

# PICKENS COUNTY BOARD OF EDUCATION

## ACCOUNTING POLICY & PROCEDURE MANUAL

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## INTRODUCTION

The financial accounting records and reports for all schools in the Pickens County School System will be prepared using the Harris School Solutions (Nextgen Hosting) software. No other accounting system may be used in the system without the approval of the Board of Education unless mandated by the ALSDE.

The following are some general rules regarding the financial affairs of the schools. These rules, as well as the accompanying procedures and policies, are to be followed completely and will be subject to continual review by the Superintendent of Education, Chief School Financial Officer, and audited yearly by the State of Alabama Examiners of Public Accounts. All money collected at the school for any purpose must be receipted and deposited in the school bank account.

All local school expenditures must be paid by check and supported by a valid invoice based on a purchase order issued and approved by the Principal before a purchase is made. All purchases must conform to the policies of the Pickens County Board of Education and to the State bid Law.

The Principal must be familiar with all policies of the Pickens County Board of Education so that he/she will not permit practices that are contrary to policy or that would cause embarrassment to his/her school or to the school system. The Principal is directly responsible for the handling of monies received at the school. It is the ultimate responsibility of the Principal for any shortages resulting from the failure to follow, or to require others to follow, the financial procedures for the handling of school monies.

The position of Principal carries with it the full responsibility for all financial matters relating to the school. It is imperative that the Principal gives his or her personal attention to the collection, expending, documenting, recording, and overall supervision of everything relating to the financial affairs of the school. The Principal has the responsibility for collecting and disbursing all monies in a manner approved by Pickens County Board of Education and in accordance with generally accepted accounting principles and procedures.

The Principal shall work with those members of the Central Administrative staff who have general supervision of particular functions. The Chief School Financial Officer or the Superintendent of Education shall be consulted if accounting problems are encountered.

The attached instructions relate to the keeping of school financial accounting records. They should be read carefully and followed closely.

The accounting procedures contained herein may vary only with the written consent of the Superintendent. Accounting procedures and any revisions to the procedures will only be done after review and input from the appropriate parties. The Alabama Department of Education and

the State Examiners of Public Accounts retain the authority to require local boards of education to modify forms and procedures for local school financial operations. The following are some general rules regarding the financial affairs of the schools. These rules, as well as the accompanying procedures and policies will be subject to audit.

- (1) School funds will be receipted and deposited in the school account on a timely basis.**
- (2) Expenditures will be paid by check and supported by proper documentation. ACH expenditures are also allowed.**
- (3) Purchases will be approved by the Principal, Superintendent, CSFO, or designee (with a signed purchase order when required) before the purchase is made.**
- (4) Accounting records will be posted daily.**
- (5) Bank statements will be reconciled monthly.**
- (6) Monthly financial reports reflecting accurate balances and activities of the accounts of the school will be reviewed and approved by the principal.**

## **ACCOUNTING PROCEDURES AND PRACTICES FOR HANDLING SCHOOL FUNDS**

The attached procedures pertain to the handling of financial records for schools under the supervision of the Pickens County Board of Education. All monies received from any source in or about the School funds should be deposited into the school's bank account.

Funds are received, receipted, and deposited daily into the school's bank account. Deposits are entered and posted regularly into the school's computerized local school accounting (LSA) cash receipts journal. Cash receipts are summarized at the end of each month.

Expenditures are incurred only under the authorization of the Principal. All expenditures are processed through the "batch" process of the accounting software. If manual checks are required, then the expenditures are posted as an offline with the same processes.

A monthly financial report submitted to the Central Office by the date set on the LSA Due Date Schedule (for the previous month's financial information) contains:

- 1) Monthly Principal's Report
- 2) Copy of balanced Bank Reconciliation
- 3) Copy of Bank Statement

All reports should be reviewed and signed by the Principal to be considered on time and the export file ready for import into the accounting software.

## **STATE DEPARTMENT OF EDUCATION**

### **PROCEDURES FOR LOCAL SCHOOL ACCOUNTING**

Every school must keep on hand for reference a copy of the State Department of Education's **ACCOUNTING MANUAL, and FINANCIAL PROCEDURE FOR LOCAL SCHOOLS**. The accounting procedures outlined in these publications have been approved by the State Department of Education for use by local schools.

Revisions are made to the ACCOUNTING MANUAL occasionally; and are found on the State of Alabama Department of Education website; [www.alabamaachievers.org](http://www.alabamaachievers.org). This website should be checked periodically by School Bookkeepers and the Chief School Financial Officer for any changes to the manual. This is found under Division & Offices, LEA Accounting, and Accounting Manual. It is the responsibility of the bookkeeping personnel to stay abreast of any manual changes. Copies can be printed or saved on a computer desktop for reference.

FINANCIAL PROCEDURE FOR LOCAL SCHOOLS is found under Division & Offices, LEA Fiscal Accountability, and Local School Procedures.

### **PUBLIC AND NON-PUBLIC FUNDS**

The funds maintained at the local schools can generally be divided into two major categories: public and non-public. Various factors must be considered in determining the proper classification, which affects the degree of expenditure restriction.

**Public funds** – restricted to the same legal requirements as Board funds:

Examples:

1. General – may consist of vending machine commissions, proceeds from school fundraisers (school pictures, coupon books, etc.), student parking, appropriations from the Board, interest income, and other miscellaneous revenues. Its primary purpose is to pay for the general operations of the school and is totally controlled by the Principal.
2. Library – accounts for late charges on returned library books, funds collected for lost library books, and expenditures incurred for purchasing library books.
3. Athletic – may consist of income from gate receipts, parking at athletic events, advertising commissions, game program sales, and donations from athletic booster clubs. Separate accounts may be established for individual sports, if desired. Expenditures include athletic uniforms, equipment, and supplies; membership dues to athletic organizations; registration fees for coaching clinics; travel and transportation; game officials, and expenditures related to athletic events, including expenses for practicing and preparing for athletic competitions and exhibitions.
4. Concession and Student Vending - may consist of concessions operated by the school at athletic events and vending machines or concessions for students operated at the school during the school day.
5. Fees – school imposed course fees for certain non-required academic courses, field trips, workbooks, and supplemental instructional materials. These funds are used to cover the costs associated with the course or purpose for which the funds are collected.

6. Locker Fees – funds collected from students that are used to cover the costs associated with maintaining the student lockers.
7. Faculty Vending – consist of funds collected and used for items sold in faculty lounge areas that, although not assessable to students or the public, are totally controlled by the Principal. (See Section 4 – Vending Machines).

Allowable expenditures from public funds include:

1. Professional development training.
2. Refreshments expended for an open house at a school where the public would attend.
3. Pregame meals for student athletes and coaches.
4. Academic incentives for students.
5. Athletic and band uniforms for students to participate in school activities.
6. Memberships in professional organizations.
7. School landscaping, maintenance, furnishings, and decorations.

**Funds received from public (tax) sources or used for public purposes are public funds subject to the control of the school principal.**

**Non-Public funds** – restricted for expenditures subject to the intent and authorization of the organization’s sponsors and officers and not used for general operations of the school. The principal does not direct the use of these funds but does have the authority to prohibit inappropriate expenditures.

Examples:

1. Clubs and Classes – Student organizations may have self-imposed fees but not academic course fees. The participants often impose their own fees for participation in these clubs and classes. These student organizations often conduct fund raising events. Clubs and classes include FBLA, Senior Class, Student Government, Spanish Club, Band, Show Choir, Beta Club, National Honor Society, Key Club, etc. Student organizations are self-governed by officers elected by the participants.
2. Other School Related Organizations – Parent or parent/teacher organizations can have the organization’s funds in the school accounts. These organizations are governed by officers elected by its members. PTO, PTA, Band Boosters, and various athletic booster support groups are considered school related organizations. (See Guidelines for School Related Organizations).

Some of the expenditures that are not allowable purchases from public funds but may be allowable expenditures from non-public funds include:

1. Food for social gatherings
2. Class prom entertainment
3. T-shirts for club members or faculty
4. Donations to various organizations
5. Transfers to other non-public accounts



6. Travel expenses to club events
7. Championship rings
8. Faculty appreciation gifts
9. Scholarships
10. Flowers for funerals

**(However, the State Ethics Law limits purchases for school employees and their families.)**

**NOTE: Non-public funds can become subject to the same expenditure restrictions as public funds if the accounting records do not maintain a separate account for each of the non-public funds.**

## ACCOUNTING REGULATIONS FOR SCHOOLS

### MASTER RECEIPT BOOK

Master Receipts are issued in the school by an individual assigned by the Principal or designated by job description as responsible for collecting school funds. A computerized Master Receipt is issued at the time funds are received. The Master Receipt is chronologically dated and numbered by the Harris Receipt Module. The following procedures are recommended:

- 1) A master receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
- 2) **The person presenting the funds for receipt should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**
- 3) Funds collected by a teacher must be brought to the office along with the teacher receipt book or record, alternative receipt form, report of ticket sales, or other receipt documents. A master receipt must not be issued in the office for funds collected by the teacher or others unless the Teacher Receipt book is submitted to the office at the same time the money is turned in to the office.
- 4) Receipts are to be issued only when money is received. Under no circumstances are receipts to be issued in advance.
- 5) Do not send students to office with monies.
- 6) A Master Receipt should contain the following information:
  - a. The sequential numbers of the teacher receipt book or record, alternative receipt form, or report of ticket sales form which covers the total amount collected and submitted.
  - b. The name of the individual delivering the funds.
  - c. The amount of the funds received.
  - d. Identify the school activity account to receive the funds.
  - e. Space permitting, other information that would be useful in identifying the funds.
  - f. The date the funds are received.
- 7) A copy of the Master Receipt should be handed to the individual delivering the funds.
- 8) Voided receipts must be retained. Receipts are never to be destroyed or changed. If a mistake is made, write VOID on both copies and staple the original to the duplicate.
- 9) Do not use correcting fluid or erasures for mistakes.
- 10) Funds received must be secured until deposit. Master Receipts must be recorded in the school ledger and all funds deposited on the day received, if possible. Schools may establish a daily cut off time after which funds will not be received and receipted. If time does not permit proper receipting, money should not be accepted.
- 11) This receipt book must be handled with the utmost accuracy.
- 12) Master Receipts and supporting documents must be secured for audit.
- 13) A Master Receipt should also be issued for each check received by mail.

