



ADMINISTRATIVE RULES OF MONTANA



10.10.615 INTERNAL CONTROLS AND ACCOUNTING RECORDS

- (1) The trustees of a district or the management board of a full service education cooperative shall provide and enforce a system of internal controls to safe-guard the district's or full service education cooperative's money by providing the following procedural checks and balances:
 - (a) Each month, a school district or full service education cooperative that has established an investment account(s) shall reconcile:
 - (i) the district's or cooperative's records of investment balances;
 - (ii) county treasurer's transfers from the district's or cooperative's funds to the account(s) ;
 - (iii) transfers from the account(s) to the district or cooperative fund(s) held by the county treasurer;
 - (iv) checks cleared; and
 - (v) interest income to the investment account statement.
 - (b) A person other than the district or full service education cooperative employee responsible for producing payments by check or electronic transfer, including another district or cooperative employee, a county employee, a trustee, or a contracted accounting professional, shall review the monthly reconciliation to verify validity of:
 - (i) changes to account routing numbers;
 - (ii) appropriate payees;
 - (iii) proper sequence of check numbers; and
 - (iv) authorization of expenditures by the appropriate school district or full service education cooperative official.
 - (c) No single person may control an accounting transaction from beginning to end, meaning the same person shall not be responsible for initiating a payment or transfer, authorizing the payment or transfer, recording of accounting transactions for payments and transfers, and reconcilements.
- (2) When directed by the school district or full service education cooperative, a county treasurer shall deposit the district's or cooperative's money directly into the appropriate investment account by issuing a treasurer's check or wire transfer of funds to the investment account. A treasurer may not direct payments to a subsidiary checking account.

- (a) When directing investments, the school district or full service education cooperative shall provide written notification to the county treasurer stating the amount to deposit and the fund making the investment.
 - (b) A school district or full service education cooperative shall not purchase investments using district or cooperative warrants.
- (3) For a nonspending investment account, a school district or full service education cooperative shall direct the investment firm to deposit redeemed investments and interest income to the credit of the specific and appropriate school district fund held by the county treasurer.
- (a) The school district or full service education cooperative shall require that the investment firm, transferring money to the district's or cooperative's fund held by the county treasurer, inform the county treasurer in writing stating the fund(s) to which the proceeds should be deposited and the amount of the interest earnings and principal contained in the proceeds. Any losses incurred must also be reported by fund.
 - (b) The school district or full service education cooperative shall not make payments from a nonspending investment account.
- (4) Before transferring money from one fund to another fund of the district, as allowed by specific references in school laws, trustees shall return the money from the school investment account to the related fund held by the county treasurer. Trustees may then direct the county treasurer to transfer the money to the receiving fund pursuant to 20-9-201 , 20-9-208 , or 20-9-443 , MCA.
- (5) A school district or full service education cooperative participating in a nonspending investment account shall monitor its cash balances maintained with the county treasurer and will promptly redeem investments to pay district or cooperative warrants and district bond principal and interest in a timely manner.

Authorizing statute(s): 20-9-102, 20-9-235, MCA

Implementing statute(s): 20-9-235, MCA

History: NEW, 2002 MAR p. 1740, Eff. 6/28/02; AMD, 2006 MAR p. 3070, Eff. 12/22/06.