



Business Office Procedures

Northwest Regional Educational Cooperative #2



Business Office Procedures

Northwest Regional Educational Cooperative #2

Serving the following school districts:

- Chama Valley Schools
- Cuba Independent Schools
- Dulce Independent Schools
- Jemez Mountain Schools
- Mesa Vista Consolidated Schools
- Peñasco Independent Schools
- Questa Independent Schools

Adopted by the Council:

DATE

It is the policy of the NORTHWEST REGIONAL EDUCATION COOPERATIVE #2 Coordinating Council to provide equal opportunities without regard to race, color, national origin, sex, religion, age, marital status, disability, qualified handicap or veteran status in its educational program and activities. This includes, but is not limited to, educational services and employment. Inquiries concerning application of this policy may be referred to the Director.

TABLE OF CONTENTS

	Page
Fiscal Accountability	3
Determination	3
Responsibilities	3
Program and Budget Development	3
State Directed Activity Account (SDAA) Funds	3
Ancillary Services/State Appropriations Funding	4
Annual Operating Budget Development	4
Budget Review and Approval	4
Budget Approval	4
Budget Submission	4
Budget Amendments	4
Procurement Requirements	4
Procurement Officer	4
District Purchasing Requirements	5
Cash Disbursement Accounting	6
Approval of Vouchers	6
Cash Reconciliation	6
Separation of Duties	6
Payroll	7
Security of Checks	7
Travel and Training	8
Fixed Assets Inventory	8
Financial and Compliance Audits	8
Records Retention and Disposition	8

APPENDIX

FISCAL ACCOUNTABILITY

A. Determination

The REC serves as its own fiscal agent and shall employ such personnel as necessary to provide required fiscal administration and accountability.

B. Responsibilities

Fiscal accountability responsibilities shall include:

1. Assistance in the preparation of the application for federal funds and other federal flow through funds.
2. Receipt of federal funds dispersed pursuant to the application process, as well as other direct or federal flow through funds, state appropriations, local and other funds.
3. Disbursal of funds at the Council's/Director's direction and in compliance with grant applications and federal/state regulations.
4. Compliance with the requirements of 11-1-4 NMSA, 1978 Comp. for fund accountability.
5. Retention and maintenance of financial records for seven (7) years.
6. Assuring compliance with the Procurement Code 12-1-1 to 13-1-199 NMSA, 1978 Comp.
7. Compliance with programmatic and financial audit requirements.
8. Maintenance of required fixed asset inventory controls.
9. Compliance with the Mileage and Per Diem Act.
10. Preparation of required financial and programmatic reports for the Public Education Department, the Department of Finance and Administration, and the State Treasurer's office.
11. Compliance with the Joint Powers Agreement.
12. Compliance with all state and federal regulations in procurement processing.
13. Accounting for all NWREC#2 equipment and materials.

PROGRAM AND BUDGET DEVELOPMENT

A. State Directed Activity Account (SDAA) funds:

In order to receive payments under SDAA the NWREC#2 must submit a request for reimbursements (RFR) to the New Mexico Public Education Department.

The REC and the districts use budget figures awarded by the PED for federal SDAA flow-through funds.

The Business Manager will inform the districts of any funds which must be expended or which may be available for budgeting.

The Executive Director and Business Manager will provide assistance to districts in the development of their budgets by convening any required regional advisory groups and consolidating the budgets into a single document and submit it to the Public Education Department or other agencies for approval if required. If any changes or corrections are necessary in the approval processes, REC staff will be responsible for completing these. Upon final approval, the Executive Director will modify the budget and submit a Budget Adjustment Request (BAR) to the NMPED. The Governing Council of the NWREC will approve the BAR at a regularly scheduled meeting.

B. Ancillary Services/State Appropriations Funding

1. Each district will budget a proposed reimbursement to the REC at 12.5% of Entitlement and State Directed funds, 5% of Title II funds. Support for Ancillary Services will be on a case-by-case basis.

C. Annual Operating Budget Development

1. Chart of Accounts – the REC will use the PED/LEA Uniform Chart of Accounts and Manual of Procedures in the development and submission of budgets. The REC will submit individual program budgets.
2. The budget will show an estimate of total anticipated revenue for the ensuing year and will include expenditures itemized according to State Directed Programs and Operational expenditures from any other program adopted by the Council to be administered by REC personnel.

BUDGET REVIEW AND APPROVAL

- A. Budget Approval** – Each district’s portion of the budget/s will be approved by the individual Council of education prior to submission.

Each program’s budget and the REC operating budget will be reviewed and approved by the Council before final submission to PED. Copies of each program’s budget will be entered into the official minutes and will be available to all citizens for inspection.

- B. Budget Submission** – The REC budget will be submitted in accordance with DFA timelines for state agencies in order to be submitted with the NMSBE budget.

The PED will provide final budget approval on behalf of the DFA.

- C. Budget Amendments** – The Council may amend any program’s budget if deemed necessary to meet unforeseen program requirements or changes in preliminary budget figures. Changes will be made by action of the Council at a regularly scheduled meeting upon submission of such proposed changes by the Business Manager and Executive Director. Each amendment will be recorded in official Council minutes.