- 14) Follow school board guidance for issuing a receipt to satisfy a non-sufficient fund check.
- 15) The Principal must check the procedures as often as necessary to assure compliance and correctness.
- 16) The bank deposits must be made in such an orderly manner that each deposit will reflect the total daily receipts (in the Master Receipt Book) that comprise the deposit.
- 17) Do not cash checks with school funds. Deposit funds intact. (Example: Checks written by individuals and cashed as a matter of convenience from money receipted could result in a problem if an individual's check is returned not paid by the bank; thus cashing checks for school employees is discouraged).

The cooperation of teachers and other school personnel is essential to assure the proper receipting of school funds.

Interest earned on bank accounts does not constitute "money received" in the school office; therefore, a receipt is not necessary. The amount of interest earned must be entered into the school's LSA Cash Receipts Journal at the end of each month, or recorded as an adjustment when reconciling the month bank statement.

The principal and/or bookkeeper are directly responsible in the handling of the receipt books and/or monies received.

**THE PRINCIPAL IS RESPONSIBLE FOR ANY SHORTAGES RESULTING FROM ERRORS OR OTHERWISE IN THE HANDLING OF SCHOOL MONIES.**

### **TEACHER RECEIPT BOOKS**

Each teacher will be issued by the Principal an individual receipt book to record all funds collected in his/her class. (This includes funds derived from the selling of pictures, fund-raising items, tickets, etc.) Receipt books should be secured and a log should be maintained to track the receipt books by receipt numbers to the individual responsible for issuing the receipts. The receipt books must be pre-numbered.

Each Principal has the authority to provide an alternative to writing a receipt to each student in a class when the amount being collected from each student does not exceed \$10. The alternative receipt form should identify the purpose of the collection (such as field trip to Children's Museum), the date, student name, the amount, and the signature of the teacher or person collecting the funds. At the parent's request a written receipt should be provided instead of entering the receipt on the alternative receipt form. If this option is used, the teacher may write one receipt to one student in the class for the entire amount collected and the teacher must attach a list of the students and amount paid by each to the copy of the receipt in the teacher's receipt book.

Teacher Receipts should be completed and issued in numerical order at the time funds are received. All pre-numbered receipts in a receipt book or record should be issued before another Teacher Receipt book or record is put into use. Teacher Receipts cannot be pre-signed and must

contain the original signature of the person receiving the funds. A signature stamp is not acceptable. A permanent record must be kept by the principal of each numbered receipt book issued; this record must be retained with the school's accounting records. **The principal is responsible for checking these books.** Any major errors or mistakes must be reported to the Superintendent or Chief School Financial Officer immediately.

The following procedures are recommended:

- 1) A Teacher Receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
- 2) A manually prepared Teacher Receipt should contain the following information:
  - a. The name of the individual delivering the funds.
  - b. The amount of the funds received.
  - c. Identify the purpose or activity for the funds received.
  - d. The date the funds are received.
  - e. Indicate if the funds are cash or check.
  - f. The original signature of the individual receiving the funds and issuing the receipt.
- 3) The original Teacher Receipt should be handed to the individual delivering the funds.
- 4) Voided Receipts must be retained with the receipt book.
- 5) Do not use correcting fluid or erasures for mistakes.
- 6) The funds received must be secured.
- 7) Do not cash checks with the funds received.
- 8) No money should be left in the classroom overnight; the teacher is responsible for all monies collected until turned in to the office.
- 9) The Teacher Receipt book or record and the funds collected should be taken to the office.
- 10) The teacher should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**
- 11) The teacher should retain the original Master Receipt.
- 12) Do not hold funds until all funds for an activity, fund-raiser, or other purposes are collected. The school is required to make timely deposits according to school board policy.
- 13) Teacher Receipt books containing the receipt copies and unused receipts should be returned to the Principal at the end of the school year or earlier.

Funds should be remitted to the principal's office no more than once a day. However, a teacher is never to hold funds in excess of \$10.00 beyond the date of collection. All collections should be remitted to the principal's office each week.

The principal must issue a Master Receipt to each teacher for all money brought into the office. Teachers should take money and their receipt book to the office personally. All receipt books must be checked by the principal periodically.

The Principal/Bookkeeper should write, on the Teacher Receipt Book, the amount, date, Master Receipt Number, and their initials on the carbon copy of the last Teacher Receipt comprising the total remittance.

### **REQUISITION – PURCHASE ORDER**

A Requisition/Purchase Order must be completed and approved by the Principal/Administrator before a purchase is made. A purchase order provides protection to the vendor for not charging Alabama sales tax on the school's purchases.

Requisitions are routed based on the purchaser, the organization purchasing, and the fund source of the purchase. Purchase orders will be completed based on the same information. All school requisition/purchase orders are routed to the school principal or designee. Requisition/school purchase orders utilizing Central Office funds will then route to the appropriate Administrator at the Central Office for initial approval. Purchase orders are processed through the Purchase Order module of accounting software. Purchase Orders under \$2,500 will be reviewed/approved by the Chief School Financial Officer or designee. Purchases over \$2,500 will be reviewed/approved by the Superintendent or designee.

The Purchase Order should adequately describe the items to be purchased. Do not order by item number alone – identify items. Any purchase orders done with “See attached list” must clearly have a list attached and only those items on the list are to be purchased. The “attached list” should be attached at all times in the accounting process.

In some cases, a blanket purchase order may be issued each month for a given vendor. For instance, CNP and the Maintenance Department will assign a purchase order based on vendor. Examples of items purchased by CNP are purchased food, food serving supplies, and food processing supplies. The Maintenance Department will purchase items related to repair and maintenance from hardware or parts stores. These blanket purchase orders will cover multiple invoices for the month. At the end of each month, invoices are matched with the appropriate purchase order, reviewed, and processed for payment. The “blanket” purchase order will be completed each month and a new one issued at the beginning of the next month

### **INVOICES**

An invoice must be obtained for each purchase order before payment is made. An IRS Form W9 should be completed and maintained on file for each individual or vendor that qualifies for IRS Form 1099 reporting. Payments should never be made from a statement unless the statement also itemizes the items purchased with a price for each and NO invoice is available. The invoices must include an invoice number, the name and address of the vendor, quantity and description of the items purchased, unit price, extensions and the total. Every effort should be taken to obtain an invoice if the original is misplaced or lost. Most vendors will re-issue a copy of the invoice. The school employee receiving the items purchased should sign the invoice. If the invoice is for services, the responsible school employee should sign the invoice after verification of services provided.

The check stub or copy of check should be attached to the supporting documentation and on file at the appropriate school site or central office. Duplicated invoices are not allowed in the accounting software.

## **EXPENDITURES**

All obligations of the school are to be paid from the official checkbook. Only authorized school expenses are to be paid from this checkbook. A check is never to be destroyed. When an error is made, mark the check VOID OR SPOILED and file it in numerical order with cancelled checks. Also, the void or spoiled check should be updated in the accounting software.

The school Principal or Assistant Principal is authorized to sign checks at the local school. Prior approval must be obtained from the Superintendent before the signature card at bank is changed (letter concerning change, signed by Superintendent, and board minutes).

A valid invoice must be secured to serve as a basis for issuing any check; statements are insufficient. The invoices must be itemized with prices listed for each item. Invoices must be signed by the person for whom the purchase is intended as well as the person who receives the goods at the school.

If for any reason a check is outstanding for two months, efforts must be made to ascertain that the check reached the proper party.

The proper handling of the School Bank Account is the primary responsibility of the Principal. The Principal does not have the authority to issue a check unless an itemized voucher is secured beforehand.

The following procedures are recommended:

- 1) Do not write checks to "Cash".
- 2) Do not sign checks that do not contain the check recipient's name and amount of check.
- 3) Do not pay for items in advance of receipt of materials, supplies, or equipment.
- 4) Invoices and supporting documents should be provided with the check to be signed.
- 5) Invoices should be cancelled (marked PAID) when the check is signed.
- 6) Vendors should be paid on a timely basis. Late charges, penalties, and interest should be avoided by marking payments by the due date.
- 7) Checks should be used in numerical order.
- 8) Checks must be secured at all times.
- 9) Voided checks must be retained for audit purposes.
- 10) Sales tax should not be paid on purchases from in-state vendors unless the items do not qualify for the sales tax exemption (school pictures, class rings, etc.).
- 11) School employees may not use the school's sales tax exemption for personal purchases.
- 12) Checks outstanding more than 60 days should be investigated.

