Franklin County Schools

Internal Controls Manual

Approved by Franklin County Board of Education
January 9, 2017

INTERNAL CONTROLS

TABLE OF CONTENTS

Introduction……..…..…….3

Components of Internal Controls…….……..……..…4-5

Purpose/Overview/Ethics…….……...6-7

Compliance with Applicable Laws for Obligation and Costs……..…..…8-13

Safeguards against Waste, Loss, Unauthorized Use or Misappropriation…….…….….14-17

Proper Recording of Revenue and Expenditures in Preparation of Accurate and Reliable Financial and Statistical Reports to Maintain Accountability Over the Assets……18

Segregation of Duties Checklist ……...……...…..19-32

Appendices -

Appendix A -Franklin County Government Organization Chart……..…….…....33

Appendix B - Franklin County Schools Organizational Chart……..……..….34-35

Appendix C – Franklin County, Tennessee Policies and Procedures ……..…….36

Appendix D – School, Nutrition Internal Controls…….....37-40

Appendix E - ESP Internal Controls……..….…….41-43

WHAT ARE INTERNAL CONTROLS?

Internal control is a process affected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.
-U.S. Government Accountability Office (GAO) Green Book

WHAT IS AN INTERNAL CONTROLS SYSTEM?

"An internal controls system is a continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity's objectives will be achieved."
-U.S. Government Accountability Office (GAO) Green Book

TCA § 9-18-102(a)

An amendment to state law requiring all county governments to establish and maintain internal controls which provide reasonable assurance that . . .

1. Obligations and costs are in compliance with applicable law

2. Funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriations; and

3. Revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

Effective - June 30, 2016,
updated November 3, 2026

COMPONENTS OF INTERNAL CONTROLS

I. Control Environment

II. Risk Assessment

III. Control Activities

IV. Information and Communication

V. Monitoring

I. CONTROL ENVIRONMENT

Control environment is the foundation for an internal controls system. It provides the discipline and structure to help the entity achieve its objectives by the:

1. Demonstration of commitment to integrity and ethical values;
2. Exercise of oversight responsibility;
3. Establishment of structure;
4. Demonstration of commitment to competence; and
5. Enforcement of accountability.

II. RISK ASSESSMENT

Risk assessment examines the risks facing the entity as it seeks to achieve its objectives. This review provides the basis for developing appropriate risk responses by:

1. Defining objectives and risk tolerances;
2. Identifying, analyzing and responding to risk;
3. Assessing fraud risk; and
4. Analyzing and responding to change.

III. CONTROL ACTIVITIES

The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal controls system; this includes the entity's information system to include the:

1. Design of control activities;

2. Design of activities for the information system; and

3. Implementation of control activities.

IV. INFORMATION AND COMMUNICTION

This is the quality of information management and communications that personnel use to support the internal controls system including, but not necessarily limited to the:

1. Use of quality information;

2. Communicate internally; and

3. Communicate externally.

V. MONITORING

Monitoring assesses the quality of performance over time and promptly resolves the findings of audits and other reviews. This is accomplished by the:

1. Performance of monitoring activities; and

2. Remediation and correction of noted deficiencies.

PURPOSE

To document an understanding and assess the internal controls of financial policies and procedures of Franklin County Schools as it pertains to the following:

- Whether obligations and costs of the operation are in compliance with applicable law;

- Whether county funds, property and other assets that are designated/assigned to the Franklin County Schools are safeguarded against waste, loss, unauthorized use of misappropriation; and

- Whether revenues and expenditures in the county funds are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

OVERVIEW

An in-depth study and analysis of the internal control environment for the operations of Franklin County Schools was performed during the Fall of 2016 by multiple school system staff members of Franklin County Schools as well as the Deputy Finance Director for the Franklin County (sole responsibility is the school system). The staff members include the Director of Schools and the following system-level administrators:

Supervisor – Exceptional Children Services;
Supervisor -- Student Support Services;
Supervisor – Secondary Curriculum/Instruction Education and Career Enhancement;
Supervisor – Federal Programs, Elementary Education & Accountability;
Supervisor – Human Resources;
Supervisor – School Nutrition; and
Supervisor - Technology.

Administrative assistants and others in supporting positions also contributed to the development of this manual. Representatives from every component of the school system were involved.

ETHICS

It is the intent of Franklin County Schools to demonstrate a commitment to integrity and ethical values. This commitment can be evidenced thorough the adoption and adherence to the following school board policies:

- **Policy 1.106 - Ethics (School Board)**
- **Policy 1.107 – Conflict of Interest (School Board)**
- **Policy 1.108 - Nepotism**
- **Policy 5.605 – Staff Gifts and Solicitations**
- **Policy 5.611 - Ethics (Personnel)**

Compliance with Applicable Law for Obligations and Costs

Section Two of the Board of Education's Policy manual is titled 'Fiscal Management'. The policy manual is posted on the school system's web-site, readily available. Section Two of the manual is scheduled for an annual review by the school board in the month of January.

As stated in Franklin County Board of Education Policy 2.100 titled 'Fiscal Management Goals and Objectives'.

- **Policy 2.100 – Fiscal Management Goals and Objectives**

…The Board shall practice sound fiscal management procedures which guarantee maximum use of all resources provided…

I. Budget Adoption

Franklin County Schools is merely one entity of Franklin County Government. While the Franklin County Board of Education has policies and procedures that outline the budget process, the school budget eventually becomes one component of the county budget. Franklin County operates under the County Financial Management System of 1981.

The school system's budget is guided by Franklin County Board of Education Policy 2.200 titled 'Annual Operating Budget' which includes guidelines for the preparation procedure, hearing reviews, and the final adoption procedure.

- **Policy 2.200 – Annual Operating Budget**

As stated in policy, the Director of Schools, Director of Finance, and the Chair~~man~~ of the Board shall develop a budget preparation calendar no later than January 1 of the current school year. The calendar shall be used as a guide for coordinating the budgetary activities of individuals and groups, collecting budget data, reviewing budget problems, and making budget decisions. Budget preparation is the responsibility of the Director of Schools. The Director of Schools establishes procedures for the involvement of staff, including requests from department heads and principals, all of whom shall seek advice and suggestions from other staff and faculty members. Once the needs of each department have been expressed, the Director of Schools and others, as needed, meet with the county's Deputy Finance Director to develop the budget.

Typically, in April the Director of Schools and the Deputy Finance Director will receive the initial estimates of the TISA (Tennessee Investment in Student Achievement) state revenue for the following school year. The final TISA revenue numbers will be made available in July.

