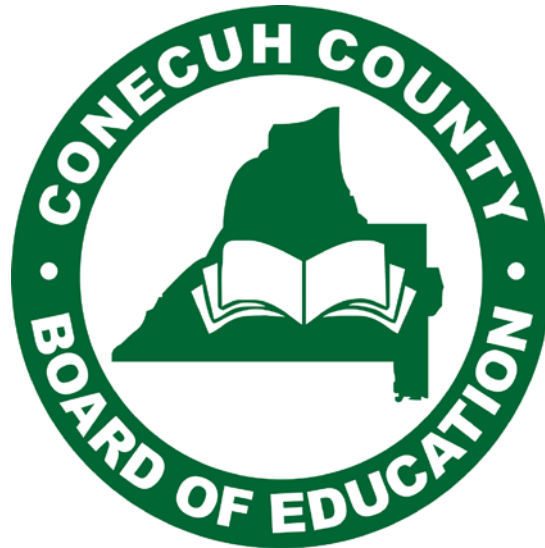


# Accounting Procedures Manual



Conecuh County Board of Education

Revised July 2018

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## **INTRODUCTION**

The attached policies pertain to the handling of financial records for schools under the supervision of the Conecuh County Board of Education. In conjunction with the Superintendent, the Chief Financial Officer will continually review and revise all accounting procedures and policies. Prior to any revisions or adoptions, all parties affected will have the right to review and provide input. New policies will be added only after approval by the Superintendent.

The financial accounting records and reports for all Conecuh County Schools will be prepared using the HARRIS SCHOOL SOLUTIONS (Formerly McALEER/CSI) LOCAL SCHOOL ACCOUNTING (LSA) system. No other accounting system may be used without the approval of the Board.

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

Expenditures are incurred only under the authorization of the Principal. All expenditures are paid by check and recorded in the computerized local school accounting (LSA) program. The expenditures are posted and summarized at the end of each month and the month-end cash disbursement report is generated. A copy is kept at the school.

A monthly financial report submitted to the Board of Education by the 10<sup>th</sup> of each month (for the previous month) contains an analysis of transactions for all accounts handled in the school. (Example: January end of the month reports and download will be due into the central office by the February 10th; February's will be due March 10th, etc.) In the event that a school cannot make this deadline, the Bookkeeper will notify the Chief Financial Officer.

The following Reports will be due in the Central Office on the 10<sup>th</sup> of each month:

1. Monthly Financial Statement
2. Monthly Principal's Report
3. Copy of Bank Statement
4. Bank Reconciliation

Also, copies of master receipts that were deposited for the month will be submitted with the above reports.

We operated under modified accrual accounting procedures where the revenue is recognized when it becomes available or measurable and expenditures are recognized when the encumbrance is entered or in the period the liability occurred as in the case of utility bills, salaries, telephone bills and school paid travel.

Books and materials common to all schools are as follows:

- Receipt Books – To record all monies received.
- Checkbook – To record all monies expended. The Financial Accounting System for Local School Accounting “check register” shall be designated the OFFICIAL CHECKBOOK of the school.
- Ledger – To summarize financial transactions of all accounts monthly.
- Monthly Financial Report – To report financial conditions of the school as of the last day of each month.
- Accounts Payable – To report all unpaid bills at the end of each month. (Submit with the financial report – most schools do not do this; however the critical time to address accounts payable is September as this is checked by auditors)
- Purchase Order Register - To record all purchase orders issued. All schools must follow a purchase order system for purchases with the exception of utilities, telephone bills and school paid travel. In the event that a purchase is made at the school without a purchase order, the Principal would need to authorize payment before the bookkeeper would pay the invoice. Documentation as to the reason a purchase order was not obtained would need to be attached.



The following Preface is taken from the “Financial Procedures for Local Schools” adopted by the State Department of Education. The Conecuh County Board of Education has taken measures to ensure that all State requirements are included in this procedures manual.

## PREFACE

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 the local board of education and in accordance with generally accepted accounting principles and procedures.

The purpose of this manual is to assist local boards of education in establishing financial policies and procedures for local school financial operations. Local school boards have a variety of requirements for overseeing the financial activity of local schools. Some schools have no bank accounts because the local school accounting is centralized at the local school board. Some schools have electronic receipts while others do not allow teachers to collect funds. Because of the variety of local school financial operations each local board of education is allowed to adopt alternative forms and procedures for local school financial operations subject to the following requirements:

- a). Generally accepted accounting principles will not be diminished.*
- b). Compliance with state and federal laws will be maintained.*
- c). Internal accounting controls will allow the tracking of financial transactions to the responsible individual.*

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.**
- (3) Purchases will be approved by the Principal (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.**

The Principal must be familiar with all local school financial policies so that he or she will not permit practices contrary to the policies. The Principal is directly responsible in 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 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.

## **STATE DEPARTMENT OF EDUCATION PROCEDURES FOR LOCAL SCHOOL ACCOUNTING**

Every school must keep on hand for reference the most recent copy of the State Department of Education's **FINANCIAL PLANNING, BUDGETING AND REPORTING SYSTEM FOR ALABAMA PUBLIC SCHOOLS**. The accounting procedures outlined in this publication has been approved by the State Department of Education for use by local schools. A copy of the most recent manual can be found on the State of Alabama Department of Education (ALSDE) website ([www.alsde.edu](http://www.alsde.edu)).

Revisions are made to the **FINANCIAL PLANNING, BUDGETING AND REPORTING SYSTEM FOR ALABAMA PUBLIC SCHOOLS** occasionally and can be found on the ALSDE website listed above. This website should be checked periodically by School Bookkeepers and the Chief Financial Officer for any changes to the manual. This is found under 1) Sections, 2) Financial Assistance, and 3) Publications. It is the responsibility of the bookkeeping personnel to stay abreast of any manual changes.

## **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 – consists 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, Cheerleaders, 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 Section 7 - 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.**

## PROCEDUCRES FOR LOCAL SCHOOLS ACCOUNTING

In an effort to maintain separation of duties while working with limited personnel, the Conecuh County Board of Education will practice the following procedures for receipting funds, depositing funds, issuing purchase orders, verifying satisfactory completion of shipments received, preparing invoices for payment, processing accounts payable 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.**

### RECEIPTING FUNDS

Audits show that the management of incoming funds in local schools as the primary weakness of internal controls for local school financial operations. Because a number of different people are often involved in the collection of school funds, establishing enforceable procedures for the variety of income sources becomes an integral part of the accountability for local school funds. Master receipts, reports of ticket sales, teacher receipts, and alternative receipt listings are all important documentation for assuring that all funds collected for the school are deposited in the school's account.

The Alabama Legislature has stated that excessive paperwork required of teachers and other public education employees hinders the prime responsibility of public education: *The education of the children of Alabama*. The Legislature declared that it is imperative that all unnecessary paperwork be eliminated from our public schools and necessary paperwork be automated to the maximum practical extent. Because the documentation needed to protect the funds collected is vital, the collection of funds by teachers should be limited or eliminated. Procedures to reduce paperwork may include:

- *Alternative funding sources for field trips and classroom materials.*
- *Centralized collection of class fees and fund-raising income.*
- *Prepayments by parents for recurring charges.*
- *Eliminating locker fees.*
- *Recruiting businesses and donors to replace charges to students.*

Elimination of unnecessary paperwork is not the only benefit of developing alternative procedures for collecting school funds. The simple fact is "*The more people you have involved in the collection of school funds the more chances you have for something to go wrong*". Consolidating the collection of school funds makes the automation of receipting even more beneficial. The automation of receipting reduces the time and mistakes of manually entering receipt information into the school's accounting records.