## **POSTING**

Each school must post all receipts and expenditures into the computerized accounting software system, Harris School Solution, Nextgen Hosting. The security of the computerized accounting system must be protected by the use of an access password and multi-authentication rights. With Nextgen Hosting passwords will be prompted to be changed every three months. This password must be protected, and is the responsibility of the school's principal and bookkeeper. Changes, updates, or alterations of any type to the accounting system will be made by Harris School Solution and must be authorized by the Superintendent of Education or the Chief School Financial Officer.

## **TRANSFERS BETWEEN SCHOOL ACCOUNTS (ACTIVITIES) AND CLEARING OF DEFICITS IN ACCOUNTS (ACTIVITIES)**

Revenues may be transferred from one account (activity) to another by following the procedures for the transfer of funds included in the LSA manual. (This will be a transfer-out from one activity and transfer-in to another activity). This prevents overstatement of total revenues. Generally, these transfers would be made at or near the end of the school's fiscal year. All such transfers must first be approved by the Principal. The utmost caution should be taken to prevent any account from ending in a deficit on September 30<sup>th</sup> each year. **IT IS THE RESPONSIBILITY OF THE ACTIVITY SPONSOR TO WORK WITH THE BOOKKEEPER AND PRINCIPAL.**

**NOTE: PUBLIC FUNDS MAY NOT BE TRANSFERRED TO NON-PUBLIC FUND ACTIVITIES. TRANSFERS IN (CLASSFUNC 4-9210 MUST AGREE WITH TRANSFERS (CLASSFUNCTOBJ 5-9910-920)**

## **TRANSFERS BETWEEN SCHOOL ACCOUNTS AND CENTRAL OFFICE**

From time to time it will be necessary for schools to transfer monies to the central office to cover payroll, transportation costs, or portions of a purchase order that is being paid with school funds but will be processed at the central office. When the Central Office is making the expenditure, the School will send a check made payable to Pickens County Board of Education. The Bookkeeper will process the check as he/she does all other checks through the Harris School Solutions Invoice Processing System BUT will code the expense as an Operating Transfer Out – School Sources...**USE EXPENDITURE 5-9910-923 FOR THIS EXPENSE.** The Central Office will record the check as a TRANSFER IN using Revenue 4-9210.

Please utilize caution when posting transfers so that the System's books balance. All transfers in and out between activities at the school should equal. All transfer between schools and Central Office should also equal. Using the appropriate codes will eliminate unnecessary hours of reconciling at the end of the fiscal year.

## BANKING

Money received by the school must be deposited DAILY. If funds are received after regular banking hours, a deposit must be made the next banking day. Under no circumstances will funds be left in the school overnight unless the school has a safe. While it is advantageous to have a safe or vault in the school, that does not negate the requirement of making a daily deposit. Principals may establish a cut-off time to receive funds from teachers/staff each day. Funds may be received after that time if allowed by the Principal. The total deposit made each day must coincide with total receipts. The date and amount of the deposit must be written on the last Master Receipt comprising each respective deposit. All checks payable to the school or department should be endorsed immediately "FOR DEPOSIT ONLY, \_\_\_\_\_ SCHOOL".

The funds in all deposits must be counted and a deposit ticket prepared before being taken to the bank for deposit. The school must keep a copy of all deposit tickets while the deposit is in transit to the bank. The school principal must have an employee of the school present when the bank counts the funds in a deposit and a copy of the deposit ticket must be obtained at the time of deposit. If a deposit is left at the bank near closing time or left in a night deposit receptacle, it is recommended that the deposit bag be locked with the school officials holding the only keys and then someone from the school must be present to unlock the bag and be present when the funds are counted. Each year the Principal should provide the bank with an updated list of school employee(s) who are allowed to make, pick up, or conduct bank business.

Principals must assess all areas of receipting and depositing funds in order to develop the internal control measures needed to safeguard funds. In order to ensure the proper segregation of duties, at least two (2) Board employees should be involved in all cash collection, cash receipting, and cash disbursement functions. Each school principal must set up a system of internal control to assure that all deposits reach the bank. Principals are prohibited from establishing a bank account for school funds in a name other than that of the school. All school funds must be kept in school bank accounts and accounted for in the official accounting records of the school.

The following procedures are recommended:

- 1) Pre-printed, duplicate deposit slips should contain the name of the school account and the bank account number.
- 2) When the Master Receipt is written, payments received by check should be endorsed with the words "For Deposit Only" along with the name of the school bank account and bank account number.
- 3) The deposit slip should contain the Master Receipt numbers of the funds deposited.
- 4) The deposit date and deposit amount should be indicated on the last Master Receipt included in the deposit.
- 5) Daily receipts should be deposited intact. **Do not cash checks with the funds received.** Do not use cash receipts for change cash. Do not use cash received for payments.
- 6) Do not use correcting fluid or erasures for mistakes on deposit slips.



- 7) The bank should authenticate the duplicate deposit slip at the time of deposit. The duplicate deposit slip (and the bank's deposit confirmation, if provided) must be retained for audit.

### **EXTREME CAUTION SHOULD BE TAKEN TO PREVENT THE THEFT OF BLANK CHECKS!**

The use of school funds for the personal use of any staff member of the school is prohibited. School funds must be deposited only in banks and financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC). A school that has more than \$250,000 in a bank, regardless of the number of different accounts involved, must require a bank to pledge to the school securities in the amount sufficient to cover the funds on deposit in excess of \$250,000.

Effective January 1, 2001 the Security for Alabama Funds Enhancement Program or SAFE Program became law. The SAFE Program eliminated the need for school boards to individually collateralize deposits. Under this program, banks designated by the State Treasurer as a qualified public depository (QPD) will pledge securities to the SAFE collateral pool. A copy of our certification will be sent to you. The pool will insure all public depositors with deposits held in a QPD.

Where permissible and feasible, school funds should be placed in interest earning checking accounts. School principals should discuss with bank officials on a regular basis the various accounts available in order that the greatest amount of interest may be earned on funds on deposit. When schools have sufficient funds available for a period of time, the principal may purchase certificates of deposit provided that so doing will result in increased interest earnings.

### **RETURNED CHECKS**

Accepting a check from an individual or a business brings a risk that the check will be returned by the bank for non-sufficient funds or a closed account. A bank error can also be the cause of a returned check. Checks accepted from individuals should contain the following information:

#### ***Full name, Current Residence Address, and Home Telephone Number***

The Board of Education contracts with a third party to collect returned checks. The bank should forward any returned checks directly to the third party with a notice to the local school. Local schools are to post a reversal of the original cash receipt to the appropriate activity. On-line reporting with the third party is available to keep up with the status of returned checks. Principals are encouraged to "cut-off" persons with multiple returned checks. Other options for payment include certified check, money order, or cash.

## **PAYMENTS FOR NON-EMPLOYEE SERVICES CONTRACT LABOR**

Local schools must comply with the Internal Revenue Service requirements for the reporting of payments to non-employees (such as athletic officials, plumbers, electricians, etc.) for services rendered. Records must be maintained to account for any payments or any service rendered by any individual or organization that is not an employee of the Board and is not incorporated. The school shall obtain a Form W-9 for new vendors. Each local school maintains its vendor file in Harris School Solutions and exports any 1099 data at the beginning of each calendar before processing any accounts payable. All Forms 1099's will be issued by the Central Office. All compensation for board employees must be processed within payroll. Board employees are NOT to receive a 1099 and W2.

## **FIXED ASSETS/DISPOSAL OF EQUIPMENT**

The requirements for the recording of the fixed assets of the Pickens County Board of Education shall be the same as those of the State of Alabama. That requirement is that items that are not consumable with an acquisition cost of \$5,000.00 or more must be recorded as CAPITALIZED OUTLAY (FIXED ASSETS). Any item purchased meeting this definition will be coded with a "500-590" object code when paying the invoice will be pulled and recorded in the Asset Inventory System of Harris School Solutions.

The removal of worn out, sold, obsolete, and/or lost general fixed assets from the fixed asset accounting system must be reviewed and authorized either by the Superintendent, designee or by action of the Board. A copy of the police report for stolen or destroyed fixed assets must be obtained and attached to the journal entry of removal at year-end.

All equipment purchased with Federal Funds must be marked as being purchased with Federal Funds, indicate which Fund (ex: Title I, IDEA-Part B, Federal Career Tech, etc.), and include the FAIN number.

## **FUNDS COLLECTED FOR LOST OR DAMAGED SCHOOL PROPERTIES**

TEXTBOOKS – Funds collected from students for lost or damaged textbooks that are property of the Board of Education must be receipted and accounted for in the local school. The Textbook Coordinator will work with the local school for the purchase of replacement books.