Once the preliminary information regarding anticipated revenue and expenditures are established, the Director of Schools and the Deputy Finance Director meet to balance the financial needs of the school system with the anticipated revenue and the preliminary working budget is developed. The working budget may be revised several times before a version is ready

to present to the school board for discussion. A work session is typically conducted with board members to discuss and revise, if needed, each line item of the budget. A final budget must be presented to the finance committee in May. The county commission is expected to approve the school budget in the month of June.

Other specific board policies affiliated with financial management include -

- **Policy 2.400 - 'Revenues'**
- **Policy 2.500 - 'Deposit of Funds'**

II. Budget Amendments

The Director of Schools/designee and the Deputy Finance Director monitor the adopted budget throughout the year to ensure that any needed budget amendments are made before an overage occurs. The guidelines for budget amendments can be evidenced through the adherence to the following school board policy.

- **Policy 2.701 - 'Financial Reports and Record'**

III. Purchasing

The Franklin County Board of Education complies with the county purchasing policy adopted under the County Financial Management System of 1981 that is in effect for Franklin County Government. The guidelines for purchasing can be evidenced through the adoption and adherence to the following school board policies:

- **Policy 2.700 - 'Accounting System'**
- **Policy 2.805 - 'Purchases'**

This policy addresses the following purchasing situations: purchases by individual schools, routine purchases made at or by the central office, special purchases, emergency purchases, purchasing of surplus property, cooperative purchasing, online purchasing, and purchasing with federal grant funds.

Some of the requirements of the *Tennessee Internal School Uniform Accounting Policy Manual* are referenced in this policy.

- **Policy 2.806 - 'Bids and Quotations'**
- **Policy 2.807 - 'Requisitions'**

IV. Purchase Orders

The Franklin County Board of Education complies with school board policy 2.808 Purchase Orders and Contracts and with the policy of the county financial management policies. Per the Finance Department, all purchases for $25.00 or more made by the school or school system shall be by purchase order or formal contract, and no purchase shall be made nor payment approved unless covered by an approved purchase order. Purchase orders will include the following essentials:

1. A specification which adequately describes to the supplier the characteristics and the quality standards of the item required;
2. A firm, quoted, net delivered price, whenever possible; and
3. Signature of purchasing agent /designee.

School personnel will present in person, email or FAX a requisition to the County Purchasing Agent who will verify the availability of funding in the budget. A purchase order number is assigned by the County Purchasing Agent. The purchase order is then issued, and the requested purchase can be made.

The majority of goods ordered are delivered to the maintenance shop to be checked by the Shipping/Receiving Clerk (signature denoting receipt of goods is required). The Clerk will verify that the goods received were the items listed on the initial requisition; additionally, the Clerk will notify the person making the purchase of the actual delivery and also forward the appropriate documents to the accounts payable clerk at the finance office for proper payment Many times, maintenance employees assist in the actual delivery. The person receiving the goods must sign the invoice or packing slip verifying the goods were received. The purchase order is then liquidated (if not open blanket PO), and checks are prepared for payments by the Franklin County Finance Department.

The guidelines for purchase orders can be evidenced through the following school board policies:

- **Policy 2.807 - 'Requisitions'**
- **Policy 2.808 - 'Purchase Orders and Contracts'**

Purchase order guidelines are also addressed in the Franklin County purchasing policy adopted by the Franklin County Financial Management System of 1981.

V. Store Cards

Franklin County Board of Education maintains the following store cards: Walmart, Co-Op, Sam's, Kroger, and Home Depot cards. These cards are maintained by the County Purchasing Agent or Human Resources and kept locked up in his/her desk, and maintains a sign-in-out sheet for store cards. School personnel must review and sign the invoices of all store card purchases; the store card, signed receipt, and accompanying purchase order are returned to the administrative assistant the day that the card is signed out.

IV. Credit Cards

Franklin County Board of Education has multiple credit cards that have been assigned to the various directors that are maintained in safe, secure locations. The cards are used for making reservations for professional development conferences for school board members and district educators and for on-line purchases. Purchase orders are required prior to the use of the credit card; receipt of the invoice must be submitted to the Finance office for prompt payment.

V. Contracts

As Franklin County Board of Education is one of the entities under the 1981 Financial Management Act the Finance Director signs all county contracts dealing with purchasing. Any items (other than professional services or other items exempt from bidding by state statute) over $50,000 must be competitively bid, and all items between $10,000 and $50,000 must have three quotes. All contracts are approved by the Franklin County Board of Education and the county commission, when applicable. For a detailed step-by-step listing of internal controls/processes over bidding/contract awards, see the bidding procedure section of the county's purchasing policy. The Deputy Finance Director coordinates with the individual county departments/offices to ensure contract compliance from the vendors (county receiving agreed upon price, level of service, etc.).

- **Policy 2.806 - 'Bids and Quotations'**
- **Policy 2.808 - 'Purchase Orders and Contracts'**

VI. Emergency Purchases

Franklin County Board of Education Policy 2.805 addresses emergency purchases, and the Director of Schools enforces this policy. The Director of Schools will coordinate with the county finance department in the case of emergency purchases that arise from unforeseen events that will require normal bidding procedures to be circumvented because of the nature of the emergency at hand. Emergency purchases are those which are necessary to avert hazards which threaten health or safety, to protect property from damage or to avoid major disruption of educational activities. If within budgetary limits and deemed essential, emergency purchases may be made by the Director of Schools. However, if the purchase is of such significant magnitude as to impact on the integrity of the budget, the chairman shall call a special or emergency meeting of the Board to deal with the matter. Emergency purchases follow normal purchasing procedures to the extent possible. The emergency purchase justification form should be signed by the Director of Schools and the Finance Director.

- **Policy 2.805 - 'Purchases/Purchasing Authority'**

VII. Payroll

Payroll is authorized each fiscal year through the annual county budget appropriation for the school's General Purpose fund and federal funds and school nutrition that is prepared by the Director of Schools and then sent to the county commission for approval. Terms of Employment are prepared by Human Resources for both the certified and classified staffs (including School Nutrition). Authorization for payroll for both the certified staff and the classified staff is generated by the director of human resources and forwarded to the Deputy Finance Director at the beginning of the fiscal year. The certified staff and most of the classified staff are paid monthly; only the true twelve-month employees (working year-round, about 260 days) are paid every two weeks. Timesheets are required to be generated, submitted and approved by all non-exempt employees and their immediate supervisor; the timesheets are then forwarded to the Finance Department for processing.