The security of the collection documents—teacher receipts, alternative receipt record, reports of ticket sales, master receipts, or automated receipts—is often overlooked in providing these documents to the individuals collecting school funds. Pre-numbered documents and log

sheets to track the assignment of these documents are part of assuring the security of school funds. Technology personnel sometimes overlook financial records when installing security features to prevent access to student records by unauthorized users. Automated records must be protected by firewalls, passwords, PINs, or daily back up of records.

The receipting procedures discussed on the following pages assume that the receipting documents are manually prepared. All manually prepared receipts will be recorded on pre-numbered duplicate receipts forms.

## **MASTER RECEIPT BOOK**

Master Receipts are issued in the school office by an individual assigned by the Principal or designated by job description as responsible for collecting school funds. A manually prepared Master Receipt must be a pre-numbered duplicate receipt book or record. Master Receipts should be completed and issued in numerical order at the time funds are received. Because only one Master Receipt book or record is to be in use at a time, all pre-numbered receipts in a receipt book or record should be issued before another Master Receipt book or record is put into use. Master Receipts cannot be pre-signed and must contain an original signature of the person receiving the funds. A signature stamp is not acceptable. 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.
4. Funds should be counted and verified with the amounts in the teacher receipt book or record, alternative receipt form, or report of ticket sales.
5. A manually prepared 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.
  - 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.
  - g. The original signature of the individual receiving the funds and issuing the Master Receipt.
6. The original Master Receipt should be handed to the individual delivering the funds.
7. Voided receipts must be retained.
8. Do not use correcting fluid or erasures for mistakes.
9. Funds received must be secured until deposit. Deposit funds daily or according to local board policy.
10. The Master Receipt book or record and supporting documents must be secured for audit.

11. A Master Receipt should also be issued for each check received by mail.
12. 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.
13. Follow school board guidance for issuing a receipt to satisfy a non-sufficient fund check.
14. **Do not cash checks with school funds. Deposit funds intact.**

The cooperation of teachers and other school personnel is essential to assure the proper receipting of school funds. Establishing designated times to receive funds for the issuance of Master Receipts should be considered.

## **TEACHER RECEIPT BOOK**

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, fundraising items, tickets, etc.) A teacher is not to have more than one receipt book at a time. The receipt books must be pre-numbered. 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.

Each Principal has the option of waiving the requirement to write a receipt to each student in a class when the amount being collected from each person does not exceed two dollars \$2.00. 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 the 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 an original signature of the person receiving the funds. A signature stamp is not acceptable. 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. 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.
14. **Teachers should take money and their receipt book to the office personally. Under no circumstances should a student be allowed to take money and receipt books to the Principal's office.**
15. 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.

The Principal is directly responsible in the handling of the receipt books and/or monies received. This responsibility cannot be delegated unless written permission is secured from the Superintendent.

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

**All monies collected (including fundraisers) must be remitted daily to the bookkeeper for deposit. This provides for accountability of the funds and helps ensure that the funds are being properly protected.**

## **PURCHASE ORDERS**

The Principal should approve all expenditures that will be paid from school funds. A purchase order allows the Principal to approve expenditures prior to purchase. A purchase order provides protection to the vendor for not charging Alabama sales tax on the school's purchases. A completed, pre-numbered purchase order should be approved by the Principal before the purchase of materials, supplies, or equipment. Local board policy will determine if purchase orders should be completed for other expenditures. A purchase order register should be maintained to account for purchase orders.

Although purchases made by individual schools from funds other than those raised by taxation or received through appropriations from state, municipal, or county sources are generally exempt from the bidding requirements of the Alabama Competitive Bid Law, such purchases can come under the state bid requirements if any portion of the expenditure is derived from a governmental source.

Plans for proposed land improvements, building improvements, repairs, renovations, or

construction of buildings or facilities on school property should be submitted to the School Superintendent. Approval, notification, or inspection by State or local agencies may be required, even if expenditures are paid by other organizations or individuals.

**Contracts, including service contracts for landscaping, maintenance, tutoring, or copier leases, must have the approval of the School Superintendent before the services begin.**

School Purchase orders will be issued electronically using NextGen by the bookkeepers, once authorized by the Principal. Completed purchase orders will be checked and prepared for payment by bookkeepers. Purchase orders should be entered in the Financial System Accounting Purchase Order Entry system to establish an encumbrance.

All funds collected for the purpose of educational and extra-curricular activities are to be processed through the local school accounting procedures set by the State Department of Education. All booster clubs organized to support programs of Local Schools are not to maintain any independent bank accounts, as to do so would be a direct violation of the State Department of Education.

## **ACCOUNTS PAYABLE**

All purchases are to be made in accordance with the rules and regulations of the State Department of Education. The following procedures are to be followed when making a purchase:

1. Obtain from the bookkeeper or download from county website a copy of the purchase requisition, complete it, sign and return to the bookkeeper. All booster organizations must have the signature of the teacher (sponsor) for the purchase order to be processed.
2. The bookkeeper will verify that funds are available for the amount of the requisition.
3. The purchase order is then forwarded to the principal for approval; at that point an encumbrance for the amount of the purchase order will be placed in the activity from which the purchase order is to be paid. **DO NOT PLACE ANY ORDER UNTIL PRINCIPAL SIGNS FOR APPROVAL!**
4. The bookkeeper will make a copy of the approved purchase order and return it to the requester.
5. Once the purchase has been made and the items received and inventoried, the invoice/receipt is to be signed and given to the bookkeeper for payment to be remitted.
6. If the invoice is received by the bookkeeper, she will contact the requester to verify (email, phone, initial invoice, written statement, etc.) that all items were received in good condition.
7. All purchase orders should be received and invoices submitted for payment within 30 days. If you incur a problem with your purchase, it is your responsibility to notify the bookkeeper so that proper action can be taken to correct the problem.

8. **Absolutely no purchases are to be made without following these procedures, to do so would be a direct violation of the State Department of Education, which could cause you to be personally liable for the financial obligation of the purchase.** There should **never** be an order for goods or services without first obtaining an approved purchase order. The date of the purchase order should **always** be before the order date.

Unpaid items of any nature at September 30<sup>th</sup> of each year should be recorded in the school's LSA system and an Accounts Payable Register will be attached to the monthly financial report and submitted to the Central Office

### **VOIDING AN ACCOUNTS PAYABLE CHECK**

In the event that it becomes necessary to void a check and issue a replacement check, the following procedures will be observed:

1. Determine a legitimate need for voiding the check. The approval of the school Principal is required before a check can be voided and a replacement issued.

**EXAMPLES:**

- A check that is written to the wrong vendor
  - A check that is written for an incorrect amount
  - An accounts payable check that has not reached a vendor within ten (10) working days of the issue date
2. The School Bookkeeper will verify with the Board approved bank that the check has not cleared the bank checking account. If the check HAS NOT cleared the bank account, a STOP PAYMENT must be placed on the check. This statement is filed and retained for future audits.
  3. The School Bookkeeper will VOID the check through the void accounts payable check process.
  4. A new check may be issued by following the accounts payable invoice and accounts check process. When this information is entered, an account number is entered in place of the original purchase order.