LIBRARY BOOKS, EQUIPMENT, AND MATERIALS – Funds collected from students for lost or damaged library books, equipment, and/or materials must be receipted and accounted for in the local school and expended for library items. These funds may not be expended for any other purpose.

OTHER BOOKS, EQUIPMENT, AND MATERIALS – Funds collected from students for lost or damaged books, equipment, and/or materials purchased with funds collected by a specific class, club, or other “Activity” must be expended to purchase books, equipment, and/or materials for that specific “Activity”.

### **STUDENT FEES**

State laws and administrative rules of the State Board of Education restrict the collection of fees from students:

Alabama Code § 16-13-13 Fees for courses. It is the intent of the Legislature that no fees shall be collected in the future in courses required for graduation. In courses not required for graduation, local school boards may set reasonable fees for courses requiring laboratory and shop materials and equipment, provided, however, that such fees shall be waived for students who cannot afford to pay the fee. Any funds collected in fees shall be spent on the course for which the fee was levied. This section shall not be construed to prohibit community groups or clubs from fundraising activities, provided; however, that students shall not be required to participate in such fundraising activities.

Alabama Code § 16-6B-2 Core curriculum. (a) The following words and phrases used in this section shall, in the absence of a clear implication otherwise, be given the following respective interpretations: (1) REQUIRED COURSES. Courses which are required to be taken by every student enrolled in public schools in the State of Alabama.

Alabama Code § 16-10-6 Incidental fees in elementary schools. No fees of any kind shall be required to be collected from children attending any of the first six grades during the school term supported by public taxation; provided, that any county or city board of education shall be authorized to permit any school subject to its supervision to solicit and receive from such children or their parents or guardians voluntary contributions to be used for school purposes by the school where such children are attending; provided further, that the provisions of this section shall in no way affect or restrict the right or power of a school board to fix and collect tuition fees or charges from pupils attending schools under the jurisdiction of such board but who live outside the territory over which such board has jurisdiction.

In reading the guidance above, it can be noted that academic fees during the regular school term (excluding driver education) may only be charged for materials and equipment used in instructional courses, and that the fees collected may only be used in the course for which the fee was collected. **Actions against a non-paying student, such as withholding grades, report cards, transcripts, academic recognitions, and graduation activities, are prohibited. However, state laws governing textbooks may require the withholding of additional textbooks for a student due to unpaid lost or damaged textbook fines. (See Alabama Code § 16-36-69).**

## **DONATIONS AND VOLUNTARY CONTRIBUTIONS**

Voluntary contributions may be requested for various items purchased by the school that are used by students in academic courses and classes including workbooks, supplemental instructional materials, lockers, sheet music, and other academic purposes. The voluntary nature of the contribution must be clearly stated in the request for the contributions. Non-payment of requested contributions cannot be used against a student and the student must be provided the same instructional items as if payment was made on behalf of the student.

Donations may be requested for specific school purchases, including janitorial products, cleaning supplies, paper products, copier expenses, software maintenance, and other school purposes. Non-payment of requested donations cannot be used against a student and the student must be provided the same instructional items as if payment was made on behalf of the student.

Donations may be requested for general school purposes, including communication services, additional personnel services approved by the school board, playground upkeep, equipment, maintenance, student lunches, etc. The voluntary nature of the donation must be clearly stated in the request for the donation and a student must be provided the same instructional items as if payment was made on behalf of the student.

Schools that allow events during the school day that charge admission to students should provide admission to a non-paying student to avoid subjecting the student to embarrassment or ridicule.

Teachers have no authority to request or accept student fees, contributions, or donations without the approval of the principal, unless directed by the local superintendent. The principal or the local superintendent should approve requests to collect school fees, contributions, and donations.

Actions taken against a student for non-payment of student fees, contributions, or donations including the withholding of grades, report cards, transcripts, diplomas, honor rolls, participation in graduation events and student recognition events, membership in honors organizations, and other actions that would subject the student to embarrassment or ridicule, are prohibited.

**The local school board office can provide guidance on collections from students for meals, snacks, and refreshments; library fines; student parking; charges for participating in extracurricular activities; summer school; day care; weekend, before school and after school programs; dual enrollment programs; tutoring; and, requests for donations from school vendors.**

## **Field Trips**

Teachers often request approval to take students off campus during the school day as enhancement of academic content in fulfilling the course curriculum. Voluntary contributions may be requested to pay the costs of transportation, meals, or admission charges. The voluntary nature of the contribution must be clearly stated in the request for the field trip costs. Non-payment of requested contributions cannot be used against a student and the student must be provided the same participation as if payment was made on behalf of the student.

Field trips during the school day cannot generate a profit but may establish a per student amount that exceeds the individual student costs to provide the funds for the non-paying students, if the costs for the non-paying students are not paid by private sources or non-public school funds. Additional costs should be considered in establishing the per student field trip amount to accommodate for special needs students.

Documents providing information about the field trip to parents and guardians should include information on the disposition of excess field trip funds paid for the students including the cancellation or postponement of the field trip; a student's inability to participate in the field trip due to absence, illness, or disciplinary action; and, requirements to receive a refund for the field trip payment.

The local school board office can provide guidance on student meals, transportation, and approval procedures. School board policies may place limitations and restrictions on school field trips.

Student trips that extend overnight, are held outside of school hours, or are held on a day that school is not in session are considered extra-curricular activities. Generally, extra-curricular activities are not subject to the requirement to provide participation for non-paying students.

## **TRAVEL EXPENSE REIMBURSEMENT**

Before attending Professional Development, employees should complete a Leave and/or Reimbursement Request found on the Board's website under Board of Education, System Forms. Approval will be given by the Principal, Curriculum Specialist, or Supervisor. Leave approval/reimbursement approval will be done by the Superintendent or designee. The source of funding should be completed by the Principal or Administrator. Employees requesting reimbursement (Monthly Travel Form) must include the approved form and a copy of the agenda from the professional development attended. Travel is reimbursed on an actual basis. The monthly travel form must include detailed receipts (copies of credit card charges will be acceptable when accompanied by an invoice or detailed itemized receipt). Receipts for registration charges for attending conferences, etc. must be submitted. All such requests for travel reimbursement must be made in accordance with the Board Policy for travel. The mileage rate for persons traveling in privately owned vehicles on official business will follow

the same as set by the State of Alabama. This rate is generally set at the beginning of the calendar year but can be changed during the year. If hotel cost or registration is prepaid, those receipts must be attached to the Monthly Travel Report.

### **ACADEMIC INCENTIVES**

Amendment 558 of the Alabama Constitution permits the use of public funds to promote educational excellence by students. Students may receive food items (but not foods of minimal nutritional value), school supplies, admissions, T-shirts publicizing school academic accomplishments, and other provide tangible incentives for attendance, honor rolls, test scores, and other academic achievements. Academic excellence may also be recognized with plaques, trophies, and award banquets. Academic incentives with a significant monetary value may be provided to a group of students or by selecting individual recipients. (Scholarships and tuition for programs outside of the school’s academic program are not permitted.) By preparing and following formal incentive award procedures a school can minimize auditor questions and public scrutiny when the incentive recipients are announced. Procedures for providing academic incentives with a significant monetary value to students should be established before the incentive recipient is determined and should include:

1. Action required for a student to receive an incentive.
2. Relationship of the required action to educational excellence.
3. Description of the planned incentives. (Laptop, cash, gift card, etc.)
4. Value of planned incentives, if known.
5. Process for determining the incentive recipients.

Academic incentives, whether purchased with school funds or donated by other entities or private sources should be secured until provided to the incentive recipients. The student receiving the incentive should sign a form documenting the student’s receipt of the academic incentive, excluding those items of insignificant value. The school official that is giving the incentive to the student, along with a witness should also sign and date the form.

### **SALARY SUPPLEMENTS**

No school is authorized to make supplemental payments to personnel for any services rendered in connection with the normal and customary duties associated with the employee’s job description. ANY supplemental payment for extra work “above and beyond” the normal duties of a specific job (which may require a contract) must be submitted to the Payroll Accountant for compensation with the monthly time sheets and approved by the appropriate Administrator. Any supplement listed on the Athletic Supplement Sheet requires Board approval. Such payments will be made on the regular monthly personnel payroll to ensure that all deductions are properly handled. If the local school is responsible for covering such payments, the school should contact the Payroll Accountant or Chief School Financial Officer concerning an invoice.

**Schools are expressly prohibited from making loans to employees.**

Gifts of money or school property to any individual or organization are prohibited. This includes floral arrangements. A flower fund may be operated by the school provided complete and accurate records are kept to verify that all such purchases are paid for by contributions from employees and/or students. The school will not be permitted to contribute to this fund. An exception to this regulation will be made when a class, organization, or the school purchases floral arrangements for such events as proms, beauty contests, graduation exercises, etc.

It shall be permissible for a student club, organization, or class to expend Non-Public Funds collected from fundraising activities and membership dues for such things as:

- 1) Sending flowers to a funeral or hospital for a student, teacher, or someone else.
- 2) Food or clothing for a needy family or individual.
- 3) Contributing to the state or national student organization foundation, and
- 4) To pay state and national dues for such organizations.