All pay for school personnel is channeled through the finance office. Supplemental payroll is sent to the Finance Department per pay period. The school finance administrative assistant and the Finance Director monitor all county payroll items during the fiscal year to ensure that payroll costs do not exceed county commission approved amounts. The guidelines established by the Franklin County Board of Education can be evidenced through the adoption and adherence to the following school board policies**:**

- **Policy 2.802 - Payroll Procedures**
- **Policy 2.804 – Expenses and Reimbursements**
- **Policy 5.110 – Compensation**

VIII. Employee Benefits

The Franklin County Board of Education participates in TCRS for full-time employees and also allows full-time employees to maintain health insurance after they retire if they meet qualifications and are eligible for TCRS benefits. The Deputy Finance Director and the ~~Director~~ Supervisor of Human Resources monitor the OPEB and pension obligations for the school system as well as a contracted actuary. The Supervisor of Human Resources for the school system and the Deputy Finance Director are responsible for ensuring compliance with the county personnel policies to ensure that only eligible county employees/retirees receive OPEB and pension benefits. The Deputy Finance Director and the Supervisor of Human Resources review as needed the status of the school system employees to check for eligibility of these benefits.

- **Policy 3.600--Insurance**

IX. Vacation and Leave Obligations

The Deputy Finance Director coordinates with the payroll clerks and the school system to ensure that all vacation/sick time accrued is accounted for accurately, is in compliance with the applicable personnel policies, and is within legal limits. The guidelines for vacation and leave can be evidenced through the adoption and adherence to the following school board policy.

- **Policy 5.310 – Vacations and Holidays**

X. Debt Issuance and Management

The Franklin County Finance Department coordinates with the county financial advisor (bonds) and financial institutions (capital outlay notes) to ensure that the county is in compliance with the adopted county debt management policy and state statute. The finance department is responsible for an annual review of the county debt management policy. The guidelines for investments can be evidenced through the adoption and adherence to the following school board policy:

- **Policy 2.402 – Investment**

SAFEGUARDS AGAINST WASTE, LOSS, UNAUTHORIZED USE OR MISAPPROPRIATION

I. Control Environment

All specific jobs of the school system have written job descriptions which includes, but is not limited to, the essential duties and responsibilities as well as physical demands of the position.

The Supervisor of Human Resources maintained the job descriptions; this file is readily available on-line on the system web-site under 'Departments' and 'Human Resources'.

Link for Job Descriptions -

Since January 1, 2000, all new employees of Franklin County Schools have been required to have a criminal background check; the results of the check have to be deemed satisfactorily by the Director of Schools. All employees hired before January 1, 2000 and bus contractors were fingerprinted for the purpose of verifying a clear criminal back check during the 2018-19 school year. All employees, contractors, and volunteers are entered into the RAPBack System upon being fingerprinted. A file of all results is maintained in the Human Resources Office.

Every new employee of the school system must have:

1. Criminal background check (state level and federal level). Satisfactory results are required before the applicant begins work for Franklin County Schools.
2. Pre-employment drug-screen; and
3. Clearance of/by registries of state of Tennessee - the judicial system as well as the department of children services.

Annually, the *Personnel Handbook* is up-dated and posted on the system web-site.

Link for Personnel Handbook –

Annually, every employee is required to sign that he/she realizes that he/she will be responsible for the contents of the handbook.

Guidelines for ensuring an employee-controlled environment can be evidenced through the adoption and adherence to the following school board policies:

- **Policy 5.101 – Line and Staff Relations**
- **Policy 5.102 – Classifications and Qualifications**
- **Policy 5.104 – Equal Opportunity Employment**

- **Policy 5.106 – Application and Recruitment**
- **Policy 5.107 – New Teacher Orientation**

II. Physical Security of the Office

Financial records for the school system are not stored at the Franklin County Board of Education Central Office.

The Director of Schools, as well as all applicable employees have a key fob for Franklin County Board of Education Central Office.

A camera system (monitor located in the receptionist area) records activity at all doors during work hours. All outside traffic must go through the receptionist area in the front of the building.

Normally, cash money is not maintained at the Central Office.

III. Receipting

See the segregation of duties for procedures for receipting over-the-counter and mail transactions.

IV. Disbursements

See the segregation of duties for procedures for payroll and non-payroll disbursements. All non-payroll checks are generated on official, pre-printed checks.

V. Journal Entries

See the segregation of duties for procedures in reconciliations and journal entries**.**

VI. Grant Management

See the segregation of duties for procedures in grant management.

VII. Capital Assets

Franklin County has adopted a capital assets policy that includes capitalization thresholds, useful lives and procedures for additions, deletions and annual inventory reviews. This includes assets that were purchased with state and federal grant funds. See the segregation of duties checklist for procedures/assignments for inventory control.

- **Policy 2.702 – Inventories**
- **Policy 2.7021 – Technology Improvements**
- **Policy 2.7022 – Acquisition and Use of Technology Equipment**

VIII. Payroll

To protect against fraud (ghost employees, unauthorized bonus payments, etc.), all new school employees are required to complete electronic onboarding prior to employment.

Employees resigning or retiring are asked to submit a written statement in this regard. Employees who are not re-employed for the following year receive a letter to this effect.

All pertinent changes regarding the employment and pay of an employee is submitted by Human Resources to the Finance Department in a written format. Pay is actually calculated at the Finance Department from the submitted timesheets for the employees working the complete fiscal year. Pay for the certified employees and remainder of the classified employees is calculated by Human Resources and submitted to the Finance Department. Each month, these employees receives one twelfth of the expected pay minus deductions as required or as authorized by the employee. The Finance Department makes adjustments as needed to the employee's base amount after the approved timesheets are received.

Annually, prior to the beginning of the new fiscal year or school year, efforts are made to ensure

that all employees are paid correctly per the approved salary schedules and that the required supporting documentation (W4, approved deductions, etc.) are on file.

- **Policy 2.802 – Payroll Procedures**
- **Policy 2.804 – Expenses and Reimbursements**

X. Surplus Property

When equipment, books, materials, and other personal property no longer have an intended use by the system or are no longer capable of being used because of condition, the Franklin County Board of Education shall declare them surplus property and authorize their disposal.

The Director of Schools shall prepare a list of unusable items for Board approval. The list shall contain the following information if, and when known: name of item, date of purchase and reason for disposal. All unusable items shall be sold within ninety (90) days of being declared surplus to the highest bidder after advertising in a newspaper of general circulation at least seven (7) days prior to the sale or after being placed on a nationally known website for disposal of surplus property. If reasonable attempts to dispose of surplus properties fail to produce a monetary return to the system, the Board shall approve other methods of disposal.

- **Policy 2.403 – Personal Property Sales**

Franklin County Board of Education's Documentation of Efforts to Ensure that Revenues and Expenditures are Properly Recorded and Accounted for, to Permit the Preparation of Accurate and Reliable Financial and Statistical Reports and to Maintain Accountability Over the Assets

I. Expenditures and Revenues

The Deputy Finance Director at the Finance Department on behalf of Franklin County Schools performs monthly reconciliations for all funds with the county trustee. The reconciliation includes ensuring that revenues and expenditures for the month were coded correctly. Copies of the month-end reports are sent to the Director of Schools and appropriate system director/supervisor.

