## State of North Carolina

## Scotland County Board of Education

## Cash Management Plan

**Statutory Policy**

North Carolina law, Chapter 147-86.10 of the General Statutes, requires that "all agencies, institutions, departments, bureaus, boards, commissions and officers of the State...shall devise techniques and procedures for the receipt, deposit and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances."

**Plan Administration**

The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer and the State Auditor, is charged with developing and implementing a uniform statewide plan to carry out the cash management policy for all State agencies, departments and institutions. This Statewide Cash Management Plan outlines the policies, duties, responsibilities and requirements for cash management within State government on a broad basis. It is the responsibility of each school administrative unit to prepare a cash management plan that meets both the requirements of the Statewide Plan and the unique cash management needs of the individual school administrative unit.

Each school administrative unit will identify an individual who will have cash management responsibility. In Scotland County Schools the Superintendent and the Chief Financial Officer will have the responsibility of developing and administering the cash management plan as approved by the Scotland County Board of Education. Plans will be submitted to the Office of the State Controller for approval. Scotland County Schools will maintain a copy of their approved plan for audit review purposes.

**Plan Requirements**

**Cash Management Over Receipts:**

The objectives of cash management over receipts are to use diligence in collecting funds owed to the State, to provide internal control over cash and cash equivalents and to expedite the movement of monies collected into interest bearing accounts. To accomplish these objectives, all plans adopted will include these rules:

1. Except as otherwise provided by law, all funds belonging to the State of North Carolina, and received by an employee of the State in the normal course of their employment shall be deposited as follows:

* All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
* Monies received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G. S. 147-69.3. 2. Monies received shall be deposited daily in the form and amounts received, except as otherwise provided by law. To insure compliance, the following procedures are followed:
* Cash and checks received via mail are logged into a book by a financial clerk independent of the depositing function. All cash received is receipted to the individual except in the child nutrition area where cash is collected through a cash register with balancing done on a daily basis. At the Central Office level, cutoff time is 12:00 p.m. Child nutrition makes deposits after 2:00 p.m., and individual school deposits may vary. Regardless of the location, all monies received after the time of deposit are held in safekeeping (i.e. vault) until the next day. Cash receipts are entered into our accounting software by a financial clerk independent of the receipting and depositing functions.
* Deposits are made on a daily basis if over $250, at the end of each week, and on the last working day of the month.
* Returned items and money deposited in error are corrected when bank statements are reconciled. In the case of returned checks every effort is made to collect money due to Scotland County Schools. A fee is charged for non-sufficient checks.
* Wire transfers are received into and disbursed from our account. These items re reconciled monthly for validity and accuracy.

3. Monies due to a school administrative unit from other governmental agencies or from private persons shall be promptly billed, collected, and deposited. All school administrative units will establish accounts receivable management policies and procedures. These policies and procedures will be included as a part of the school administrative unit’s cash management plan

* Scotland County Schools only has year-end receivables. We collect 100% of our receivables; therefore, we have no write-off policy, procedure, nor collection policy or procedure.

4. School administrative units shall accept electronic payments (credit cards, debit cards and electronic funds transfers) in accordance with G.S. 147-86.22, to the maximum extent possible and consistent with sound business practices. All units will establish policies and procedures necessary to facilitate the use of electronic payments.

* Scotland County Schools does not accept electronic credit or debit cards.

In addition to adhering to these guidelines, school administrative unit plans shall employ proven techniques, which improve cash handling. Some of these techniques include:

* Receipt of federal grant payments and reimbursements by wire transfer when possible
* Timing deposits in order to receive current day credit in accordance with schedules available from the North Carolina State Treasurer.

**Cash Management over Disbursements:**

The objective of managing disbursements is to maintain funds in interest-bearing accounts for the longest appropriate period of time. This allows the State to recognize the maximum earning potential on its funds. This is not intended to encourage late payment or have a negative impact on relationships with firms who, in good faith, supply goods and services to the State. The following rules should be included in all plans:

1. Monies deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.

* Invoices are matched to the receiving copy of purchase orders. If purchase orders are not used, the invoices are signed by a supervisor to verify services were received or provided. Cash disbursements are made according to an established disbursement cycle. Specified employees who are independent of voucher/invoice approval prepare checks for disbursement.
* Bank statements are reconciled by the 15th of each month by the Assistant Finance Officer, then reviewed by the Chief Financial Officer for accuracy.

2. As provided in Section 147-86.10, the order in which appropriations and other available resources are expended shall be subject to the provisions of the Executive Budget Act, G.S. 143-27, regardless of whether the State agency disbursing or expending the monies is subject to the Act.

3. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.

4. Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.

5. Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due. In order to avoid disbursing account overdrafts, warrants will not be released before adequate funds have been requisitioned, approved and deposited to the applicable disbursing account by the OSC. Also, warrants are not released before Positive Pay files have been transmitted to the State Treasurer.

6. Electronic Funds Transfer (EFT) will be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.

7. Scotland County Schools procurement card program provides a more rapid process for small purchases while reducing paperwork and handling costs. Using the Procurement Card Purchasing System (PCPS) dramatically shortens the payment cycle from the traditional requisition process which includes pricing, inquiry, order placement, delivery of goods, invoice and voucher review. Scotland county schools will reimburse programs for rebates earned with p-cards.

The Procurement Card may be used for:

* Purchase of instructional supplies, office supplies, food purchases, film developing, etc with a $500 per transaction spending limit and a monthly spending limit of $2500. Cards limited to fourteen (14) transactions per day.
* Travel in accordance with the Travel Procedures of Scotland County Schools. Gas, meals and rental cars are included. Per transactions and monthly spending limits will be determined on an individual basis. Expenses related to travel should be documented on Monthly Travel Transaction Log.

Procurement Card Limitations:

The Procurement Card shall **NOT** be used for the following:

* personal purchases or identification
* a single purchase that exceeds the cardholder’s single purchase limit, do not split into multiple transactions to circumvent spending limits
* cash advances (telephone calls/monthly service)
* gift cards
* contractor payment

Unauthorized Transactions:

A cardholder who makes unauthorized purchases or carelessly uses the procurement card may be liable for the total dollar amount of such unauthorized purchases, plus any administrative fees charged by the bank in connection with the misuse. The cardholder will also be subject to disciplinary action.

Reconciliation of Procurement Card Transactions:

Cardholder:

* Obtain copy of monthly statement. Statement should be available the second day of each month.
* Compare Monthly Transaction Logs to sales slips, register receipts, etc. to statement.
* Make note of any disputed charges.
* Sign and date Monthly Transaction Logs and submit to Budget Manager for review and approval.

Budget Manager:

* Review documentations provided by cardholder. (statement, monthly transaction logs, sales slips, register receipts, etc) and verify that prior approval was obtained and funding is encumbered
* Sign and date monthly transaction logs
* Submit to Purchasing Director within four (4) days after monthly closing date.

Purchasing Director submits all approved paperwork to internal auditor for final review before payment is made.

8. “Delegation of Disbursing Authority” agreements must be kept current. Regardless of whether changes have occurred since the last submission, “Delegation of Disbursing Authority” agreements must be submitted annually for OSC approval.

**Techniques helpful in controlling disbursements include:**

* Establishing special procedures for making large disbursements such as social security and federal withholding tax remittances to ensure that payment is made on the due date and not before.
* Managing inventory and supply levels to stock the minimum necessary to conduct business without disruption.

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(Superintendent) (Date)

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(Fiscal Officer) (Date)

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(State Controller) (Date)