgments to the donor.

QB-CD: Post disbursements (checks) in QuickBooks

- Start the “Write Checks” function in QB
 - Click on the “Write Checks” in the home screen, or
 - In the drop-down menus, select “Banking” and “Write Checks”
- Tab to the date, and enter the date of the check
- Enter or select the name of the payee (an effort should be made here to avoid, as much as possible, duplicate entries for the same payee). If you are entering a new payee:
 - At the “Name Not Found” pop-up window, click on the “Set Up” button
 - At the “Select Name Type” pop-up window, Select “Vendor” and click on the “OK” button
 - At the “Edit Vendor” screen, at a minimum you should enter the “Vendor Name.”
 - If you will be mailing checks to the payee, enter the “Billed From Address.”
 - If the payee is an individual, go to the “Additional Info” tab, enter the person’s social security number in the “Tax IDS” field, and check the “Vendor eligible for 1099” checkbox
- Enter the amount of the check
- Optionally enter a “Memo”
- Tab to the detail grid. For each account/class allocation, enter:
 - The “Account”
 - The “Amount” to charge to that account/class
 - The “Memo” column is optional
 - Skip to the “Class” column, and select the “Class”
 - Click “Save & New” or “Save & Close”



Accounting Procedures Manual

QC-CR1: Post deposits (cash & checks) in QuickBooks

- Start the “Make Deposits” function in QB
 - Click on the “Record Deposits” in the home screen, or
 - In the drop-down menus, select “Banking” and “Make Deposits”
- Tab to the date, and enter the date of the deposit
- Tab to the detail grid. Enter each item being deposited, as follows (see Note 1 below re administrative fees and program management fees):
 - The “Received From” column is optional
 - Enter the “From Account”
 - Enter the name of the payer in the “Memo “ column
 - Enter the check number, if applicable, and select the payment method
 - Select the “Class”
 - Enter the amount
 - Click “Save & New” or “Save & Close”

QC-CR2: Post settlements in QuickBooks

- Start the “Make Deposits” function in QB
 - Click on the “Record Deposits” in the home screen, or
 - In the drop-down menus, select “Banking” and “Make Deposits”
- Tab to the date, and enter the date of the deposit
- Tab to the “Memo” field and enter “MC/Visa” or “AmEx”, or other identification of the deposit as a settlement
- Tab to the detail grid. Enter each item being deposited, as follows (see Note 1 below re administrative fees and program management fees):
 - The “Received From” column is optional
 - Enter the “From Account”
 - Enter the name of the payer in the “Memo “ column
 - Skip the check number, and select the payment method
 - Select the “Class”
 - Enter the amount
 - Click “Save & New” or “Save & Close”



Accounting Procedures Manual

QC-CR3: Post EFT payments in QuickBooks

- Start the “Make Deposits” function in QB
 - Click on the “Record Deposits” in the home screen, or
 - In the drop-down menus, select “Banking” and “Make Deposits”
- Tab to the date, and enter the date of the deposit
- Tab to the “Memo” field and enter “EFT”, or other identification of the deposit as an EFT payment
- Tab to the detail grid. Enter the allocation of the EFT, as follows (see Note 1 below re administrative fees and program management fees):
 - The “Received From” column is optional
 - Enter the “From Account”
 - Enter the name of the payer in the “Memo “ column
 - Skip the check number, and select the payment method
 - Select the “Class”
 - Enter the amount
 - Click “Save & New” or “Save & Close”

Note 1: Administrative fees & program management fees

If part of a deposited item is allocated to administrative fees or program management fees, then that deposited item will need to be posted as two line items in the deposit. One line item will be the amount of the grant or donation, net of the fee, and the other will be the amount of the fee. The two line items combined should equal the amount of the deposited item. The net donation should be credited to the program, and the fee should be credited to the “Unrestricted” fund.



Accounting Procedures Manual

Files & Forms

Computer Files

- Fixed Asset Schedule worksheet
- Small Equipment Inventory

Physical Files

- Deposits by month
- Settlements by month
- Check requests – incoming (bin)
- Check requests – holding (bin)
- Check requests – single signature (folder)
- Check requests – second signature (folder)
- Paid bills by month

Forms (see following pages)

- Funds Transmittal Sheet
 - Transmittal of cash from school or district representative or event
 - The Funds Transmittal Sheet will include language to the effect of “All checks payable should be made payable to FOCPS”
- Check request

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