The Deputy Finance Director posts all purchase orders and contracts for Franklin County Schools to the LGC software as encumbrances to assist with ongoing monitoring of the appropriation budget.

The Deputy Finance Director reviews the budget of each fund to ensure the original approved budget and any subsequent amendments are posted correctly to the accounting software.

The Deputy Finance Director closes the year-end in July each year. The end-of-year report prepared by the Deputy Finance Director includes those items required by audit (deferred revenue, taxes receivable, interest receivable, etc.). The county finance department prepares and reviews depreciation and capital asset reports and submits all required reports on the state's ePlan website.

The Director of Schools takes prompt action on any identified control weakness over accounting, purchasing and budgeting identified by his/her review of operations, external annual audits and state/federal monitors.

The Director of Schools and the Deputy Finance Director attend numerous trainings annually including the TN Department of Education Finance Workshop and workshops related to *Tennessee Internal School Uniform Accounting Policy Manual.*

FRANKLIN COUNTY SCHOOLS
Segregation of Duties Checklist

LEGEND---

XX The employee indicated by the XX is the preferred person to perform the procedure

X The employee responsible if the preferred person is not available

Educational Supervisors/Directors/Coordinators include:
- Supervisor of Human Resources/Federal and Student Services
- Supervisor of Elementary Curriculum/Instruction
- Supervisor of Secondary Curriculum/Instruction
- Supervisor of Special Education
- Supervisor of Technology
- Supervisor of School Nutrition
- Attendance Coordinator
- Director of Safety/Coordinated School Health
- Director of Maintenance
- Director of Transportation
- Director of CTE
- Director of Campora Family Resource Center

ESP PT Director for the system is a classified employee

Located at the Finance Office -
851 Dinah Shore Boulevard
Winchester, TN 37398 -
- Franklin County Finance Director
- Deputy Finance Director (Franklin County Schools)

Franklin County Schools
Internal Controls Checklist
Receipts

	Checks Received in Mail			Daily Receipting and Depositing					
	Open Mail - Stamp all checks for 'Deposit Only' when received	Issue Receipts for Mail-In Checks		Maintain Separate Cash Drawers	Issue Receipts for Over-the-Counter checks	Stamp all Over-the-Counter Checks for "Deposit Only When Received	Deposit Intact ----- Prepare daily deposit	Deposit all Checks in the Trustee's Office	Verify Trustee's Receipt with Check-out Sheet
	1	2		3	4	5	6	7	8
Franklin County Finance Director/Designee									XX
Director of Schools									
Education Supervisor		X							
Liaison – Central Office and Finance Office	X	XX		XX	XX	XX	XX	XX	
Clerk					X			X	
Receptionist/HR	XX				XX				
Federal Projects/SPED Educational Assistant									
School Nutrition Director/Administrative Assistant (Centralized)								XX	

Franklin County Schools
Internal Controls Checklist
Receipts

1. Two employees are assigned to open mail, stamp checks "For Deposit Only Account # XXXXXXXXXX" immediately upon receipt. The account # on the stamp is the Trustee's Bank Account Number.

2. Issue receipts for the mail-in checks in preprinted receipt book.

3. A locked bank bag is issued to the employee responsible for receipting funds for that day.

4. Manually issue receipts for over-the-counter checks in the preprinted receipt book.

5. Stamp all checks "For Deposit Only Account # XXXXXXXXXX" immediately upon receipt.

6. Combine the checks and money order receipts from the locked bank bag. Make an itemized list of all checks and money orders and total the list (Excel File). The deposit is made intact for each day or period. Keep all collections in a locked safe or file drawer until the deposit is made if deposits are not daily. Deposits are made within three (3) days of receipt.

7. Carry the deposit to the trustee's office and obtain a receipt from the trustee for the amount of the deposit.

8. Copies of checks and receipts, as well as the spreadsheet are sent to the Finance Department to verify with the trustee's report.

Franklin County Schools
Internal Controls Checklist
Issuing Non-Payroll Checks

	Non-Payroll Checks		Signature Authority		
	Enter Invoices	Print & Attach Invoices Checks	Verify Amount and Sign	Process and Mail Checks	Reconcile Account Payable Bank Statement
Franklin County Finance Director/Office	XX	XX	XX	XX	XX
Director of Schools			XX		
Education Supervisor					
Finance Administrative Assistant/HR					
Federal Projects/SPED Administrative Assistant					
School Nutrition Administrative Assistant					

All processing of non-payroll checks is completed at the Franklin County Finance Department.

Franklin County Schools
Internal Controls Checklist
Issuing All Payroll Checks

	Issuing Payroll Checks								
	Obtain time sheets	Approve or Determine that Leave Balances; Time Sheets have been approved	Process Payroll Post to General Ledger and Online; check Stubs	Process Payroll ACH Direct Deposits	Determine that Payroll Deduction Accounts Clear out for Each Payroll	Determine Amount of Payroll Tax Deposit	Approve Payroll Tax Deposit Sign Account Pay checks	Make Necessary Deposits Net Pay and Taxes	Review Payroll Ledger Register for Reasonableness
Franklin County Finance Director/Office	XX	XX	XX	XX	XX	XX	XX	XX	XX
Director of Schools									
Education Supervisors									
School Finance/HR Administrative Assistant	XX	XX							X
Federal Projects/SPED Administrative Assistant									
Finance Office - School Nutrition									XX

Franklin County Schools
Internal Controls Checklist

Cash Reconciliations

	Cash with Trustee – All Funds						Cash in Bank – All Funds			
	Obtain the Trustee's Monthly Report	Obtain a List from the Trustee or Prepare a List of Outstanding Checks	Reconcile the Trustee's Cash balance to Fund Cash	Investigate old outstanding checks or unusual items	Prepare any necessary adjusting journal entries		Receive, Open, and Review Bank Statements and Cancelled Checks	Perform Bank Reconciliation	Review Bank Reconciliation and Trace Reconciling Items and Balance to Account Records	Prepare Any necessary Adjusting Journal Entries
Franklin County Finance Director/Designee	XX	XX	XX	XX	XX		XX	XX	XX	XX
Director of Schools										
Education Supervisor										
School Finance/HR Administrative Assistant										
Federal Projects/ SPED										
School Nutrition										

All cash reconciliation is processed at the Finance Office.