**REQUIREMENTS OF REGULATING BORROWING OF FUNDS AND ENTERING INTO LEASE-PURCHASE AGREEMENTS BY SCHOOLS**

The Pickens County Board of Education expressly prohibits the Principal and/or any employee at a school from borrowing any funds from any source in the name of the school or the Board of Education without first obtaining the written approval of the Superintendent of Education and the Board of Education.

The principal and/or any employee at a school are prohibited from entering into any contract or lease-purchase agreement without first obtaining the written permission of the Superintendent of Education and the Board of Education.

The Alabama Code, Section 41-16-57(e) states that “contracts for the purchase of personal property or contractual services shall be let for periods of not greater than five years.”

**BID LAW**

The Board will follow state law for the procurement of property and services. The primary state procurement laws for Alabama school boards are:

Alabama Competitive Bid Laws (Chapter 13B of Title 16, Code of Alabama 1975). Effective August 1, 2023 bid threshold for goods and nonprofessional service is \$40,000

Joint Information Technology Purchasing Agreement (Chapter 13B of Title 16, Code of Alabama 1975).

Public Works Law (Title 39, Code of Alabama 1975). Public works threshold is now \$100,000. To the extent allowed by state laws, the board will utilize state, local, regional, and national purchasing agreements where appropriate for the procurement or use of goods and services. Some expenditures exempt from the competitive bid law include:

- Purchase of insurance
- Professional service contracts (lawyers, CPA's, architects, etc.)
- Contracts to furnish financial advice or services
- Purchases of books, maps, pamphlets, or periodicals
- Purchases made by individual schools from funds other than those raised by taxation or received through state or local government sources
- Contractual services and purchases of commodities for which there is only one vendor or supplier
- Contractual services and purchases of personal property which, by their very nature, are impossible of award by competitive bidding
- Contractual services and purchases related to security.

### **SALES TAX**

Principals and Administrators are required to follow the Alabama Department of Revenue's Sales and Use Tax Rules

(Code of Alabama 1975, Sections 40-23-31 and 40-23-83).

Schools are not required to pay sales taxes on purchases, or generally, collect sales taxes as a statutorily exempt entity. However, the system may file Form ST:EX-A1-SE with Alabama Department of Revenues to obtain an exemption form when needed.

### **FINANCIAL RECORD RETENTION SCHEDULE**

The Superintendent will maintain board records in the manner and for the time required by law. Otherwise, records will be retained and disposed of in accordance with procedures that will include a records retention and destruction schedule to be prepared and promulgated by the Superintendent and approved by the board.

### **THEFT OF SCHOOL FUNDS**

If a theft or loss of school funds occurs, notify the police and the Superintendent of Education immediately.

### **ATHLETIC TICKET SALES**



All funds collected for the sale of athletic tickets must be supported by a "Ticket Reconciliation". This form should be signed by the person or persons in charge of ticket sales. Any exceptions or problems should be noted on this form. Gate receipts should never be counted by one person. Tickets should be sold at all events where admission is charged. Admission events include football, basketball, baseball, softball, volleyball, soccer, wrestling, swimming, track, and other athletic events, as well as, beauty pageants, dances, theatrical performances, talent shows, carnivals, festivals, and other school-related events. The use of tickets for admission events, when properly managed, assures that entrants to events paid the admission fee and that all admission charges are deposited in the school's bank account. Pre-numbered tickets may be printed for a specific event or may be sold from a roll of generic tickets. If generic tickets are sold for seasonal events, such as football or basketball games, ticket colors should be alternated. Security practices, such as having a ticket collector tear tickets in half, may be necessary at some events to avoid the re-use of tickets by entrants to the event. The ticket collector should not be the ticket seller.

A report of ticket sales form must be issued for each individual selling the tickets at the time the tickets are provided to them for the event. The report of ticket sales form should contain the following information:

- 1). Name of the event.
- 2). Date of the event.
- 3). A line for the name or signature of the person receiving the tickets for sale.
- 4). The beginning and ending ticket numbers of the tickets issued.
- 5). The beginning and ending ticket numbers of the tickets not sold.
- 6). A line for the signature of the person receiving the unsold tickets and cash collected.
- 7). A space for reconciling collections based on ticket sales to actual cash returned.

A Master Receipt should be issued to an individual for the cash collected from ticket sales. A separate Master Receipt should be issued for Change Cash. All cash collected must be deposited intact. **Do not use cash collected or change cash to cash any checks, including school checks issued for officiating, security, ticket sellers, or ticket collectors.**

### **FIELD TRIPS**

Monies collected from pupils for Field Trips must be receipted, deposited, and expended through the school's Financial Records. FIELD TRIPS ARE NOT TO BE CONDUCTED FOR A PROFIT. Field trips must comply with the Pickens County Board of Education policies.

## FUNDRAISING ACTIVITIES

In order to control fundraising activities, the Pickens County Board of Education adopted the following fundraising policy:

An accounting MUST BE MADE of the total revenues and expenditures for each fundraising event. The Master Receipt issued must identify the source of funds for items sold or activities conducted (the notation "class project", "senior class", etc. is not acceptable). The local school board may exempt school-related organizations from this requirement if the activity of the organization is not under the control of the Principal.

Fundraising activities held during class time, activity periods, before or after school must be reported. This includes school organizations, classes, or clubs.

All fundraising projects or activities shall be scheduled at such a time as to minimize interference with the school day. The school faculty and/or students shall be allowed, voluntarily to participate in fundraising activities.

The Principal must approve each school fundraising activity conducted by students, teachers, school employees, or school-related organizations.

The principal and other school employees should adhere to the State Ethics Act, particularly section 36.25.5, which provides that "no public official or employee shall use an official position or office to obtain direct personal financial gain for himself or his family, or any business with which he or a member of his family is associated unless such use or gain is specifically authorized by law."

Each school is to make use of a selection process when choosing items for sale to ensure the best product value to students, parents, and the public. Elementary school students must not be involved in any door-to-door solicitations or sales. **No fundraisers may sell foods of minimal nutritional value during the school day.** The purchase of items for fundraising projects or activities is subject to the Pickens County Board of Education procedures and the Alabama Bid Law.

A form requesting authorization for a fundraising activity must be approved by the Principal prior to the start of the fundraising activity and should contain the following information:

- 1). Date of the request.
- 2). Name of the individual making the request.
- 3). Activity account to receive proceeds from fundraiser.
- 4). Class, club, or organization that will conduct activity, if applicable.
- 5). Name of fundraising project.
- 6). Beginning and ending dates of fundraiser.

- 7). Description of fundraising activity, such as:
  - a). name of company supplying items for sale.
  - b). description of items for sale.
  - c). estimated cost of items for sale.
  - d). sales price of items.
  - e). description and estimated cost of related fundraiser expenses.
  - f). description of method of sales and collections.
  - g). estimated profit from fundraiser.
- 8). Purpose of fundraiser.

Before approving a fundraising activity, a Principal should consider the safety of students involved in the activity. For example, the cheerleader sponsor should supervise events such as a “Car Wash for Cheerleader Camp”. The potential profitability for the efforts expended on a fundraising activity should also be considered.

Approved fundraising activities must comply with financial procedures for school funds, including:

- 1) All funds collected must be delivered to the Principal’s office for a Master Receipt. Do not cash checks from collections.
- 2) Income from fundraisers must be deposited on a timely basis. Teachers and sponsors of fundraisers should be reminded not to hold fundraiser income until the fundraising project is complete.
- 3) All fundraising expenses, including sales awards to students, must be presented to the Principal for payment by check.
- 4) A school employee cannot receive a gift or gratuity from the fundraising vendor.

Within a reasonable time after completion of the fundraising activity, a form should be submitted to the Principal that documents the result (profit/loss) of the activity. These documents are subject to audit by Central Office and independent auditors.

## **COMMISSIONS**

Many local schools contract with vendors for school pictures, class rings, yearbooks, book fairs, and vending machines. Although some local school boards have system-wide contracts for all of the schools, other school boards leave the decision to the Principal of each school. The contract with the vendor allows the school to be paid by check for the activity and avoids the collecting, receipting, and depositing of cash and personal checks by the school. The contract should be written to provide the school with substantially the same net income as if the school handled all of the activity. A vending contract should require the vending company to furnish statements that identify the count of items stocked in the machines with each delivery. A school employee will verify the stocked items. The use of the statement of stocked items to calculate the expected profit from

the machines will determine if the school is receiving the expected income from the vending company.

***Foods of minimal nutritional value may not be sold during the school day.***

## **VENDING MACHINES**

Some vending machines are fully serviced by school employees who stock the machines and collect the funds from the machines. Another method of servicing vending machines has the vending company stock the machine and collect the funds or have school employees collect the funds from the machines. Controls should be established to document the products stocked in each machine and the income from each machine. Tracking the profits from each vending machine assists the Principal to insure that:

- a) A malfunctioning machine is quickly identified.
- b) Students and others are not manipulating a machine to take money or receive products without paying.
- c) The product price is set above the product cost to obtain a reasonable profit.
- d) Products are not pilfered from storage or when stocking the machine.
- e) All funds from the sale of the vending items are receipted.

The same school employees who remove the funds from a machine should also stock or supervise the stocking of the vending machine. A Master Receipt should be made to the individual for the funds collected from each machine.