### **VENDOR ACCOUNTS**

All vendor accounts are to be in the name of your Local School. Your purchase is identified by your purchase order number; therefore, it is not necessary for accounts to be set up by activities.

Schools are **not** to reimburse employees/other persons for purchases. The ideal method of purchasing is through purchase orders. If, by **necessity**, a purchase is made and

reimbursement is warranted, by no means can we reimburse tax charges. **It is against the law for schools to pay sales tax!** All receipts for purchases should be given to the bookkeeper in a timely manner.

## INVOICES & EXPENDITURES

An invoice should be obtained for each purchase before payment is made; statements are insufficient. An **IRS Form W-9** should be completed and maintained on file for each individual or vendor that qualifies for **IRS Form 1099** reporting. The vendor invoice should include the pre-printed name and address of the vendor, a description of the purchase, an itemized listing of items purchased and item price, shipping and handling charges, and the total amount of the purchase. If a vendor without a pre-printed vendor invoice provides items or services, the vendor should sign an invoice containing the same information. Unless provided in another document, 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 invoice should be matched with the applicable purchase order before payment is made.

If a vendor provides work or materials but does not have an invoice, the school may furnish a Form LA6 Invoice to the vendor to be completed or write the following information on a form:

- The Purchase Order Number
- Date
- Name and Address of Vendor
- Social Security or Employer I.D. Number of Vendor
- Description of Work Done
- Amount to be paid
- Signature of Vendor

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 and file it in numerical order with cancelled checks.

The Principal should sign all checks. The Principal may also authorize an additional person in the school (assistant Principal) to sign checks in his absence. **Prior approval must be obtained from the Superintendent before a bank account is changed.** No signature stamp may be used in place of the Principal's signature on the check. The Principal is responsible for the security of signature plates if used in place of manual signatures. The school bookkeeper should never be the sole signatory or allowed to sign on behalf of the Principal.

All invoices must be approved by the Principal before payment is made. The Principal must initial all invoices. The check number of the check written to pay the invoice must be copied into the invoice.

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 check number of the check written to pay an invoice must be copied on the invoice along with the date payment was made. The invoice must be stapled to the purchase order with the invoice on top. Each month's paid invoices must be put in numerical order by check number and filed in "batch" order in an envelope or file folder plainly marked as "Invoices Paid for \_\_\_\_\_ (Month/Year)". Each "Batch" of paid invoices must include the batch listing, merge listing and cash disbursement listing that is generated by the LSA system at the of posting.

It is suggested that a single rubber stamp be used on invoices which will encompass all of the documentation requirements, such as the following:

- P.O. Number
- Date Received
- Received By
- Principal's Approval
- Date Paid
- Check Number

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 making 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.

## **ACCOUNTS RECEIVABLE**

All funds collected from a student or collected for a service rendered by the school are to be receipted by the teacher who receives said funds. The funds are to be receipted and deposited

with the bookkeeper in accordance with the rules and regulations of the State Board of Education. The following procedures are to be followed when making a deposit.

1. All funds received are to be deposited to the bookkeeper by 2pm each day, if at all possible.
2. No funds are to be left in the classroom overnight.
3. No funds should be held from one month to the next, etc. Remit funds to the bookkeeper as soon as possible.
4. Students are **not** to bring money to the office. Teachers/staff members need to do this.
5. Each student is to be receipted for funds given to a teacher/sponsor.
6. Each person rendering a service/item for a fee is to be receipted.
7. All receipts should be made to a **person**, not to “concessions, fundraiser, etc.”
8. All receipts are to total the deposit made, and a **Receipt Form** or **Remittance Report Log** must be completed, whichever is applicable for your Local School.
9. All deposits are to be submitted to the bookkeeper as follows:
  - o Currency – by denomination, from largest to smallest.
  - o Change – in coin envelopes by denomination.
  - o Checks – in order from least amount to greatest; the students name should be written on the memo line; and if you are depositing more than 20 checks, the activity number should be written in the upper right hand corner of the check. Checks **must** have full names, current addresses (not post office boxes), and telephone numbers on them. No counter checks should be taken.

## **GATE RECEIPTS AND CONCESSIONS**

1. All funds are to be deposited in the manner described above.
2. A Financial Accounting Form is required prior to each athletic event. It must contain sport/activity, date, beginning ticket number, price per ticket, and be signed by the sponsor and bookkeeper. After the event, that **same** form is to be returned to the bookkeeper with the ending ticket number, number of tickets sold, total money received, and signed again by the sponsor and bookkeeper. **Also, the remaining roll of tickets needs to be returned after each event.**
3. A Concession Form is required prior to each event where concessions are sold. It must include the sport/club name, date, signature of sponsor, and the amount of beginning cash for change issued, if applicable. After the event, the remainder of the form should be completed with amount of money returned listed, and signatures of person responsible and bookkeeper. The beginning cash for change, when returned, should be receipted separately.

## **RECONCILIATION OF BANK STATEMENTS**

ALL BANK ACCOUNTS of the Conecuh County Board of Education will be reconciled between the BANK STATEMENT, CHECK REGISTER/BOOK and the GENERAL LEDGER CASH ACCOUNT on a monthly basis. This reconciliation will be prepared as soon as is

practicable after the end of each month. This reconciliation shall be performed in the following manner:

1. Bank statements received from the Board approved bank shall be delivered UNOPENED to the Principal, who will open and inspect the statement, cancelled checks and deposit tickets.
2. The School Bookkeeper will also verify that the interest rate posted by the bank is the agreed upon rate. Cancelled checks will be scanned for vendor, endorsement, alteration or any other discrepancy. Any error, discrepancy or unusual circumstance will be noted and brought to the attention of the Principal and/or Chief Financial Officer immediately.
3. After inspecting the statement, the School Bookkeeper will reconcile the bank statement.
4. The School Bookkeeper will reconcile all bank statements to the check register/book and to the General Ledger Cash Accounts. The Adjusted Statement and Ending Book Balance should be zero at the end of each month. The bank accounts held by the local schools are:

Conecuh County Jr. High School – BB&T  
Evergreen Elementary School – Regions Bank  
Hillcrest High School – Regions Bank  
Lyeffion Jr. High School – Regions Bank  
Thrugood Marshall Middle School – BB&T  
Repton Jr. High School – BB&T

NOTE: Upon completion of the reconciliation, the Principal will sign and date the reconciliation sheet. The Chief Financial Officer will review and approve the reconciliations on a monthly basis. Each month the School Bookkeeper will send a copy of each school's monthly bank statement and all essential documentation to the Central Office.

The cash of the Conecuh County Board of Education is carried in cash accounts deemed necessary by the Chief Financial Officer or the Superintendent of Education. No bank account will be opened without the consent of the Superintendent of Education or Chief Financial Officer.

The cash account is designated by the function code 1-0111. Cash may be held in all Fund/Source of Funds taken from the ALSDE Accounting Manual.

Effective January 1, 2001, the Board's deposits are covered under the SAFE Program (Security for Alabama Funds Enhancement Program encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended.

## SCHOOL INCOME

### 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 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.

**AAR 290-3-1-.02** Driver Education. (a) No fee shall be charged any child whose family is unable to pay the fee. (b) Thirty dollars (\$30) per student, per semester, is the maximum driver education fee to be charged by local boards of education without approval from the State Superintendent of Education.