- D. All budget adjustment requests (BARs) must be submitted to and approved by the PED.**

- E. Actual reports must be submitted to PED as required (normally quarterly).**

PROCUREMENT REQUIREMENTS

The REC will adhere to all applicable requirements of the Procurement Code (13-1-1 to 13-1-199 NMSA, 1978 Comp.) in its purchasing practices. RECs are excluded from the requirements of procurement through the state-purchasing agent, but not from the requirements of the State Procurement Code. Purchasing policies and procedures for grant funding shall comply with requirements of the grant as well as the Procurement Code.

- A. Procurement Officer** – The Director or Coordinator is designated as the procurement officer for NWREC#2 and is authorized to enter into or administer contracts and make written determinations regarding procurements.

B. District Purchasing Requirements – Each district has approved budget amounts in the proposals adopted by the Council which require separate accounting.

1. Purchases made through the REC

- a. All purchases made through the REC will have prior approval of the district superintendent and Director or Coordinator.
- b. The procurement code should be followed for all purchases. Requisitions from school districts should have the signature of the superintendent. The fund and function/object code should be designated on the requisition. Procurement documentation should be attached, i.e., quotes or bids, contracts for stipends, travel request forms as required. Shipping and handling costs or an estimate thereof (15%) should be added as necessary.
- c. Requisitions and/or travel requests are submitted by district Business Managers to the REC Business Manager who will verify that budget money is available to that district in the correct fund and function/object code. A purchase order is then prepared and submitted to the Director or Coordinator who reviews the requisition to assure that it fits within the intent of the program application. If approved, the purchase order is signed and processed.
- e. When the order is complete, the employee verifying receipt will sign and date the PO acknowledging receipt of the order and return it to the REC Business Manager for payment.

2. REC Purchases

All purchase procedures will be directed by the State Procurement Code as interpreted in regulations promulgated by the Public Education Department and articulated in the REC Business Office Procedures Manual.

a. Contracts

The REC Director may enter into employment contracts or contracts with school districts, institutions, or independent contractors for the procurement of professional services. All contracts shall be subject to the non-supplanting requirements of 34 CFT 300.230 and certification requirements of Section 22-10-3 NMSA, 1978 Comp. and the regulations promulgated thereto.

Contracts for the professional services of independent contractors shall be obtained consistent with the Procurement Code 12-1-125(B) and 13-1-117.1 NMSA, 1978 Comp. and with procurement regulations adopted by the Council and will meet the IRS definitions for independent contractor status.

b. Procurement Policies

1) Pursuant to 13-1-105 (Competitive Sealed Bids)

Criteria which will affect the bid price specified in competitive sealed bids will be objectively measurable, defined by regulation, and shall be set forth in the invitation for bids. Such criteria might include trade and quantity discounts, transportation costs, total or life cycle costs, and evaluation for energy efficiency. Samples of items may be required in the invitation to bid and must be furnished free of expense to the REC purchasing officer and prior to the time set for the opening of bids. Nothing in this regulation shall be deemed to permit contract award to a bidder submitting a higher quality item than that designated in the invitation for bids if such a bidder is not also the lowest bidder.

2) Pursuant to 13-1-125, 13-1-117.1 NMSA, 1978 Comp. (Small Purchases)

Section 13-1-102 of the Procurement Code requires sealed bids for all purchases, except for the following: small purchases, sole source procurement, emergency procurement, existing contracts and purchases from antipoverty program businesses. Small purchases are defined, as purchases of less than \$1000 and as such do not

require written or oral quotations. Nonprofessional service purchases, construction, or items of tangible personal property of more than \$1,000 but less than \$10,000, and professional services of more than \$10,000 but less than \$50,000 require three written or oral quotations but do not require competitive sealed bids or proposals.

Purchases of professional services exceeding \$50,000 will be affected by request for sealed proposals with awards according to evaluation factors set forth in the call for proposals.

3) Pursuant to 13-1-129 NMSA, 1978 Comp. (Existing Contracts)

The purchasing officer may elect to “piggy-back” on an existing contract with another governmental entity or local public body without going through the request for bids or proposal process if the conditions listed in 13-1-129 are met and if the provider and contracting agency agree to do so. In such case, the purchase documents would specify the contract relied upon. (GSA or SPA or other governmental entity contracts)

- c. Purchase Order Requirement – Purchase orders are required for all purchases other than employee contracts for services, employee authorized deductions from payroll and federal/state required payments, i.e. educational retirement, FICA, insurance program payments, etc. Blanket purchase orders may be used for items purchased on a recurring basis from the same vendor within a specified time frame including purchases under SPA or GSA agreements.

CASH DISBURSEMENT ACCOUNTING

Cash disbursements shall be for the following transactions:

- Invoices for goods and services received,
- Disbursement for employment of casual or other labor not under contract,
- Disbursements for contracts
- Contracted payroll disbursements, and
- Requests for reimbursements.