A school may have an area set aside for school employees that has one or more vending machines that are not assessable by students or the public. Because the vending machines are on public property using electricity paid with public funds, as well with the principal (a public official) directing the use of the vending machine proceeds, the profits are considered public funds. However, an Attorney General Opinion established conditions that would allow the vending machine proceeds to be non-public funds. The use of the non-public funds would have to be under the control of an employee organization (not under the direct control of the principal) and all expenses for the vending machines, including vending items, electricity, and rent would have to be paid from the vending machine proceeds.

## **CONCESSIONS**

Concessions include event concessions, school concessions, and school stores. Because most concessions involve cash, and neither cash receipts nor tickets are used to control the exchange of money, proper accounting for the sale products and income is essential. Ideally, a cash register would be used to account for the cash collected. The purchaser would receive a cash register receipt and the cash register would generate a record of sales. An inventory of items purchased, items sold by sales price, and items unsold should reconcile to the cash collected. The following procedures are recommended:

- 1). Do not cash checks with concession funds. Deposit funds intact.
- 2). Do not make payments from cash collected. Payments must be made by check.
- 3). Funds should be collected on a timely basis.
- 4). A Master Receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
- 5). **The person presenting the funds for receipt should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**
- 6). Supporting documentation of items sold should accompany the funds collected.  
***Foods of minimal nutritional value may not be sold during the school day.***

### **GUIDELINES FOR SCHOOL-RELATED ORGANIZATIONS**

The majority of public K-12 schools in Alabama operate under the accreditation standards of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS/CASI). The *Accreditation Standards 2005* published by SACS/CASI includes in **Standard 2 Governance and Leadership 2.4** the following requirement: **In fulfillment of this standard, the leadership of the school...Controls all activities, including extra-curricular, that are sponsored by the school.** This publication also provides in **Standard 6 Financial Resources 6.15** the following requirement: **In fulfillment of this standard, the school...Controls all funds raised in the name of the school....** Interpretations of these standards, primarily **Standard 6.15**, have created conflicting guidance from various sources relating to the accounting requirements for school-related organizations.

In addition to the requirements of SACS/CASI, the Alabama Department of Education must also consider other factors in providing these Guidelines for School-Related Organizations, including:

- *State laws giving the authority to establish financial and administrative requirements for local schools to the:*
  - *State Superintendent of Education.*
  - *State Board of Education.*
  - *Local Boards of Education.*
  - *Department of Examiners of Public Accounts.*
- *Governmental Accounting Standards Board (GASB).*
  - *Generally Accepted Accounting Principles.*
  - *GASB Statement No. 14 – The Fiscal Reporting Entity.*
  - *GASB Statement No. 39 – Determining Whether Certain Organizations Are Component Units.*
- *Federal legislation.*
  - *Internal Revenue Service.*
  - *Congressionally Chartered Organizations.*

The determination that a particular club or organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the club or organization's operations at a school. The fact that an organization would not exist without the school it supports has no bearing on determining that the organization is a school activity. However, the purpose of these Guidelines for School-Related Organizations are to assist these organizations, school officials, school bookkeepers, auditors, and other agencies in determining the proper accounting for school-related organizations.

### **Student Organizations**

Student clubs and classes are usually recognized as school activities. The student officers and faculty sponsor operate the organization while the school principal acts in a fiduciary capacity over the organization's funds. The school's accounting records contain a separate account to record the financial operations of each student organization. Income from the student organization is recorded by receipts and deposited in the school bank account. The school principal approves the purchase orders, signs the checks, and maintains the supporting documents for the expenditures.

Some organizations consisting of students from the school may not be school activities. Some students belong to social organizations that operate off-campus. Community recreation leagues may consist solely of the school's students and operate under other entities that are not under the control of the school. Although the activities of these organizations may benefit the school's students, these organizations have a separate employer identification number (EIN), a separate mailing address, and maintain their own records and accounts.

### **Athletics**

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parking fees, will be determined by agreement with the entity in control of the event location.

### **Parent Organizations**

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Many parent organizations join a national organization that serves the individual school organizations.

Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations may have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:

- a) Both parties mutually assent to the fiduciary control of the principal,*
- b) A school employee leads fund-raising or maintains the accounting records for the organization.*

Currently, all parent organizations are considered to be school activities and are prohibited from maintaining a bank account outside of the school account.

### **Booster Organizations**

All school sponsored extra-curricular activities must be under control of the school and included as a part of the Pickens County Board of Education financial records. No booster organization is allowed to operate outside the parameters of the school.

### **ACCOUNTING PROCEDURES**

In an effort to maintain separation of duties while working with limited personnel, the Pickens County Board will practice the following procedures for issuing purchase orders, verifying satisfactory completion of shipments received, preparing invoices for payment, processing accounts payable checks, entering a personnel payroll and processing personnel payroll checks.

**NOTE: Where duties are assigned to employees by name, those duties will continue to be performed by the employee replacing the employee who leaves the employment of the Board or transfers to another position until such time as this manual is revised.**

### **REQUISITION / PO ENTRY/ MAINTENANCE**

School Requisitions / Purchase orders will be issued by bookkeepers and authorized by principal. Completed purchase orders will be checked and prepared for payment by bookkeepers. Information for a purchase order is entered in Harris School Solutions, Module Purchase Order.

Use this transaction to add new purchase orders, to change existing purchase order information, and to change a PO's status. Purchase order statuses include: in process, submit, approve, re-encumbered, void, reject, hold and complete. Before entering purchase orders for the first time,

you must set up parameter and validation tables for general ledger, requisition, purchase order, and accounts payable; set up general ledger accounts and vendors; and set up security for the user and application (if necessary).

### **Purchase Order Process**

1. In most cases the purchasing process starts with a requisition. The requisition must have detail information of item, description, quantity, price per item, and vendor information. Signature of Purchaser with the approval signature of Principal/Administrator. The requisition should clearly show the funding source or account number which will be pay for the items.
2. Most funding sources have a specific PO Prefix which is used. For example, T1 is for Title 1, GF is for General Fund, and CA is for Capital. Local school will use the year as their prefix, such as fiscal year 24.
3. After approval of the purchase order, items are ordered by online entry, mail, or fax. A copy is sent out to employee as verification of order. All source documents related to the purchase are stapled together and held for invoicing and payment. Invoice payment is only made after items are received and verification from the employee is received (signed invoice).
4. Open purchase orders are reviewed periodically to verify items are being received and invoices are promptly being paid.
5. If a purchase order is mistakenly voided or completed, a new purchase order should be done. The new purchase order should have written instructions that it replaces the prior purchase order. This can be done in the system and will print on the replacement purchase order.
6. The software is set to assign purchase orders in sequential order.

### **Accounts Payable Procedures:**

1. An invoice batch is created to process the invoices. You can have multiple batches at one time. Approved invoices are entered in the batch as individual invoices or the information can be pulled by entering the purchase order number. The Invoice amount and invoice general ledger distribution are verified and should always be the same.
2. Upon completion of the batch, a batch listing can be printed. The batch listing is used to verify the data entry. Vendor name, invoice number, invoice amount, vendor address, due date, and general ledger number should be verified.
3. At this time the batch can be merged for payment. A cash disbursement report should agree with the total of the original batch. You have the option to print the report by different account components. Printing the report by Sfund will help in making banking transfers at the end of the A/P process.
4. Check are printed, verified again, and matched with the source documents. Checks are stuffed, mailed, or held for pickup. The number of checks printed should be verified with the check listing report to account for all checks.



5. The check batch is updated to the general ledger
6. The Cash Distribution sheet is totaled by fund: General Fund, Capital, CNP, Bond, and Federal Fund. Transfers into the Accounts Payable Clearing Account are based on this information.
7. A copy of the general posting, transfers, and cash disbursement sheet are approved by signature by the Superintendent and Board President at the next available Board Meeting.

### **PROCEDURES FOR THE RECONCILIATION OF BANK STATEMENTS**

All bank accounts of the Pickens County Board of Education and the schools shall be reconciled to the financial records. The CSFO shall be responsible for verifying that monthly bank statements are reconciled to the financial records on a timely basis ensuring accurate monthly financial statements.

This reconciliation shall be performed in the following manner:

1. Bank Statements received from the board-approved bank shall be delivered by mail, online banking, or requested. The Chief School Financial Officer has access to bank statements via online banking for the Central Office and CNP. Generally, Local School Bookkeepers will receive bank statements via mail. However, due to reporting due dates and scheduled board meetings, the School Bookkeeper may request a copy of the bank statement from the bank.
2. After inspecting the statement, the Chief School Financial Officer/School Bookkeeper will reconcile the bank statement. Principals review and approve local school bank reconciliations. CNP bookkeeper reconciles CNP bank statement with the CNP Director approval. The CSFO and Superintendent or designee reviews and approves. All other Central Office accounts are reconciled by the CSFO with review by a third party and approved by the Superintendent or designee.

The status of bank reconciliations and cash balances are given at all board meeting.