(c) The State Superintendent of Education may approve a higher fee upon the request of a local superintendent approved by the local board of education with sufficient documentation of actual costs in excess of the maximum. (d) Each board of education shall establish criteria by which the ability of families to pay the fee may be determined and submit same to the State Superintendent of Education for approval. (e) Local boards of education shall take reasonable steps to insure that students for whom no fee is required shall not be identified.

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. The voluntary nature of the donation must be clearly stated in the request for the donation. 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 extra-curricular activities; summer school; day care; weekend, before school and after school programs; dual enrollment programs; tutoring; and, requests for donations from school vendors.**

## REPORT OF SALES OF TICKETS

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.**

An Attorney General Opinion stated that the local school board could authorize complimentary passes to certain individuals provided the granting of the passes "**further and enhances school purposes.**" A Principal cannot issue any complimentary passes without the express authority of the local school board. Public employees and officials and their family members receiving a complimentary pass are responsible for compliance with the State Ethics Law.

## FUNDRAISERS

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

## **PRIZES FOR FUNDRAISERS/CONTESTS/SCHOLARSHIPS**

1. All cash prizes for fundraisers/contests/scholarships must be awarded through the purchase order procedure. For all prizes that are \$600.00 or more, you will be required to secure the social security number and address of the recipient, because we must issue them a 1099 at the end of the calendar year.
2. Any student that receives cash for a fundraiser/contest/scholarship, or requires a refund, must be issued a school check. Please follow the accounts payable procedures.
3. Receipts from recipients of funds are required.

## **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 schools service some or all of the vending machines in the schools. 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 while 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 all 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.*

## 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*  
*Home telephone number*

The face value of a check returned for insufficient funds (NSF) may not be absorbed as a cost by state, federal or public local funds. Bad debts are not an allowable expenditure for any state, federal or public local funds.

Wherever a check is returned, the school must notify the person who issued the check to bring cash to the school to cover the check. Do not charge the returned non-paid check off the ledger. Write a new receipt for the cash received and mark it "re-deposited" with a notation of the earlier receipt number issued, a copy of the notice received from the bank and a copy of the returned check attached to the master receipt. The returned check may be returned to the person who wrote the check after cash has been received to cover the amount. Returned checks not promptly redeemed by cash must be collected by legal means. Assistance should be obtained from the District Attorney's office in the Conecuh County Courthouse.

The fee charged by the School for a returned check shall be equal to what the bank has charged the account. This fee applies to any check returned to the school. **There are no exceptions.**

If a returned check is collected prior to the end of the month in which it is returned, NO ENTRY is needed in the Local School Accounting System.

If the returned check is not collect by the MONTH END, it must be shown as an "OTHER RECONCILING ITEM" (Debit) in the bank reconciliation file each month until it is collected.

In the event a returned check is not collected by the school or the District Attorney, a school must request permission from the Superintendent before writing off the check. A returned check should be written off by reducing the revenue and cash. A journal entry must be made to reduce (Debit) receipts (Revenue) for the appropriate activity account and reduce (Credit) cash. All documentation, including District Attorney's statement and the written permission from the Superintendent to write off the item must be retained with the school's accounting records for the period in which the item is written off the school's books.

## **POSTING**

Each school must post all receipts and expenditures into their computerized Local School Financial Accounting System. Entries into the accounting system are to be made in accordance with procedures prescribed in the Local School Accounting Manual.

The security of the computerized accounting system must be protected by the use of a password. This password must be protected, and is the responsibility of the Chief Financial Officer.

The security of the accounting system must be further protected through regularly scheduled backup procedures which are performed at the Central Office by the Chief Financial Officer.

Changes, updates, or alterations of any type to the accounting system will be made by the LSA financial system provider and must be authorized by the Superintendent or the Chief Financial Officer.

**TRANSFERS BETWEEN SCHOOL ACCOUNTS (ACTIVITIES) & 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 bookkeeper should retain all supporting documentation on transfers in the financial records of the school.

The utmost caution should be taken to prevent any account from ending in a deficit on June 30<sup>th</sup> each year. **IT IS THE RESPONSIBILITY OF THE ACTIVITY DIRECTOR TO WORK WITH THE BOOKKEEPER AND PRINCIPAL.** In the event an activity ends the year with a deficit; it should be invoiced for the deficit amount, and payment made to correct by August 31<sup>st</sup>.

**NOTE: PUBLIC FUNDS MAY NOT BE TRANSFERRED TO NON-PUBLIC FUND ACTIVITIES**

**BOOKKEEPERS: WHEN POSTING A TRANSFER BETWEEN SCHOOL ACTIVITIES, USE FUNCTION / OBJECT 9910 – 920 AND THE TRANSFER IN WILL BE REVENUE 4-9210**



## **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 Conecuh County Board of Education. The Bookkeeper will process the check as she does all other checks through the financial accounting system 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 4-9230.

Occasionally the Central Office will transfer monies to local schools (on behalf of legislators for example). In this case the Chief Financial Officer will cut a check to the school and record the expense as Operating Transfer-Out - School Source (5-9910-923).

### **THE SCHOOL WILL RECORD THE TRANSFER IN FROM THE CENTRAL OFFICE WITH REVENUE 4-9230.**

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 transfers 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**

A school should have no more than one checking account. Establishing separate bank accounts is not necessary to avoid co-mingling of public and non-public funds. 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. Funds not needed for current operations, whether invested in CD's, money market accounts, or savings accounts, must be recorded in the school's accounting records and included in the school's financial statements.

School funds must be maintained in a Qualified Public Depository (QPD). A QPD is an Alabama banking institution that provides protection for school funds under the Security for Alabama Funds Enhancement Program (SAFE), administered by the Alabama State Treasurer's office. At the end of each fiscal year, the bank should be required to provide a letter confirming that all school funds are listed on the bank's records as SAFE Program Accounts.

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.

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.

In order to allow for time each day preparing the daily deposit, the Principals should establish and enforce reasonable timeframes for teachers to bring their daily collection of funds to the office and receive a Master Receipt. Funds may be received after that time if allowed by the Principal.

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.

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.

The following procedures should be followed:

1. The total deposit made each day must coincide with total receipts.
2. Pre-printed, duplicate deposit slips should contain the name of the school account and the bank account number.
3. 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.
4. The deposit slip should contain the Master Receipt numbers of the funds deposited.
5. The deposit date and deposit amount should be indicated on the last Master Receipt included in the deposit.
6. 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.**
7. Do not use correcting fluid or erasures for mistakes on deposit slips.
8. 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.

**The use of school funds for the personal use of any member of the school is prohibited.**

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

## **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 the social security number or employer I.D. number and address of the vendor before payment is made for services rendered and shall mark the vendor with a "Yes" to receive a 1099 in the Vendor Maintenance File in the Financial Accounting System. The school will provide a vendor file to the central office at the end of the calendar year in order for 1099-Miscellaneous forms to be issued.

The provision for "Contract Labor" does not apply to employees of the Board. Compensation for employee services is covered in SECTION 9, paid on the regular monthly payroll for employees, and reported on the employee's Form W-2 (Wage and Tax Statement) at the end of the year.

### **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 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 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.