A. Approval of Vouchers

In order to assure timely payment of REC obligations and in fairness to REC vendors, the Director or Coordinator is authorized to approve vouchers for payment prior to a Council meeting. A summary listing of the vouchers shall be presented to the Council at its next regular meeting for formal approval and entry in the minutes.

B. Cash Reconciliation

The REC Business Manager Assistant shall reconcile the operating bank account monthly.

C. Separation of Duties

The following procedures shall assure segregation of duties between A/P processing and payroll processing.

1. The Business Office Clerk will open incoming mail. The Business Office Clerk will make a copy of and stamp with a restrictive endorsement, i.e., “**For Deposit Only**”, all checks received, and maintain a Check Log.
2. The Business Office Clerk will forward checks and check copies to the Business Manager who will prepare a deposit slip, then return the check and deposit slip to the Business Office Clerk.

3. The Business Office Clerk will deposit the check within 24 hours (or 1 bank business day) and return the bank stamped deposit receipt to the Business Manager who will then log the date of the deposit in the Check Log, enter the deposit into the financial system (verifying amount with check copy), print a deposit receipt, and file in Deposits binder.
4. The Coordinator will verify all documents, initial each receipt, and log verification in Check Log.
5. The Business Office Clerk shall be responsible for accepting all requisitions, matching them with invoices and preparing them for payment.
6. The Business Manager shall review the requisition package for proper approval, issues a purchase order and rectifies any discrepancies between requisition and invoice amount.
7. The Business Manager shall print the checks and prepare the checks with supporting documentation for manual signatures by the REC Director or Coordinator.
8. The Business Manager shall secure blank checks and account for all checks: blank, voided and used.
9. On a monthly basis the Business Manager shall furnish the REC Director and Coordinator an accounting of all checks with the amount, payee and date issued.
10. All Journal Entries will be approved by the Director. The Business Manager will maintain appropriate approved documentation supporting the Journal Entry.
11. The Business Manager Assistant shall provide the REC Director with a reconciliation of all bank accounts within ten days of receipt of statements, pointing out any possible discrepancies.

D. Payroll

1. The REC Director will authorize the employment of each individual employee.
2. The Business Office Clerk shall be responsible for maintaining personnel files, providing justification for placement on a salary schedule or negotiated salary. This file shall contain documentation of all licensure, transcripts and required training as outlined by the Public Education Department.
3. The Business Office Clerk shall present to the REC Director a contract ready for signatures. The contract shall then be referred to the Business Manager for further processing.
4. The Business Manager will then meet with the employee presenting all deductions and benefit options. The employee will make decisions and sign a document detailing all deductions.
5. The Business Manager will then present this document to the REC Director for final approval before entry into the payroll system.
6. The Business Manager shall be responsible for timely payments to the IRS and retirement system.
7. The Business Manager shall track all leave: sick, vacation and personal.
8. The Business Manager shall be responsible for maintaining all accounts at all times in an 'audit ready' condition.

E. Security of Checks

All warrants shall be stored in fireproof locking vaults or cabinets.

TRAVEL AND TRAINING

The REC will comply with the Per Diem and Mileage Act and all DFA rules governing travel and per diem.

Reimbursement for actual expenses for travel and training may be reimbursed within the limitations established by DFA if approved in advance by the Director or Coordinator.

FIXED ASSETS INVENTORY

The REC will maintain a fixed assets inventory of items over \$1,000 in a format which meets GSD requirements; any additional inventory information required under EDGAR for federal grant purchases will be maintained.

A separate inventory of all supply assets valued under \$1,000 will be maintained for accountability purposes.

Equipment/property disposition procedures will be according to statute and applicable regulation.

FINANCIAL AND COMPLIANCE AUDITS

The State Auditor requires that state agencies maintain adequate accounting records, prepare financial statements in accordance with generally acceptable accounting principles, and cooperate with an Independent Public Accountant by providing to the IPA in a timely manner the information the IPA requires to express an opinion on the agency's financial statements.

The REC will annually contract with an auditor to perform a financial compliance audit as required by the State Auditor. The Council at a regular meeting will formally accept the audit report and a copy of the approved audit shall be forwarded to the PED Agency Support Division by the date in the State Auditor rule.

RECORDS RETENTION AND DISPOSITION

The Public Education Department and the State Records Center and Archives Rules state that, as a minimum, the following current and prior year items are to be securely stored daily:

1. All blank warrants/checks;
2. Council minutes;
3. Employees' earnings records;
4. General Ledger;
5. Revenue ledgers;
6. Cash control ledgers;
7. Warrant/check register;
8. Insurance policies and statements of value;
9. Motor vehicle titles;
10. Deeds and abstracts;
11. Audits;
12. Bank statements;
13. Canceled checks;
14. Paid vouchers (bids, quotations, purchase orders, invoices, etc.)
15. Software/databases

The Director and Coordinator are responsible for assuring that all permanent financial and programmatic documents are protected from fire and theft.

Records will be retained and disposed of as directed by EDGAR and the State Records Center.

Appendix