### **PROCEDURES FOR HANDLING CASH (CHECK) RECEIPTS – CENTRAL OFFICE**

1. The CSFO or designee sorts the mail and distributes it to the proper recipient.
2. Checks are delivered to the CSFO or CNP Bookkeeper.
3. All supporting documentation (stubs or remittances) for checks received are kept as documentation for posting. Copies of checks are made if needed.
4. The CSFO or designee makes out deposit. All checks are stamped with “For Deposit Only”.
5. Deposits are made promptly. Deposit Slips are stapled to the supporting documentation. Wire deposit notifications are generally received via email. Cash Receipt (C/R) journal

entries are used to record these items. The transaction report is stapled on top as proof on posting.

The Chief School Financial Officer or CNP Bookkeeper keeps copies of cash receipts entered into the system and files them in a file with the applicable month and year. These copies of deposit tickets are retained for end-of-month cash reconciliation and audit purposes.

### **PROCEDURES FOR PREPARING AND ENTERING PERSONNEL PAYROLL**

The payroll for the employees of the Pickens County Board of Education is processed on the Harris School Solutions. All information regarding the payment of any employee is given to the Payroll Accountant who checks and prepares it for entering into the payroll system. All employees of the Board are paid on a monthly payroll. Payroll is issued on the last business day of each month unless approved otherwise by the Board. The monthly payroll is processed as follows:

Perform Employee File Maintenance. Enter all payroll changes for taxes, deductions, insurance, addresses, etc. Any change to an employee's personal or tax information must be supported by the written authorization of the employee. A copy of the written authorization is to be placed in a file in the office of the Payroll Accountant.

#### Salary Change:

Any change in an employee's salary must be documented with a complete written calculation by the Payroll Accountant with assistance from the Associated Superintendent as needed. A copy of the calculation is to be placed in the file in the Payroll Accountant's office.

#### New Hires:

Documentation of the hiring of an employee by the Pickens County Board of Education must be furnished to the Payroll Accountant. The Associate Superintendent or CSFO will give the Payroll Accountant personnel actions from board meetings. New hires will receive a New Hire Package via mail or in-person. Each package includes RSA, PEEHIP, tax, salary, direct deposit, and sick bank information. Payroll related information is conveyed to the new employee as needed by the Payroll Accountant.

### **Contents of the Teacher Personnel File**

Teacher Certificate  
Application for Employment  
Board Action Letter signed by Superintendent  
Transcripts of ALL college credits earned to receive certificate  
Experience Statements from other systems

### **Contents of Personnel Payroll File: (All employees)**

These forms will be on file in the Central Office:  
Copy of Social Security Card  
Copy of I-9 (Determination of Eligibility for Employment) Immigration Form  
State and Federal Tax Withholding forms  
Teacher Retirement Enrollment form  
Copies of Insurance Enrollment forms  
All payroll deduction authorizations  
ACH Deposit Authorization, if applicable  
Sick Leave Bank form  
E-verify Confirmation  
Alabama Department of Labor New Hire  
Sick Bank Information

### **SICK LEAVE TRANSFER IN**

Noted on sick leave card and computer. Staple copy to sick leave card.

### **SICK LEAVE TRANSFER OUT**

Complete form, note on sick leave card, and adjust in computer. Staple copy to sick leave card.

### **SUBSTITUTES**

Pickens County Board of Education uses Frontline Absent Management to manage Substitutes as of July Summer 2023. All Substitutes have orientation with the Associated Superintendent and Payroll Accountant. All needed forms for payroll are completed at this time. All subs must hold a valid Substitute Certification from Alabama Department of Education.

## **PAYROLL PROCESSING**

Pickens County Board of Education has a mandatory payroll direct deposit policy. Employee payroll checks will be issued on the last business day of each month. Any exception must be approved by the Board. Salaries for employees are paid on a schedule recommended by the Superintendent and approved by the Board.

### Payroll Process

1. Time Sheets for all employees and Front Absentee reports are received, verified, and entered into a payroll run. The Payroll Accountant and the Local School Bookkeepers reconcile any difference if needed. Employees are notified if any dockings are needed due to lack of sick or personal days.
2. Any changes in employee withholdings, direct deposit, or insurance are done based on source documents.
3. Data input is verified with assistance from a 2<sup>nd</sup> person independent of payroll.
4. Payroll is precomputed and computed. This process will check for any errors which can be corrected at this time.
5. All deductions are reconciled to the source documents.
6. A payroll register and comparison report are reviewed.
7. The payroll register is given to the CSFO to make the needed transfers in the Payroll Clearing Fund. A copy of the transfers and payroll register is held for approval by the Superintendent and Board President at the next board meeting. Overall payroll totals by General, Federal, and CNP Fund will be an Agenda item.
8. ACH is done with a timely manner.
9. Vendor checks and direct deposit information is processed.
10. The payroll run is update to the general ledger.
11. All vendor checks are mailed with any remittances.
12. The Federal tax deposit and state remittance are done in a timely manner
13. PEEHIP and Retirement payments are done before the 10<sup>th</sup> of each month.
14. Quarterly reports required by the IRS or State are done.
15. At the end of the calendar year, W2's, 1095's, and Truth in Salary Statement are completed in a timely manner.

## **USE OF COUNTY VEHICLES**

The Board recognizes an obligation to provide needed transportation services for the operation of the schools in Pickens County. This may include transportation related to pupil transportation, maintenance service, school food services, and the general administration of the school system.

County-owned vehicles may be used by personnel in the above mentioned categories to provide the services required for efficient operation of the service areas mentioned.

The use of county-owned vehicles shall be restricted for official business only. This may include travel to and from work because of their on-call status.

The Superintendent shall advise the Board as to the number and type of County-owned vehicles use by Board employees. Proposed changes in the fleet or type of employee using county-owned vehicles will be reported to the Board for approval.

## **PICKENS COUNTY BOARD OF EDUCATION INVENTORY PROCEDURES**

Principals are responsible to the Superintendent for the accounting and inventory of all state-owned textbooks in the schools.

The Pickens County Board of Education directs that all fixed or capital assets shall be inventoried annually. Inventory records of fixed assets or capital assets shall be maintained at the Central Office in Harris School Solutions. A supplemental inventory of equipment items not classified as fixed or capital assets shall be maintained.

All instructional material purchased by the schools, including textbooks, software, and supplies are school district property. Books, software packages, and other reusable materials will bear the stamp of the school or school district. Principals will ensure that all inventory of all textbooks and software is conducted at the end of each school year. Teachers are expected to keep an accurate record of books issued to students. When a textbook is damaged or lost, the student responsible will be required to pay for the loss or damage of the book.

All materials and equipment valuing \$500 or more must be marked as inventory with an official Pickens County Board of Education barcode. These materials include but are not limited to copiers, computers, laptops, laminating machines, poster-making machines, Elmos, projectors, televisions, maintenance equipment, etc. The principal will ensure that an inventory will be forwarded to the central office.

Barcodes on materials and equipment will be assigned by room number in the buildings, not by teachers.

Employees are responsible for ensuring that equipment in employee's offices, classrooms, or other workspaces is secured when unattended. The district reserves the right to inspect and examine any and all school district equipment at any time.

Pickens County Board Policy will be followed regarding inventory along with additional procedures below:

A master inventory spreadsheet will be maintained at the central office level which will be reconciled annually with the inventory from each school in the district. Additional software or software licenses may be used to facilitate the maintenance and organization of inventory items.

Administrators and school personnel are responsible for ensuring reasonable safeguarding procedures to secure inventory in their location. This includes, but is not limited to locking storage cabinets, doors, and campuses when appropriate. See Board Policy DIB.

Equipment, supplies, materials, vehicles, and other movable or consumable property owned by or underlease to the board may not be made available to persons or entities for private or personal use, benefit, or consumption, or for any non-Board related use or purpose. Such property may not be removed from Board Premises except as necessary to serve a school or Board-related function or purpose, and with the knowledge and approval of the appropriate supervisor, administrator, or the Superintendent.

## **DISPOSITION**

Title for all property located centrally or in school rests with the Pickens County Board of Education. Before disposal of any item no longer utilized, approval must be secured from the Superintendent. Property of significant value will be sold by competitive sealed bids. Any proceeds from the disposition of school property shall be deposited in the district's general fund, CNP fund, local school fund, or appropriate special revenue fund (for federal funds) as directed by the CSFO.

Property included by policy on the district/school inventory list must follow the following documented procedures.

Lost, damaged, or stolen property should be followed with an investigation.

The school administrator or designee should investigate to determine the circumstances leading

to the loss. A written summary of the investigation and results should be documented.

Negligence must be reported to the school or district administration. In the case of theft or suspected

theft, then a police report should be filed.

Damaged or obsolete property, with the approval from appropriate central office personnel, will be marked for disposal on the school and district inventory. The Pickens County asset tag will be removed from the property and sent to central office when possible.

After prior written approval from the superintendent or his designee, obsolete or damaged property with significant value will be sold by competitive sealed bids. Other property will be donated, recycled or otherwise disposed.

All items lost, stolen, obsolete, or damaged will be listed as such on inventory along with the date.

## **FEDERAL PROGRAM FUNDS**

Federal funds received by the Pickens County Board of Education, including Child Nutrition Program, are subject to the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements-Part 200. In accordance with those requirements, the following policies and procedures are hereby established:

### **Cash Management for Federal Funds**

The Board will minimize the time between the receipt of federal funds from the United States Treasury, the Alabama Department of Education, or other pass-through entity, and the disbursement of those federal funds. Federal funds will only be requested to meet immediate cash needs for reimbursement not covered by prior



receipts and anticipated disbursements that are generally fixed, such as monthly program salaries and benefits.