## 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 must 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.*

## **BOOSTER ORGANIZATIONS**

All school sponsored extra-curricular activities must be under control of the school. However, booster organizations are often formed to support the operations of these activities in a variety of ways. While providing additional financial support for a particular extra-curricular activity, the volunteers in the booster organizations also enhance community support that often

extends to benefit all of the students at a school. Because some of the activities of a booster organization may be intertwined with the extra-curricular activity it supports, some of the organization's activities may be under the control of the school principal while other functions of the same booster organization are not school activities. The determination that a particular booster organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the organization's operations at a school. These organizations must 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, who is associated with the activity supported by the booster organization, serves/holds a leadership position in the organization, or,*
- c) *A school employee leads fund-raising or maintains the accounting records for the organization.*

Specific activities of a booster organization may come under the control of a school principal if:

- a) *The organization collects admission to the school function,*
- b) *The organization operates a concession operation on school property at the school function,*
- c) *The organization collects parking fees for the school function,*
- d) *The organization operates a training camp that includes students of the activity it supports, or*
- e) *The organization operates an exhibition or competition that includes students of the activity it supports.*

## **SPECIFIC REQUIREMENTS**

Parent organizations and booster organizations that maintain financial operations outside the control of the school could create a negative image for the school by failing to maintain proper accounting controls. Accountability for the funds these organizations control includes an agreement that:

- a) *The organization has obtained an employer identification number from the IRS.*
- b) *The organization provides a report of the annual audit of the organization to the school.*
- c) *The organization makes its financial records available to the school's auditors and authorized school employees upon request.*
- d) *The organization provides required financial reports.*
- e) *The organization provides proof of a fidelity bond for the treasurer.*
- f) *The organization will not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the **State Ethics Law**.*

## 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 Conecuh County Board of Education policies.

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.



## MISCELLANEOUS TOPICS

### 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 and remitted by the school to the Board of Education at the end of each school year. The funds will be used by the Board to purchase textbooks.

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".

### 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 must be submitted to the Payroll Department for compensation with the "Monthly Payroll to the Superintendent" (Principal's Service Report). Such payments will be made on the regular monthly personnel payroll to ensure that all deductions are properly handled. The local school is responsible for covering such payments and should submit a transfer check to the central office with the payroll requesting additional pay for employee. Contact Payroll Bookkeeper or Chief Financial Officer for instructions on calculation of fringe benefits.

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

### GIFTS

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 are records 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

## **OBLIGATIONS**

All obligations of the school must be paid in full by the tenth of the month following purchase unless a written contract is made setting forth definite time payments. Written contracts for time payments must be approved by the Superintendent of Education before a purchase is made. Any contract entered into by the Principal may be cancelled by the Superintendent and the Principal will be held personally responsible unless written permission is secured beforehand.

Obligations made for delayed billings must be included in the listing of "Accounts Payable" submitted at the end of each month to the Superintendent / Chief Financial Officer. The amounts MUST be included in the YEAR-END financial report as an obligation of the school (Accounts Payable Item).

## **BORROWING OF FUNDS AND LEASE -PURCHASE AGREEMENTS BY SCHOOLS**

The Conecuh 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.

Employees and agents of the Conecuh County Board of Education 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 three years."

## **SALES TAX**

Principals 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 on sales at the school with the exception of the following:

1. Sales of class rings to students, either directly to the students or through a teacher or school organization
2. Sales of school photographs either directly to students or to students through a teacher or school organization
3. Sales of sweaters and jackets to students either directly to students or to students through a teacher or school organization

Such property listed in the three items above is not school property and is not used for school purposes, but becomes solely the property of the student who ultimately pays for the item.

## **FINANCIAL RECORD RETENTION SCHEDULE**

All records of the school must be filed and retained in compliance with the requirements of the STATE OF ALABAMA, BOARD OF EDUCATION RECORDS DISPOSITION SCHEDULE, Sections LG-6-2-14 and LG-6-2-15, LOCAL BOARDS OF EDUCATION GENERAL RECORDS SCHEDULES as revised April 2012. Additionally, records being audited or that are the subjects of unresolved audit questions must be kept until such time as all audit questions are satisfied.

The following records must be maintained permanently:

1. General Ledger / Trial Balance
2. Inventory Record

An up-to-date copy of the Local School Records Disposition Authority is available online at [www.archives.state.al.us](http://www.archives.state.al.us).

## **THEFT OF SCHOOL FUNDS**

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

## COMPETITIVE BID LAW

Board policy, Section 3.9.4, Competitive Bid Law, must be followed for any purchase which meets the requirements of the State Bid Law. An up-to-date copy of the State Bid Law is available online at [www.examiners.state.al.us](http://www.examiners.state.al.us).

### QUOTES & ESTIMATES

The Conecuh County Board of Education recognizes that all vendors deserve equal opportunity to provide their services or products to the district. **Therefore, two or more quotes/estimates from quality vendors will be required for all purchases over \$2,000 prior to awarding business. The decision to award business should be based on the following:**

- **Quality of Service/Product**
- **Past Performances**
- **Unit Costs**
- **Delivery Dates**
- **Compliance Any Specifications**

**A completed copy of the Quotes & Estimates Form must be kept on file for auditing purposes.**

The objective is for the district to receive a fair and competitive price for the services or products being offered. Any exemptions must be approved by the Superintendent or Chief School Financial Officer. **All State and Local bids for services and products are exempt from this requirement.**

### ALABAMA BID LAWS

State law requires that certain expenditures of city and county school boards are subject to competitive bidding. Expenditures for labor, services, or work, and the purchase or lease of materials, supplies, equipment, or other personal property involving \$15,000 or more are subject to competitive bidding. [**§16-13B-1, et.al.**]

Individual purchases less than \$15,000 may be subject to competitive bidding if a school board can reasonably expect to purchase more than \$15,000 for like items during the year. School systems may purchase items without bidding by purchasing from the state bid list; however, a school system may not purchase items without bidding on the grounds that a vendor's price is less than the state bid list.

Pursuant to Act No. 97-934, student materials allocations distributed to the schools may be used to purchase materials, supplies, and equipment without competitive bids if the item cost is less than \$7,500. [**§ 16-1-8.1**] [**Note: This amount was not increased to \$15,000 when the bid law was amended in 2008.**]

Effective April 22, 1997, contracts for *public works* are not subject to the state bid law. Public works projects of \$50,000 or more are subject to the bidding requirements of the Public Works Law. These laws include a definition of *public works* that is applicable if a contract includes labor. **[§39-1-1, et.al.]**

On May 6, 1998, the Governor signed the Act No. 98-663 for the procurement of Guaranteed Energy Cost Savings Contracts. **[§41-16-140, et.al.]**

On June 16, 2003, the Governor signed Act No. 2003-392, to allow educational institutions, including school boards, to enter into agreements for the joint purchase of information technology. **[§ 16-61E-1, et.al.]**

On March 21, 2006, the Governor signed Act No. 2006-279, to allow school boards to purchase goods through a purchasing cooperative approved by the National Association of Counties.

On April 26, 2006, the Governor signed Act No. 2006-621, to allow non-adjointing school boards to enter joint purchasing agreements.

On May 16, 2008, the Governor signed Act No. 2008-379, effective August 1, 2008, to increase the bid threshold to \$15,000, to make the bid bond optional, to allow school boards to enter joint purchasing agreements with non-adjointing local agencies, and, effective January 1, 2009, to authorize reverse auctions and life-cycle purchasing.

On May 22, 2009, the Governor signed Act No. 2009-760, effective August 1, 2009, to relocate the competitive bid laws for local boards of education to Chapter 13B of Title 16.

