
*Rescinds Policy Number:**Issued: 02/04/2002, 11/17/2004*

State of North Carolina, Orange County Schools, Cash Management Plan-School Administrative Units

I. 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 receipts, deposit and disbursement of monies coming into their control and custody which are designed to maximize interest-bearing investment of cash and to minimize idle and nonproductive cash balances.”

II. 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.

III. 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:
 - a. All monies received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
 - b. Monies received in trust for specific beneficiaries for which the employee-custodian has 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.
 - a. Cash received via mail is logged into a book by an accounting clerk independent of the depositing function. All cash received is receipted by the accounting clerk except in the Child Nutrition area where cash is collected through a cash register and balancing is done daily. At the Central Office level, cutoff time is 12:30 p.m. Child Nutrition makes deposits daily usually after 2:30 p.m.; individual school deposit times vary. Regardless of the location, all monies received after the time of deposit are secured in a safe place (i.e. vault) until the next day.
 - b. Orange County School Board policy states that amounts over \$150.00 must be deposited daily. All money must be deposited by the end of each week and on the last working day of the month.
 - c. All checks are run through the bank twice before being returned to the finance office. Once a check is returned, every effort is made to collect the money owed. Fees are collected for non-sufficient fund checks.

- d. Returned items and money deposited in error are corrected after bank statements are reconciled.
 - e. Wire transfers are received and disbursed into our account. Transfers are only accepted from the North Carolina Department of Public Instruction (NCDPI), federal government, Orange County Local Government, and various grants. These items are reconciled to our back statement monthly to verify that the wire transfers are ours.
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.
- a. Accounts receivables are billed on a monthly basis. We collect 100% of our accounts receivable; therefore, we have no write-off policy.
4. School administrative units shall accept electronic payments (credit cards, debit cards and electronic fund 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. These policies and procedures will be included as a part of the school administrative unit's cash management plan.
- a. No electronic payments, credit cards, or debit cards are accepted by Orange County Schools.

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

- a. Receipt of federal grant payments by wire transfer when possible.
- b. Special post office boxes to facilitate the processing of large remittances.
- c. Color coded mailing labels and envelopes to identify remittances for special handling.
- d. Separate addresses to distinguish remittances from other mail.
- e. Reassignment of personnel, or the hiring of temporary personnel, when this proves cost effective, to accelerate the processing of remittances during peak periods.
- f. Deposits made by units outside Raleigh should be made with cash concentration banks designated by the State Treasurer.
- g. The evaluation and establishment of lock-boxes in areas which are large sources of remittances, but which are geographically distant from the nearest State agency office. Lock-boxes are locked Post Office boxes tended by banking agents. These allow quicker cash collection in areas which are not served by agency offices.
- h. The use of remittance processing equipment when justified by the volume of deposits.
- i. Establishing billing schedules which are both efficient and lead to earlier receipt of monies due to the State.
- j. Timing deposits in order to receive current day credit in accordance with schedules available from the 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 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.