Franklin County Board of Education
Internal Controls Checklist

Purchasing

	Purchasing									
	Requisition from Department Heads for Encumbrance	Issue Detailed Purchase Order for Approval Which Records Against Budget	Order Goods/Services Based on Approved Purchase Order	Receive Ordered Goods/Services	Sign Invoice or Shipping Documents Indicating the Goods/ Services were Received	Match Shipping Documents, Purchase Order, and prepare for Check Issuance	Print Checks Attach to Invoice, Etc.	Sign and Approve Check for Payment	Process Payment Check Stubs, etc. Mail	Determine the Disposition of any Unused Purchase Orders
	1	2	3	4	5	6	7	8	9	10
Franklin County Finance Department		XX				XX	XX	XX	XX	XX
Director of Schools								XX		
Deputy Director of Schools								XX		
Education Supervisor	XX		XX	X	X					
Finance Office/HR Adm Assistant	XX		XX	X	X					
Finance Office Clerk	XX		XX	X	X					
Receptionist				X	X					
Federal Projects/SPED Adm Assistant	XX		XX	X	X					
School Nutrition Adm Assistant	XX		XX	X	X					
Shipping/ Receiving Clerk				XX	XX					

Franklin County Board of Education
Internal Controls Checklist

Purchasing

1. The Finance Department obtains a requisition or obtains purchase information based on the current county purchasing policy. The name of the person making the request, the method of request (e.g. by telephone) and the date is documented. The request is detailed. The brand, quantity, product order number, price and total purchase amount is documented. Requests for purchase orders that do not include complete information are not accepted. The request normally comes from a department head or the department head's designee

2. The Finance Director or designee determines whether bid laws and the local purchasing policy have been followed and ensures that the purchase order is completed in detail and then processed appropriately. One signature of an appropriate employee of the school system is required. The Finance Director or Deputy Director signs the approval. The school director/other designee has opted to sign the requisition only. The school purchase orders require only one signature; the Finance Director or Deputy Director.

3. Physically order the goods/services as listed on the purchase order. Sometimes this will be completed in the finance office, and sometimes this will be done by the department head or a specific department designee. Local vendors of goods/services are advised of the persons who are authorized to make purchases on behalf of the government. Local vendors are also advised that no goods or services can be purchased without an approved purchase order for items over $25.

4. The shipping/receiving clerk, the department head, or a specific department designee receives the order.

5. Once the goods have been shipped and received or the service rendered, the Finance Department, the department head, or a specific designee checks the order, the invoice, or the shipping documentation indicating that the goods/services have been received as ordered. The documents then go to finance accounts payable personnel.

6. Once the goods have been shipped and received or the service performed, the Finance Department accounts payable personnel receives the shipping documents, invoices and them matches a purchase requisition, purchase order, shipping documents, invoice, etc. and prepares the invoices for payment. This will be the documentation used to approve the checks.

7. The Finance Director or Deputy Director approve the check for payment. All non-payroll checks require two signatures for approval. The Director of Schools/designee signs for the funds for which he/she is responsible. If the appropriate person is not available, the Deputy Finance Director is the second approving signature**.**

8. A third administrative assistant /accounts payable clerk processes the payments and mails the checks.

9. The Finance Director and Deputy Finance Director review the outstanding purchase orders as well as maintain the budgets, amendments and reports to the department heads and commission/boards.

Franklin County Schools
Internal Controls Checklist

Grants

	Grant Performance and Documentation					
	Apply for the Grant _____ Include Grant in the Budget	Read the Grant Contract _____ Obtain and Read OMB's Uniform Grant Guidance	Maintain Central Grant Documentation Files	Maintain Separate General Ledger Revenue and Expenditure Accounts for each Grant	Mark or Tag Equipment and Make an Inventory Listing by Grant	Physically Observe the Equipment on the Equipment Listing
	1	2	3	4	5	6
Franklin County Finance Director/Office		XX	XX	XX		
Director of Schools/	XX					
Deputy Director of Schools	XX					
Administrative Assistant – Finance Office		XX	XX		XX	XX
Administrative Assistant – HR						
Federal Projects/SPED Administrative Assistant	XX	XX	XX		XX	XX
School Nutrition Administrative Assistant	XX	XX	XX		XX	XX
Grant Writer	XX	XX	XX			XX
Shipping/Receiving					XX	

Franklin County Board of Education
Internal Controls Checklist

Grants

1. The Finance Director or Deputy Director works with all county personnel to ensure the grant procedures are followed as approved in the county policy. The finance committee approves and sends the application to the county commission for approval. The Franklin County Board of Education must approve all grant proposals submitted for Franklin County School General/Federal/Cafeteria Funds. Principals may apply for and receive grants up to $5,000 without the approval of the Franklin County Board of Education. When it is approved, the grant is included in the school budget and ultimately county as appropriate.

2. The most recent version of the U.S. Office of Management and Budget's uniform administrative requirements, cost principles and audit requirements for federal awards are on file at the Finance Department and available by internet at any time. This document is downloaded from the Internet and on file. The Finance Director is responsible for knowing the contents of the OMB document and the grant contract and seeks any clarification from federal, state or other grant program management personnel.

3. All grant documents related to Franklin County Schools are maintained in both the board of education office and the Finance Department. Each grant is kept in a separate file by fiscal year. The file contains the grant application, grant reports, budget and budget amendments, correspondence from the State of Tennessee and the federal agency monitoring reports, information specific to the grant, such as CFDA Number and Exact Grant Title, DUNS Number and Exact Entity Title for the DUNS Number), key dates, total amount of federal award, federal and state award agencies, and indirect cost calculations if applicable. The required documentation is presented throughout OMB's uniform guidance as mentioned in (1) above. Internal control and procurement policies are on file in the Finance Department.

4. Revenues and expenditures for each federal or state grant are maintained in separate revenue or expenditure accounts or are cost entered so that each grant can be easily recognized and accounted for in the county's accounting records. The Finance Director and Deputy Finance Director are responsible for maintaining the school grants. Both positions serve as a backup for other.

5. Equipment purchased with federal and state grants is permanently marked or tagged as equipment purchased with specific grant funds. An inventory listing is made of equipment purchased with grants funds. Equipment is listed separately for each state or federal grant. Equipment on the inventory listing is physically inspected on a periodic basis by someone not associated with preparing and maintaining the inventory list. The department responsible for the equipment has the responsibility of marking the equipment and annually submits an inventory list to the board of education. County, insurance policy and inventory policies are regarded by the responsible department head. The fixed assets are maintained by the school finance administrative assistant.

6. The equipment is physically observed by the responsible parties of each department on an annual basis. The inventory list is maintained and is updated with the board of education for insurance and fixed asset maintenance.