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.

## PROCEDUCRES FOR CENTRAL OFFICE ACCOUNTING

In an effort to maintain separation of duties while working with limited personnel, the Conecuh County Board of Education 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.**

### ACCOUNTS PAYABLE

All purchases are to be made in accordance with the rules and regulations of the State Department of Education. The following procedures are to be followed when making a purchase:

1. Obtain a copy of the purchase requisition, complete it, sign and return to the Central Office. All requisitions from local schools must have the signature of the principal for the purchase order to be processed.
2. The Accounting Department will verify that funds are available for the amount of the requisition.
3. The purchase order is then forwarded to the appropriate administrator for approval; at that point an encumbrance for the amount of the purchase order will be placed in the source of funds from which the purchase order is to be paid. **DO NOT PLACE ANY ORDER BEFORE OBTAINING THE APPROPRIATE SIGNATURES FOR APPROVAL!**
4. The Accounting Department will make a copy of the approved purchase order and return it to the requester.
5. Once the purchase has been made and the items received and inventoried, the invoice/receipt is to be signed and given to the Accounting Department for payment to be remitted.
6. If the invoice is received by the Accounting Department, the requester will be contacted to verify (email, phone, initial invoice, written statement, etc.) that all items were received in good condition.
7. All purchase orders should be received and invoices submitted for payment within 30 days. If you incur a problem with your purchase, it is your responsibility to notify the Accounting Department so that proper action can be taken to correct the problem.
8. **Absolutely no purchases are to be made without following these procedures, to do so would be a direct violation of the State Department of Education, which could cause you to be personally liable for the financial obligation of the**

**purchase.** There should **never** be an order for goods or services without first obtaining an approved purchase order. The date of the purchase order should **always** be before the order date.

Unpaid items of any nature at September 30<sup>th</sup> of each year should be recorded in the Financial Accounting System and proper documentation should be on file.

## **INVOICES & EXPENDITURES**

An invoice should be obtained for each purchase before payment is made; statements are insufficient. An **IRS Form W-9** should be completed and maintained on file for each individual or vendor that qualifies for **IRS Form 1099** reporting. The vendor invoice should include the pre-printed name and address of the vendor, a description of the purchase, an itemized listing of items purchased and item price, shipping and handling charges, and the total amount of the purchase. If a vendor without a pre-printed vendor invoice provides items or services, the vendor should sign an invoice containing the same information. Unless provided in another document, the Board employee receiving the items purchased should sign the invoice. If the invoice is for services, the responsible Board employee should sign the invoice after verification of services provided. The invoice should be matched with the applicable purchase order before payment is made.

If a vendor provides work or materials but does not have an invoice, the Conecuh County Board of Education may furnish a Form LA6 Invoice to the vendor to be completed or write the following information on a form:

- The Purchase Order Number
- Date
- Name and Address of Vendor
- Social Security or Employer I.D. Number of Vendor
- Description of Work Done
- Amount to be paid
- Signature of Vendor

All obligations of the Conecuh County Board of Education are to be paid from the official checkbook. Only authorized Board expenses are to be paid from this checkbook. A check is never to be destroyed. When an error is made, mark the check VOID and file it in numerical order with cancelled checks.

The Chief Financial Officer should sign all checks. If the Chief Financial Officer is unavailable, the Superintendent may sign checks in his absence. No signature stamp may be used in place of a signature on the check, unless prior approval is given. **Prior approval must be obtained from the Superintendent before a bank account is changed.**

All invoices must be approved by the Chief Financial Officer and/or Superintendent before payment is made. The Chief Financial Officer and/or Superintendent must initial all invoices. The check number of the check written to pay the invoice must be copied into the invoice.

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 check number of the check written to pay an invoice must be copied on the invoice along with the date payment was made. The invoice must be stapled to the purchase order with the invoice on top. Each month's paid invoices must be put in numerical order by check number and filed. Each "Batch" of paid invoices must include the batch listing.

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 making 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.
11. Board employees may not use the school's sales tax exemption for personal purchases.
12. Checks outstanding more than 60 days should be investigated.

## **ACCOUNTS RECEIVABLE**

Disposition of all checks and/or cash items received shall be as follows:

1. Receptionist sorts the mail and distributes it to the proper recipient.
2. Checks are delivered to the Chief Financial Officer for verification. After verifying, checks are delivered to the Receptionist and/or Designee in order to be recorded into the master receipt log.
3. Once recorded, a receipt is written from the master receipt book for ALL cash and all checks received from all sources.
4. After receipted, copies are made of all checks, and stapled to the appropriate master receipt copy.



5. The Chief Financial Officer determines into which bank account the item should be deposited, and the Receptionist and/or Designee prepares the deposit ticket and takes the deposit to the bank. Items received should be deposited in the bank on the date received.
6. The Chief Financial Officer will assign the proper General Ledger code to each item on the deposit ticket and enters the deposit through the journal entry procedure for cash receipts.

The Chief Financial Officer keeps copies of all receipts entered into the system, and retains them in a file labeled with the applicable month and year. These files are maintained to facilitate end-of-month cash reconciliation and audit procedures.

## **RECONCILIATION OF BANK STATEMENTS**

ALL BANK ACCOUNTS of the Conecuh County Board of Education will be reconciled between the BANK STATEMENT, CHECK REGISTER/BOOK and the GENERAL LEDGER CASH ACCOUNT on a monthly basis. This reconciliation will be prepared as soon as is practicable after the end of each month. This reconciliation shall be performed in the following manner:

1. Bank statements received from the Board approved bank shall be delivered UNOPENED to the Chief Financial Officer, who will open and inspect the statement, cancelled checks and deposit tickets. .
2. The Chief Financial Officer will also verify that the interest rate posted by the bank is the agreed upon rate. Cancelled checks will be scanned for vendor, endorsement, alteration or any other discrepancy. Any error, discrepancy or unusual circumstance will be noted and/or brought to the attention of the Superintendent of Education immediately.
3. After inspecting the statement, the Chief Financial Officer will reconcile the bank statement or give it to the bookkeeper responsible for performing the bank reconciliation.
4. The Chief Financial Officer and/or Bookkeeper will reconcile all bank statements to the check register/book and to the General Ledger Cash Accounts. The Adjusted Statement and Ending Book Balance should be zero at the end of each month. The bank accounts held by the Conecuh County Board of Education are:

General Fund – BB&T  
Child Nutrition Program – Regions Bank  
Accounts Payable Clearing – Regions Bank  
Payroll Clearing – BB&T

NOTE: Upon completion of the reconciliation, the Chief Financial Officer and/or Bookkeeper will sign and date the reconciliation sheet. The Chief Financial Officer or Superintendent will review and approve the reconciliations on a monthly basis.

**The cash of the Conecuh County Board of Education is carried in cash accounts deemed necessary by the Chief Financial Officer or the Superintendent of Education. No bank account will be opened without the consent of the Superintendent of Education or Chief Financial Officer.**

The cash account is designated by the function code 1-0111. Cash may be held in all Fund/Source of Funds taken from the ALSDE Accounting Manual.

Effective January 1, 2001, the Board's deposits are covered under the SAFE Program (Security for Alabama Funds Enhancement Program encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended).

### **VOIDING AN ACCOUNTS PAYABLE CHECK**

In the event that it becomes necessary to void a check and issue a replacement check, the following procedures will be observed:

1. Determine a legitimate need for voiding the check. The approval of the Chief Financial Officer and/ or Superintendant is required before a check can be voided and a replacement issued.