The Chief School Financial Officer will maintain financial records that account for the receipt, obligation, and expenditure of each federal program fund. Cash balances for each federal program fund and for the aggregate of all federal program fund will be monitored routinely by the Chief School Financial Officer or designee.

Federal program funds will be maintained in insured checking accounts that are subject to the state requirements for public deposits under the SAFE program.

### **Determination of Allowable Costs of Federal Funds**

Before instituting a financial transaction that will require the expenditure of federal funds, the federal program director and the CSFO or designee will determine that the proposed

transaction meets the requirements for allowable costs for the federal program. Actions to determine allowable costs will assure that:

- A. The proposed expenditure is included in the federal program budget;
- B. The proposed expenditure is reasonable and necessary for the federal program;
- C. The proposed expenditure is consistent with the procedures for financial transactions of the Board including:
  - 1. Purchase order approval procedures;
  - 2. Contract review and approval procedures;
  - 3. Applicable competitive purchasing procedures and;
  - 4. Documentation supports allowability of transaction.

Before payments are made from federal funds, the federal program director and the CSFO or designee will determine that the federal program expenditure complies with generally accepted accounting principles and complies with state, local, and federal laws, rules, and regulations.

### **Travel Policy for Federal Funds**

Travel costs are the expenses for transportation, lodging, subsistence, reasonable tips, and related items incurred by board employees who are in travel status on official business of the Board. The Board's travel policy provides for reimbursement and payments for travel costs of employees paid from federal funds that is consistent with the travel costs for board employees paid from state or local funds.

## Conflict of Interest Policy for Federal Funds

Generally, a conflict of interest exists when a board member, board employee, or agent of the board participates in a matter that is likely to have a direct effect on his or her personal and financial interests. A financial interest may include, but is not limited to, stock ownership, partnership, trustee relationship, employment, potential employment, or a business relationship with an applicant, vendor, or entity. A board member, board employee, or agent of the board may not participate in his or her official capacity in a matter that is likely to have direct and predictable effects on his or her financial interests.

A board member, board employee, or agent of the board will abide by the Federal and state laws and regulations that address conflict of interest standards. In general, the Federal rules provide that:

*No employee, officer, or agent of the board shall participate in selection, or in the award or administration of a contract supported by Federal funds if he or she has a real or apparent conflict of interest. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs, or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from the firm considered for a contract. The board's officers, employees, or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to subcontracts.*

The Board's conflict of interest policies include adherence to the Alabama Ethics Law, which defines conflict of interest as:

*A conflict on the part of a public official or public employee between his or her private interests and the official responsibilities inherent in any office of public trust. A conflict of interest involves any action, inaction, or decision by a public official or public employee in the discharge of his or her official duties which would materially affect his or her financial interest or those of his or her family members or any business with which the person is associated in a manner different from the manner it affects the other members of the class to which he or she belongs.*

A board member, board employee, or agent of the board may not review applications, proposals, or participate in the evaluation or selection process where his or her participation in the review process would create the appearance that he or she

is (a) giving preferential treatment; (b) losing independence and impartiality; (c) making decisions outside official and appropriate channels; or (d) harming the public's confidence in the integrity of the board.

Situations and circumstances presenting an actual conflict of interest or the appearance of a conflict of interest should be brought to the immediate attention of the Superintendent. A board employee, board member, or agent of the board who has knowledge of a possible conflict of interest should identify the conflict and notify the Superintendent. The Superintendent will document his or her actions related to the reported conflict of interest. Resolution can consist of disqualification, recusal, waiver, or other appropriate measures. Appropriate measures may include reporting a conflict of interest to the State Ethics Commission, the Alabama State Board of Education, or the appropriate federal agency.

### **Procurement Policy for Federal Funds**

The board will follow state laws for the procurement of property and services. The primary state procurement laws for Alabama school boards are:

- \* Alabama Competitive Bid Laws (Chapter 13B of Title 16, Code of Alabama 1975);*
- \* Joint Information Technology Purchasing Agreement (Chapter 13 of Title 16, Code of Alabama 1975); and,*
- \* Public Works Law (Title 39, Code of Alabama 1975).*

To the extent allowed by state laws, the Board will utilize state, local, regional, and national purchasing agreements where appropriate for the procurement or use of goods and services. All procurement transactions are subject to the Board's *Conflict of Interest Policy* and the procurement decisions of the board will:

- Avoid acquisition of unnecessary or duplicative goods and services;
- Use the most economical and efficient approach for acquisitions;
- Award acquisition contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement;
- Consider contractor integrity, compliance with public policy, record of past

performance, and financial and technical resources prior to awarding procurement contracts;

- Maintain records sufficient to document the history of the procurement;
- Conduct procurement transactions in a manner that provides full and open competition.

Procurement transactions for federal programs and child nutrition programs that are not subject to the state procurement laws, but exceed the aggregate amount of the federal micro-purchase threshold, will be obtained by utilizing price or rate quotes from two or more qualified sources. State procurement laws include requirements that comply with the other Uniform Administrative Requirements for procurement of property and services.

The Board, through the Superintendent, will request proposals for those professional service contracts (excluding architectural and engineering services) that are exempt under state procurement laws if the contracts exceed \$250,000 and will be paid from federal or child nutrition program funds. The Board, through the Superintendent, will utilize a team of three or more qualified individuals to conduct a technical evaluation of proposals received and to select recipients.

#### **Time and Effort Policy**

In accordance with Federal requirements (§ 299.430) prescribed by the Office of Management and Budget (OMB), charges to Federal awards for salaries and wages must be based on records that provide reasonable assurance that the charges are accurate, allowable, and properly allocated. In order to receive and maintain eligibility for funding, sponsoring agencies require organizations to gather documentation to substantiate that the level of salary or wages charged to Federal awards is commensurate with the effort expended. This includes all Title programs (Title I, II-A, III, IDEA, etc.) as well as special Federal funding that might be awarded.

Pickens County Board of Education utilizes an “After-the-Fact” reporting system to comply with the federal effort certification requirement. Under an after-the-fact system, distribution of salaries and wages for employees working on federally funded projects will be supported by effort certification reports. Time and effort certification reports reflect an after-the fact reporting of the actual percentage distribution of activity of employees.

Employees working on Federal awards are required to adhere to the following procedures on Effort Certification:

- Faculty and exempt employees will be asked to report the percent of effort for all federally sponsored activity and curricular activities (i.e. instruction, administration,

advising, etc.) using the Pickens County Board of Education Time and Effort Report form.

- Time and Effort Reports will reasonably reflect the percentage distribution of effort by faculty and exempt employees charged to federally funded projects. Effort is not determined based on a 40-hour week but rather as a percentage of total employment activities. 100% effort is an employee's total hours actually spent on work within the scope of his/her employment activities. This report includes activities for which the employee is being compensated, both sponsored and non-sponsored, within a given time period. The purpose of the report is to certify the level of effort expended on these activities.
- Semi-Annual Report: An employee who has a single cost objective has a position that is dedicated to a singular purpose. For instance, a special education teacher is considered to have a single cost objective because the teacher works only with special education. An employee who has a single cost objective will complete semi-annual certifications after the July through December pay cycle. And the January through June pay cycle. A semi-annual certification is a sign-off by the employee and the supervisor with first-hand knowledge of the employee's work after the work has been completed.
- When employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.
- Personnel Activity Reports or equivalent documentation must: (1) reflect an after-the-fact distribution of the actual activity of each employee, (2) must account for the total activity for which each employee is compensated, (3) must be prepared at least monthly and must coincide with one or more pay periods, and (4) must be signed by the employee and direct supervisor. The Personnel Activity Report must be supported with documentation of actual effort, not estimates. Supporting documentation could be, but is not limited to, a work calendar, work project, time log, or class schedule.
- Faculty and exempt employees will complete and sign the Time and Effort Report. Principals/Directors are required to verify the accuracy of information provided by the employees working on the grant. Time and Effort Reports are required annually and at the completion of the grant.
- Completed Employee Time and Effort Reports are maintained by the program director.
- In the event of closing during a public emergency, Employee Compensation will be paid in accordance with the customary payroll procedures, which may be modified from time to time during a public emergency or as the needs of the system require.

**Statutory Reference: EDGAR 200.430(i)(1)**

**EMERGENCY CLOSING OF SCHOOLS**

The Board of Education authorizes the Superintendent or his/her designee to close any or all schools if prevailing or potential hazards threaten the safety and well-being of pupils, staff, or school property. If practical, the Superintendent shall make the decision after consulting with appropriate community agencies, including the Board of Education. Public announcement and releases to new media shall be made by the Superintendent.

**EMERGENCY LEAVE**

In the event of closing during a public emergency, employee compensation will be paid in accordance with the customary payroll procedures, which may be modified from time to time during a public emergency or as the needs of the system require.

**AUDITS**

Business and financial transactions of the Board and the records of the Board financial accounts will be audited in accordance with state law and appropriate auditing and accounting standards.