Franklin County Schools
Internal Controls Checklist

Budget

	Budget Operations			
	Prepare the Annual Budget for County Commission Approval	Review the Budget Monthly	Prepare Budget Amendments and Post to Accounting Records	Major Appropriation Category Budgets Should Not Be Exceeded
Franklin County Finance Director/Office	XX	XX	XX	XX
Director of Schools	XX	XX		
Deputy Director of Schools	XX	XX		
Education Supervisors	XX	XX		
School Finance – Administrative Assistant				
Human Resources-Administrative Assistants				
Federal Projects/SPED Administrative Assistant				
School Nutrition	XX	XX		

Franklin County Schools
Internal Controls Checklist

Budget

1. Franklin County operates under the Financial Act of 1981. The school board sets a budget calendar that coincides with the main budget calendar. The school budget is a combined effort of the Director of Schools, the supervisor of each educational program, the school finance administrative assistant, and the county Finance Director. The school board will approve the General Purpose budget by the second Monday in May. The finance committee reviews all budgets as per TCA. The goal is to have an approved consolidated budget as described in TCA 5-21-110 and 5-21-111.

2. The school budget is reviewed each month by the Director of Schools, and the school board. Monthly reports are distributed by the Deputy Finance Director.

3. Inter-category amendments must be approved by the Franklin County Board of Education as requested by the Director of Schools, and appropriate supporting directors. This is a procedure used when funds are not added to a category, but an allocation is decreased to increase another allocation when funds are needed for procurement.

4. Amendments that are needed to decrease/increase revenues and expenditures categories are prepared by the Deputy Finance Director and must be approved by the school board. The Deputy Finance Director presents the amendments to the finance committee. The finance committee then approves and sends the amendments to the next county commission meeting for approval. When the commission approves the amendments, they are then entered and posted by Deputy Finance Director.

Franklin County Schools
Internal Controls Checklist

Journal Entries

	Entering Journal Entries and Transfers			
Franklin County Finance Director/Office	XX	XX	XX	XX
Director of Schools				
Education Supervisor				
School Finance – Administrative Assistant				
Human Resources- Administrative Assistants				
Federal Projects/SPED Administrative Assistant				
School Nutrition				

1. The appropriate system-wide director or may bring corrections to the attention of the Deputy Finance Director. A standard journal entry form is utilized. The form records debits and credits and explains the transaction in detail for each journal entry. Documentation is attached as necessary.

2. Accounts payable and administrative personnel are utilized to perform the data entry.

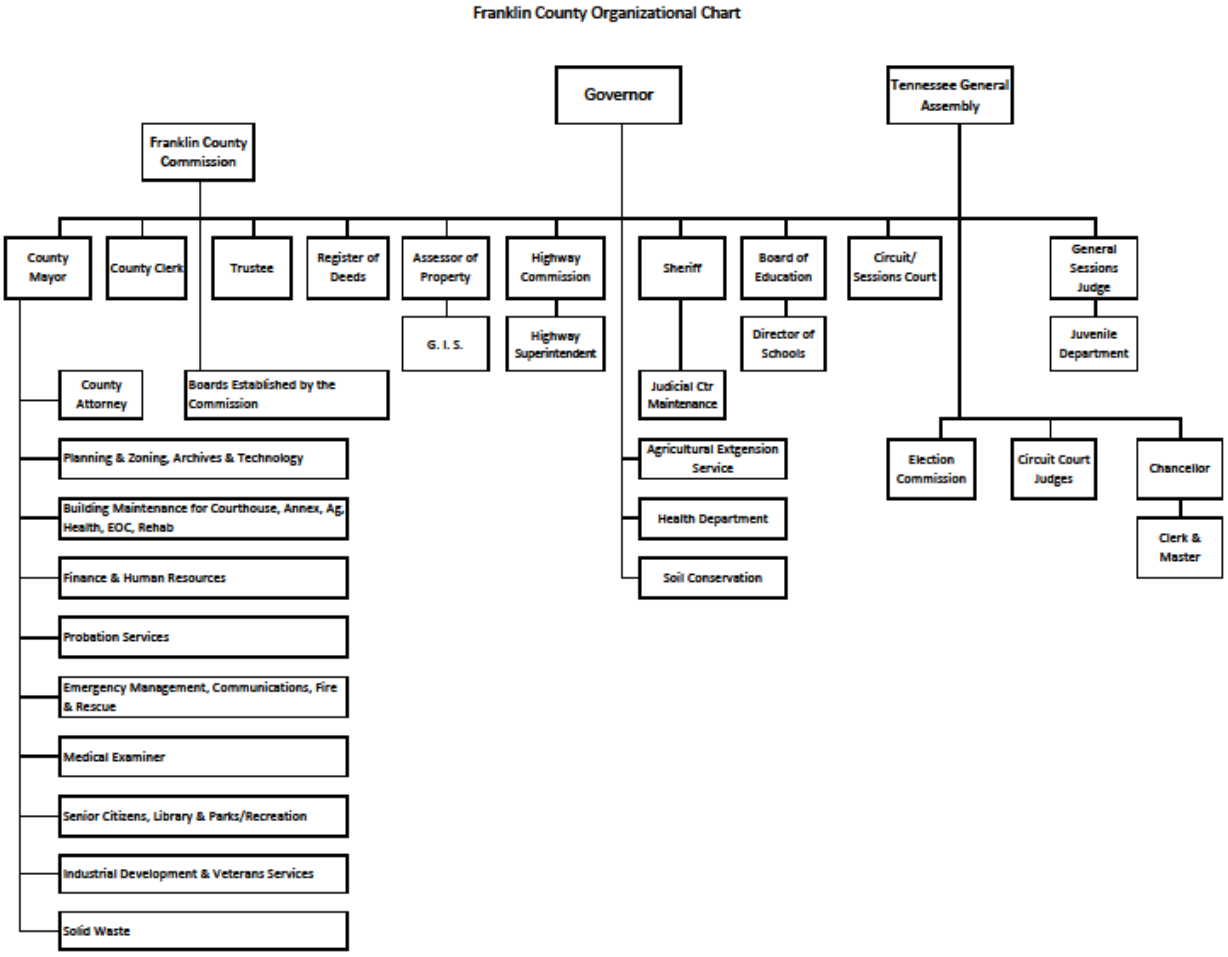
3. Journal entries are performed as needed at the Finance Department.