#### **EXAMPLES:**

- A check that is written to the wrong vendor
  - A check that is written for an incorrect amount
  - An accounts payable check that has not reached a vendor within ten (10) working days of the issue date
2. The Chief Financial Officer will verify with the Board approved bank that the check has not cleared the bank checking account. If the check HAS NOT cleared the bank account, a STOP PAYMENT must be placed on the check. This statement is filed and retained for future audits.
  3. The Chief Financial Officer will VOID the check through the void accounts payable check process.
  4. A new check may be issued by following the accounts payable invoice and accounts check process. When this information is entered, an account number is entered in place of the original purchase order.

### **PREPARATION AND ENTRY OF PAYROLL**

The payroll for the employees of the Conecuh County Board of Education is processed on the HARRIS SCHOOL SOLOUTIONS MCAI PAYROLL SYSTEM on the computer. All information regarding the payment of any employee is given to the Payroll Bookkeeper 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.

## **CHANGES IN WITHHOLDINGS AND OTHER PERSONAL INFORMATION**

Any and all payroll information changes for taxes, deductions, insurance, addresses, etc., 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 Bookkeeper.

## **SALARY CHANGE**

Any change in an employee's salary must be documented with a complete written calculation by the Payroll Bookkeeper, and approved by the Superintendent and Chief Financial Officer. A copy of the calculation is to be placed in the file in the Payroll Bookkeeper's office.

## **NEW HIRES**

Documentation of the hiring of an employee by the Conecuh County Board of Education MUST be furnished to the Payroll Bookkeeper. The Secretary to the Board shall give to the Payroll Bookkeeper a copy of the minutes of each Board meeting as soon as possible after the meeting has been concluded. Documentation shall show the employee's name, hire date, a description of the position for which the employee is hired, the salary that the employee is to receive, and a detailed work schedule for the position.

## **SUBSTITUTES**

The Conecuh County Board of Education has entered into a contract with Kelly Education Staffing (Kelly Services) to administer substitutes for the county. Any person interested in substituting for the Board will be given the contact information for Kelly Services and be asked to notify them for specific details.

Upon Board approval, this contract will be renewed each fiscal year. This partnership was formed as a management tool for the Board and to comply with specific requirements for the Affordable Healthcare Act. A copy of this contract shall be on file in the office of the Chief Financial Officer.

## **FIXED ASSETS & INVENTORY**

Public agencies are required by state and federal regulations and by generally accepted accounting principles to maintain a proper asset inventory system. The asset inventory system is to properly identify all assets of the organization, the historical cost of the assets, the classification of the assets, how the assets were purchased, depreciation on assets identified as capital assets, and any other needed identifying information. The asset inventory system is to track the location of all assets at all times. To accomplish this, the organization must have in place an adequate asset inventory system for recording, adequate control over the assets at each location, and an adequate system for reporting necessary information as required.

### **INVENTORY SYSTEM**

The Conecuh County school system currently utilizes the computerized asset inventory system that is used by most of the school systems in the state. The asset inventory computer system works in conjunction with the accounting computer system, which is necessary to properly record and maintain financial and asset records. It is necessary that the asset inventory system and the accounting system work together. In the event the current inventory system fails to provide what is necessary the accounting department will investigate other asset inventory systems until an acceptable system is found and implemented.

### **CLASSIFICATIONS**

Assets are classified as two types of assets: capitalized assets (known as Fixed Assets) and non-capitalized assets (known as Inventory Items). Non-capitalized assets are any asset not classified as a capital asset. The state has defined capital assets as follows: Equipment costing \$5,000.00 or more and Land and Buildings (including land improvements and building improvements) costing \$50,000.00 or more.

All assets fall within three categories: Personal Property, Real Property, and Construction in Progress. Personal property assets are equipment and other non-permanent items having a life expectancy of one year or more. Real property are assets which are fixed in their location and having a life expectancy of many years. Fixed in location means buildings, parking lots, infrastructure, and other such items which cannot be moved without causing harm or damage to the item or other attached items. Construction in progress is a capital expenditure which requires an extended period of time for the asset to be completely built and available for use. It is a temporary category which, upon completion, is removed and replaced with one of the other two categories.

Within the different categories are sub-categories. These sub-categories help to further break down and identify the different assets. As the need arises the accounting department will add sub-categories to help system personnel better monitor and track their assets. These sub-categories are identified below.

## VALUATION

Assets are valued according to method of acquisition. Purchased assets are valued at their cost. Cost includes the purchase price, shipping, and any other cost necessary to acquire and set up the asset for its intended use and purpose. Donated assets are valued at their reasonable fair value at the time of acquisition, plus any cost for setting up or installing the asset for its intended purpose. This value can be determined by any reasonable and acceptable method for determining the value of comparable items. Constructed assets are valued at the total cost of building and constructing the asset. This cost includes any testing costs, installation costs, or any other cost necessary to put the asset into operation.

## LIFE EXPECTANCY, SALVAGE, AND DEPRECIATION

Capital assets are depreciated. Inventory items are not depreciated. Depreciated means the cost of the asset is distributed over the estimated useful life of the asset. An example is: an asset costing \$1,000.00 with a life expectancy of ten (10) years would depreciate \$100.00 each year. Some assets also are considered to have a value remaining at the end of that asset's life expectancy. This value is called "salvage value". Conecuh County has the following life expectancy and salvage values:

Land and Land Improvements	Not Depreciated	
Buildings and Building Improvements	50 years	20% salvage
Office / Technology Equipment	5 years	zero salvage
Other Equipment	10 years	zero salvage
Buses	10 years	3% salvage
Other Vehicles	8 years	3% salvage
Furniture & Fixtures	20 years	zero salvage
Other Assets	10 years	zero salvage
Construction in Progress	Not Depreciated	

The depreciation method used by Conecuh County is the method recommended for this type of organization – Mid-year Straight-Line Method. This means the cost is evenly distributed over the life of the asset except for the year acquired and the year disposed or final year of depreciation, which depreciates only one-half the annual amount.

## ADDITIONS

Assets are added to the system's inventory when acquired. Acquisition could be from various sources such as purchased, donated, or constructed. The value of the asset, when acquired, defines whether the asset is a capital asset or a non-capitalized inventory item.

An Asset Additions form must be completed to add an asset to the inventory system. This form will be completed, as much as is possible, by the accounting department at the time of purchase or acquisition. If an asset is acquired through other means, the accounting department will

complete the Asset Additions form as soon as the information is provided.

The Asset Additions form is to be completed as quickly as possible when the information of acquisition becomes known. When invoices are processed for payment, the invoices will be viewed for purchased assets. As the purchases are discovered, copies of the invoices and purchase orders will be made and the file established for that asset. At that time the process of completing the Asset Additions form, assigning the control number, and entering the asset into the computer system will be started.

Once the Asset Additions form is completed the accounting department will assign a control number. The accounting department will then attach the control number to the physical asset and acquire any remaining information needed (location, serial number, etc.).

Upon receipt of all needed information the accounting department will enter the asset information into the system's fixed asset inventory system. A file will be set up for the asset by control number and will be placed in the asset inventory file cabinet for future reference. All information concerning that asset will be maintained in this file. The file will remain in the asset inventory file cabinet until the formal release of the audit report for the fiscal year in which the asset was deleted from the asset inventory system.