- a. Invoices are matched to the receiving copy of purchase orders. If purchase orders are not used, the invoices are approved by a supervisor to verify merchandise or services were received or provided.
- b. Bank reconciliation's are done on a monthly basis.
2. As provided in Section 147-86.10 the order in which appropriation 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 school administrative unit disbursing or expending the monies is subject to the Act.
3. Federal and other reimbursements of expenditures paid from the State funds shall be paid immediately to the source of State funds.
4. Billings to the State for goods received or services rendered shall be paid neither early not late but on the source of State funds.
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.
 - a. The Finance office has the responsibility for assuring timely and accurate disbursement of all Accounts Payable and payroll checks.
 - b. The Finance Department staff has responsibility for the review and disbursement of the School System's funds in accordance with its policies and procedures.
 - c. Invoices are matched to the receiving copy of purchase orders. If purchase orders are not used, the invoices are approved by a supervisor to verify merchandise or services were received or provided. An invoice with Purchase Order represents the majority of payments for goods and services processed by AP. All purchases for goods and services are initiated with a purchase requisition (on-line) except for travel, utility payments and etc.
 - d. Requests for payment of items shown in the policy statement as not requiring a purchase order must have original complete back-up documentation and/or invoice.
 - e. Copies of supporting documentation will not be accepted unless the original documentation (receipt or invoice) cannot be obtained.
 - f. The disbursement must be accurately classified to the proper account distribution and agree with established account classifications based on the Uniform Chart of Accounts.
 - g. All check requests must have proper authorized approval. Stamped signatures will not be accepted.
 - h. The amount shown on all source documents for each check request must equal the amounts shown on the check. AP must check accuracy of calculations.
 - i. All payments reflect the correct fiscal year in which the expenditure occurred.
 - j. The turnaround time for check requests will generally be five (5) to ten (10) business days from the date of receipt in the Finance office based on the Accounts Payable schedule that is developed each fiscal year. Failure to submit the proper documentation to AP delays the disbursement process, which adversely affects budgets and vendor business relations.
 - k. Special requests to hold a check for pickup will be honored on a limited basis. In order to honor these requests, verification from the appropriate Supervisor will be required fully explaining the reason for the request.
 - l. Except in cases of extreme emergency, the ONLY person that can pick up a check is the person listed on the check with valid identification.
 - m. The following duties are generally performed by different staff:
 - n. • Receiving and invoice processing.
 - o. • Invoice processing and making general ledger entries (except for corrections).
 - p. • Invoice processing and check signing.
 - q. • Invoice processing, check approval, and check mailing.

- r. All wages and salaries due to employees for services performed or for benefits used shall be distributed to such employees either by direct bank deposit or by written check on such pay day. Employees are paid monthly by current submission of payroll documents.
 - s. The payroll technician prepares monthly payroll and verifies proper authorization and payment of salary and wage.
 - t. Responsibility for payroll processing is separated between the authorization and the distribution of the pay check.
 - u. Payroll checks which have been processed and printed will not be released to employees prior to the specified pay date except in cases of extreme emergency (severe illness or death in the family requiring the employee to be out of town). Exceptions will be handled by the Finance office
 - v. The Human Resource Department is to submit documents for new hires, salary increases, and status changes in the appropriate payroll cycle in order to pay employees in a timely manner and prevent non-payment of new employees and retroactivity of existing employees. The department is to give notification to the payroll office of employee terminations and LOAs (leaves of absence) in the payroll cycle it occurred. This will prevent overpayments, unauthorized use of resources.
 - w. OCS will recover any overpayment of salaries or benefits according to Board policy.
 - x. OCS uses a laser check processing system to produce checks per state specifications. The check processing system is controlled and secured within the Finance Office. Making checks out to "Cash" is prohibited.
 - y. Voided Checks are properly accounted for and effectively cancelled by stamping void on checks and voiding checks in the AP or Payroll System.
 - z. Upon request, the payroll technician administers the forms for re-issuance of a lost, stolen, or destroyed State warrants. Accounts Payable mails re-issuance forms for general expense checks.
6. Electronic Funds Transfer (EFT) should be used for certain payments between State and Local units, vendors and employees when it is determined to be mutually beneficial to both parties.
- a. At the request of an employee OCS will distribute their paycheck by Electronic Funds Transfer to their checking or savings account at any bank in the United States using the Automated Clearing House for distribution. For those employees who enroll in EFT, paychecks will be automatically deposited in the employee's designated account on payday and the earnings statement may be picked at the employee's school or department.
 - b. All OCS employees, including part-time employees are eligible to participate in EFT on a voluntary basis. Employees who desire to participate must complete and sign an Authorization Agreement for Direct Deposit of Salary. A deposit slip or voided check must be attached to the agreement form.
7. State administered and/or approved procurement card should be used to provide employees with food, lodging and other applicable subsistence in emergency situations.
- a. OCS currently does not use procurement cards.
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:

- o 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.
- o Managing inventory and supply levels to stock the minimum necessary to conduct business without disruption.