Franklin County Schools
Internal Controls Checklist
Payroll and Employee Maintenance

	Maintaining Employee Payroll Records			
	Obtain Payroll Change Notice from Department Heads	Approve or Determine that Funds are Budgeted for new Hire or Changes for Employees	Process Data Entry for Employee Changes in Payroll Software	Check Data Entry for Employee Changes/Additions in Payroll Software
Franklin County Finance Director/Office		XX	XX	XX
Director of Schools				
Deputy Director of Schools				
Education Supervisor				
Administrative Assistant – Finance Office and/or HR	XX			
Federal Person/SPED Administrative Assistant				
School Nutrition Clerk				

Appendix A

Franklin County Government Organizational Chart



Appendix B

Franklin County School District Organizational Chart

Chain of Command: Director of Schools -> Deputy Director of Schools -> Safety Director

Supervisors/Directors on this page will submit travel, vacation, leave requests to the Director of Schools

Department	Programs		Personnel
Elementary Curriculum/Instruction Supervisor	Instructional Programs Budget Management/Development District Inform TN Librarians STREAM	PD Data Testing Pre-K	Administrative Assistant(s) Pre-K Lead Coaches: RTI, ELA, Math, Behavior
Secondary Curriculum/Instruction Supervisor	Instructional Programs Budget Management/Development District Inform TN Textbooks/Adoptions School Counselors/Advocates New Teacher Program	PD PR	Administrative Assistant(s) District Teacher Support & Communications Spec Coaches: RTI, ELA, Math, Behavior
Special Education Supervisor	SPED Instructional Programs Budget Management/Development Progress Monitoring Related Services: PT, SL, OT State/Federal Reports SWD Threat Assess Child-Find Referrals SPED Homebound Instruction SPED Behavior	Inclusion TSW Grants Gifted	Administrative Assistant(s) SPED Homebound SPED Personnel
Technology Supervisor	Technology Infrastructure Budget Management/Development Technology Inventory Cabling/Networking Instructional Technology	CTE Support Webmaster AI	Technology Specialists
Maintenance Director	General/Preventative Maintenance Budget Management/Development Capital Projects Compliance Initiatives Campus Grounds		Shipping/Receiving Clerk Maintenance Employees
Safety/Coordinated School Health Director	Safety Reporting and Evaluations Community Partnerships Vision and Hearing Health and Wellness Initiatives/Events	Safety Drills Site Visits Grants	PE/Heath/Wellness Teachers Nurses SRO's
Other Support	Reception/Secretary CO Custodian		Reception/Secretary CO Custodian

Franklin County School District Organizational Chart

Supervisors/Directors on this page will submit travel, vacation, leave requests to the Deputy Director of Schools

Department	Programs		Personnel
Human Resources Supervisor **Federal and Student Services Supervisor**	Budget Management/Development District Inform TN Employee Communication Board Policies Project Coach/T-Eval Substitute Teachers Compliance Reports Title I, II, III, IV (A) Differential Pay TN Compass-PDP/TASL Credit	Licensure Recruiting Permits/Waivers Compliance Calendar Dev Bookkeepers Tenure Time Keeping Supplements ESL Programs	Administrative Assistant(s) ESL Instructors
Campora Family Resource Center Director	Townsend Center Community Outreach Prevention Coalition	Special Groups	Campora Staff
Transportation Director	Transportation Planning Bus Inspections Field Trip Assignments	Routes Bus Drivers SPED Buses	Administrative Assistant Contracted Drivers SPED Drivers and Monitors
School Nutrition Supervisor	Budget Management/Dev Federal/State Reports Annual Food Bids Meal Application Processing Procurement of Kitchen Equip Community Eligibility Provision USDA Commodity Food Planning	Menu Planning Federal Claims Evaluations Personnel P-EBT	Administrative Assistant(s) Field Manager(s) SN Manager/Assistant Managers/Staff
CTE Director	Community Collaboration TCAT and Industry Partnerships	CTE Programs CTE Certificates	Administrative Assistant
Attendance Coordinator	Attendance Reporting Homeless/Foster/Migrant Truancy	Skyward EIS GED	Secretaries/Attendance Clerks
Other Support	ESP Homebound		ESP Coordinator Homebound Coordinator

Appendix C

Franklin County, Tennessee

Policies and Procedures

Administration of Federal Programs

Aligned with the Requirements of the

New Uniform Grants Guidance for all Federal Funds

Highway Commission approved November 19, 2015
School Board approved December 14, 2015
To be presented to Finance Committee – January 5, 2016
To be presented to County Commission - January 19, 2016

Appendix D

Franklin County Schools
School Nutrition Program
Internal Controls

I. Cashier Instructions

- Before opening your POS computer, verify change account amount and record.
- Verify Date.
- Observe and verify the Reimbursable Meals.
- Know your Charge Policy.
- Change is not to be given from the register unless making change from a purchase.
- Checks are not to be cashed from the register.

II. Day End Procedures

- In order to reconcile cash, you must be able to accurately count the number of free, reduced & paid student meals, adult meals & all extra sales. This must be done at the time & place the meals were served.
- Complete all transactions.
- At first count of till, remain at the register. NEVER LEAVE MONEY UNATTENDED!
- Second count of money is done in the manager's office. Two people count the money at the same time.
- When both 1st and 2nd counts agree, then and only then will BOTH persons sign the reconciliation sheet or computer report. By signing the reconciliation form, both persons agree that the listed amount is correct.
- After the second count is completed, the manager will combine all drawers to complete the deposit. TWO signatures/initials must be on the bank deposit tickets. All reports will be maintained by the manager.
- After completing the deposit, the money is transported to the bank a minimum of every third business days.
- The school employee making a deposit is responsible for making sure bank tellers are observed during money count. The school employee should be informed of any difference in the amount on the deposit slip and the actual amount of money in the deposit.
- Provisions must be made for a safe, secure location for cash.
- Contact the central office for cash counter corrections.

III. Refunds

No refunds are to be issued from the cash register over the amount of $2.00. If the requested refund is under $2.00, contact the central office for instruction. If a refund of over $2.00 is necessary, the student's parent/guardian will notify the School Nutrition Department to request a refund. Cafeteria

managers will find the authorization form in the 'manager's folder'. Complete the authorization and submit to the central office. If approved by the school nutrition program director, the finance department will process a refund check and mail it to the parent.

IV. Student Account Adjustments

If a student account adjustment is needed for any reason, contact the central office.

V. Meal Counting and Claiming

To receive reimbursement for meals, sites must accurately count, record and claim the number of meals served to students by category: Free/Reduced/Paid. Adequate documentation must be kept on file to support the claim. Meals must be counted at the point-of-service. The monthly Claim for Reimbursement is submitted electronically by the SFA to Tennessee: Meals, Accounting, and Claiming (TMAC). The SNP supervisor submits the claim monthly. It is the responsibility of the supervisor and central office staff to ensure all policies and procedures (i.e., Meal Count Edit Check) and internal controls (onsite visits) are implemented to ensure the Claim for Reimbursement is accurate and supported by documentation.

VI. Assessment of the Meal Counting and Claiming System

According to 7 CFR 210.8(a)(1), every school year, prior to February 1, each School Food Authority (SFA) with more than one school (as defined 7 CFR Part 210.2 to include Residential Child Care Institutions (RCCIs)) must perform no less than one on-site review of the lunch counting and claiming system employed by each school under its jurisdiction.
Each on-site review must ensure the school's claim is based on the counting system, as implemented, and yields the actual number of reimbursable free, reduced price, and paid lunches, respectively, served for each day of operation.

If the review discloses problems with a school's meal counting or claiming procedures, the SFA must ensure that the school implements corrective action, and within 45 days of the review conduct a follow-up on-site review to determine that the corrective action resolved the problems.
Edit checks should be completed daily in the schools and monthly at the central office prior to a reimbursement claim being filed. Edit checks are mathematical processes that compare the monthly and daily lunch counts against data to assist in the identification of lunch counts in excess of the number of free and reduced lunches served each day to eligible children.

- Edit check calculations help identify 'potential over claims'.

VII. Approved Collection Procedures

The chosen meal counting procedure is approved by TNDOE. Information on the collection procedure approved for each school in the system is included in the "Counting Procedure" in the Application/Agreement completed yearly on line in TMAC (Tennessee: Meals, Accounting, and

Claiming) https://tmac.cnpus.com/TMAC/Splash.aspx. Any changes to the procedure must be approved by TNDOE.

VIII. Internal Controls for Accountability

- Second party reviews of Free & Reduced Meal applications and rosters at time of approval and periodically during the year.
    - Applications are processed using School Café software. The processer verifies that the software has calculated the income correctly and makes comparisons to the income eligibility chart.
- The SNP director, field manager and/or administrative assistant can often spot potential problems during routine visits to schools by watching cashiers. This will help the director identify where training or technical assistance is needed. When problems are noted, technical assistance, coaching, or additional training should be implemented to correct the problem.
- Consolidation of meal counts are calculated by School Café software and verified by the SNP director.

IX. Charged Meals

- Cafeterias should not charge adult meals or a la carte items for students or adults.
- Cafeterias should follow the approved board policy for charging meals
- Uncollected charged meals constitutes a bad debt and is unallowable. Charges must be collected by the end of the school year or made up from funds other than the School Nutrition Program. Documentation of efforts to collect this money should be maintained.

X. Confidentiality Statement

A system for claiming meals must prevent overt identification. This means the eligibility category of any child must be protected and known only by those school officials who deal directly with the counting and claiming system. All employees must sign the confidentially statement yearly.

XI. Guidance

Use the Tennessee Internal School Uniform Accounting Policy Manual July 2011 for further guidance. This manual is found on TMAC.

XII. Training on Meal Counts, Consolidations & Claims

All personnel involved in the meal count system must be adequately trained to perform their duties and responsibilities. Written records should be kept to document training. A review of these records

can help the SNP director determine who may need training. Any new personnel or substitute personnel involved in the meal count/collection procedures should receive training prior to being given responsibility for the task. The SNP director can determine if other personnel need additional training, coaching or technical assistance by observing procedures in use and asking questions.

XIII. Suggested Areas for Training

- Implementing the collection procedure as it is outlined in the Application/Agreement.
- Correctly operating any mechanical or electronic equipment used to determine the meal count.
- Recognizing a reimbursable meal and knowing the procedures to follow when the student has not selected a reimbursable meal.
- Using correct procedures to issue PIN numbers.
- Interpreting and using the information on PIN numbers to accurately count, collect correct payments & record the meals by category.
- Using the up-to-date master roster to resolve meal eligibility questions.
- Dealing with lost, stolen or misplaced PIN numbers.
- Handling charged meals.
- Counting meals for visiting students.
- Completing reports of daily meal counts and daily cash collections.
- Correctly completing cash reconciliation.
- Maintaining security of cash, pin numbers, etc.
- Avoid overt identification of eligible students.

ALL RECORDS MUST BE KEPT ON FILE FOR THREE YEARS PLUS THE CURRENT.

Appendix E

Franklin County Schools
Extended School Program

Bookkeeping and Internal Controls Procedures

Cash/Check Handling, Receipts, Reconciliations

	Staff	Site Director	Principal	ESP Coordinator
Received money from parent	**X**	**X**		
Receipts money from parent	**X**	**X**		
Prepares bank deposit		**X**		
Takes deposit to bank	**X**	**X**	**X**	
Reconciles bank deposit slip to receipt book	**X (2)**	**X (1)**		
Checks for three-day deposit		**X**	**X**	**X**
Reconciles bank statement at the end of the month		**X w/signature**		
Approves bank reconciliation by signing				**X w/signature**
Prepares check		**X**		
Approves check for payment and signs check		**X**	**X**	
Sends check, bank statement, & reconciliation to Finance Department				**X**

Extended School Program

Bookkeeping and Internal Controls Procedures

Purchasing

	Staff	Site Director	ESP Coordinator	Shipping & Receiving	FC Finance Department	Director of Schools
Makes request to purchase		**X**				
Initiates requisition			**X**			
Approves request to purchase			**X (for ESP Sites)**			**X (for ESP Coordinator**
Prepares purchase order & issues purchase order number					**X**	
Signs out credit card from: Human Resources		**X**	**X**			
Receives goods from vendor	**X**	**X**	**X**	**X**		
Returns credit card w/signed receipt to: Human Resources (same day if possible)		**X**	**X**			
Makes copy of PO and transactions to be sent to Finance Department			**X**			
Receives invoice			**X**			
Approves invoice to be paid and sends to Finance Department			**X**			

Money must be in the account to purchase.

Extended School Program
Bookkeeping and Internal Controls Procedures

Collecting/Receipting

- Money collected should be receipted in a 3-ply receipt book on the day it is received. The following procedure will apply:
    - Money received by a staff member must be receipted immediately. The money should be put in a locked bag and placed into a secure location until it is taken to the bank.
    - A staff member will write a receipt which will include the parent's name, the child's name, and a check for either cash or check. The receipt should contain all pertinent information.
    - The site director will prepare a deposit slip and take the money to the bank. A staff member or principal may also take the money to the bank. The deposit slip should include the receipt numbers.
    - **Remember the three-day bank law in which we can be fined by the State Comptroller if we do not comply**.

Purchasing

- All requisitions MUST be approved **PRIOR** to purchase.

Wal-Mart Credit Cards

- You will need to sign for the Wal-Mart credit card after you get approval from the supervisor. Cards may be signed in and out from Human Resources.
- After a purchase is made you will need to sign the card back in on the same day if possible and turn in a signed receipt. Wal-Mart cards must be signed back in at least by the next day; you are only allowed to keep the card for 24 hours. Please be mindful that receipts have to be reviewed to ensure purchases are ESP appropriate. For example, if you purchase a candy bar and/or soda with the card, that could be considered fraudulent purchases. This could lead to an investigation by the State Comptroller's Office.
- You may not have a card out over the weekend or a holiday.

By signing below, you indicate that you have read and understand the Bookkeeping Procedures of the ESP.

_____ _____

Signature **Date**

Updated 11/3/2026