## **BAR CODING**

Bar coding is a method of monitoring and maintaining inventory. A label is created by a computer program which converts the asset control number to a system of bars. These bars are printed on labels which are placed on the asset inventory items.

The labels can be printed from multiple types of material. Labels will be large enough to contain all information needed and small enough to fit all assets. The labels should be of such material as will last and is not readily capable of destruction.

Once the inventory labels are printed the accounting personnel will place the labels on the asset inventory. All labels will be placed in common areas which are easily read by the scanner. The person placing the label will attempt to be consistent in the placement of labels.

## **DELETIONS**

Asset inventory items do not last forever. Asset inventory items can become broken, outdated, stolen, or missing. Periodically it is necessary to remove asset inventory items from the asset inventory listing. This is done through the Asset Deletions form. The Asset Deletions form is to be completed by the person responsible at each location for that location. The form is to include all identifying information so the asset inventory item can be properly identified. The form will state the reason the asset inventory item is to be removed from the asset inventory. The form will be dated and signed by the supervisor of that location and forwarded to the accounting department. The accounting department will make the necessary input into the asset inventory

computer system noting the deletion and the date of the deletion. The Asset Deletions form will then be placed in the asset inventory's folder and kept for the annual audit by the auditors. After the official audit report is issued by the auditors the asset inventory item will be removed from the asset inventory computer system.

## **TRANSFERS**

The proper monitoring of asset inventory items requires knowledge of the location of the asset inventory items. Periodically asset inventory items are moved and re-located for various reasons. When asset inventory items are moved from their recorded location the change in location must be reported so the correct location of that asset inventory item can be noted in the asset inventory computer system. To report the change the person responsible at each location for that location must complete the Asset Transfer form. The form is to include all identifying information so the asset inventory item can be properly identified. The form will state the reason for the change, the original location of the asset inventory item and the new location of the asset inventory item. The form will be dated and signed by the supervisor of that location and forwarded to the accounting department. The accounting department will make the necessary input into the asset inventory computer system noting the change and the date of the change. The Asset Transfer form will then be placed in the asset inventory's folder.

## **PHYSICAL INVENTORY**

Every year a physical asset inventory count must be taken to confirm the existence of all asset inventory items in the asset inventory listing. The accounting office will send each location a listing of all asset inventory items identified for that location. The person responsible at each location for that location's asset inventory will conduct the taking of a physical inventory for each room and area at that location. The person responsible may divide the listing between additional personnel. Each item on the listing will be physically confirmed and the information about that item confirmed. At the end of each page or area the person responsible will sign the report on the bottom of the page. Any information that is incorrect or missing will be noted on the report. Any item found, but not on the asset inventory report will be added to the report by completing an Asset Additions form for that item. Any item not found will be documented as missing and an Asset Deletions form will be completed. Any item at a location different than identified on the report will be documented and an Asset Transfer form will be completed. After completion of the physical inventory, the report and any completed forms will be returned to accounting. The taking of physical asset inventory should not take more than two weeks.

## **LOCAL SCHOOL INVENTORY ACQUISITIONS**

Local school purchases are done through funds handled by the individual school and not through the school system's central accounting office. Because of this the system's central accounting office does not have adequate information concerning the purchases of the individual schools. This prevents the system's central accounting system from properly recording asset inventory

items purchased by the schools. Each school will forward its monthly financial records to the system's central accounting office for review. This will be done in conjunction with the monthly financial reporting to the Central Office of the school system. The accounting office will then review all purchases and record any asset inventory items needing to be recorded. Upon completion of the review the system's central accounting office will return the monthly financial records to each school.

## **LOCATIONS AND AREAS**

Identifying where asset inventory items are located is a difficult process because all areas and locations in the system are not adequately identified. To remedy this, the school system will purchase adequate equipment to create room number plates to be placed at each room. System personnel will then operate the equipment, create all plates necessary to adequately identify all areas and locations, and install the plates created at the appropriate location or room.

## **ASSETS RECORDED**

To ensure that all assets purchased with system funds are adequately and properly recorded and monitored, all assets will be recorded in the asset inventory computer system. This policy does not set a minimum value for recording asset inventory items. The setting of minimum values could and would allow purchased assets not be recorded and therefore subject to disappear. The accounting department will evaluate each purchase as to its cost, item purchased, and cost to replace in determining which items to be placed on the asset inventory listing. The purpose of this is to ensure the person taking inventory does not look only for the items on the listing but accounts for all items in the room or location.

## **LOCATION RESPONSIBILITY**

The supervisor at each location is responsible for all asset inventory items purchased and placed at their location. It is the supervisor's responsibility to assign a responsible person for taking the physical inventory. It is the supervisor's responsibility to ensure that all items inventoried are properly accounted for. It is the supervisor's responsibility to comply with this policy. Failure to comply with this policy is subject to the fiscal accountability requirements and could result in formal notification by the accounting department to the Board and Superintendent. Failure to properly monitor the asset inventory items at a location could result in disciplinary action by the Board toward that supervisor, to include reimbursement for lost or missing items.

## **DISPOSALS AND REMOVAL**

The Fixed Assets & Inventory policy provides the policy for deleting assets and inventory from the Asset Inventory System. This policy requires the physical removal of any and all assets / inventory deleted from the inventory system.



## **A. Missing items**

The school system is responsible for monitoring and maintaining all of its assets and inventory. Periodically something will happen to cause an asset / inventory item to be reported as missing. Such happenings are usually associated with theft of property and related activities.

1. The location supervisor will report the loss of an asset / inventory item within three (3) days of discovering the loss to the local police authorities and will file an official report with the local police authorities. The location supervisor will also report the loss to the Superintendent. The location supervisor will then acquire a copy of the police report.
2. The location supervisor will complete the asset deletion form as required in the Fixed Assets / Inventory policy. A copy of the police report will be attached to the deletion form.
3. The location supervisor will forward the deletion form and police report to the accounting department.
4. Any asset / inventory item identified as missing by a location supervisor, and not identified on an official police report, will be brought to the attention of the Board. The location supervisor will appear before the Board and explain the loss of the asset / inventory item. Failure to satisfy the Board may result in disciplinary action by the Board toward that location supervisor.

## **B. Non-missing deleted items**

Asset / inventory items which are broken, worn-out, out-dated, non-useable, or any other factor rendering the asset / inventory item no longer useful should and must be properly disposed of. This policy places such a requirement and identifies the process for disposing of these asset / inventory items.

1. The location supervisor completes a deletion form as required by the Fixed Assets / Inventory policy.
2. The location supervisor will make arrangements for the removal of the asset / inventory item. If the location supervisor does not have transportation capability to remove and transport the asset / inventory item(s) the location supervisor will contact the system's Maintenance Department to make arrangements for removal and transporting of the asset / inventory item.
3. The asset / inventory item(s) will accompany the deletion form(s) to the Accounting Department for confirmation of identification.

4. If the deletion form(s) are not properly completed and do not clearly identify the asset / inventory item(s) being deleted, the asset / inventory items will be sent back to the location supervisor.
5. After the asset / inventory item(s) are clearly identified as the asset / inventory item(s) on the deletion form(s) the asset / inventory item(s) are taken to the system's collection site for proper disposal.

## **CASH MANAGEMENT**

### **INVESTMENTS**

Investing excess cash is a prudent business function for any organization. School systems are required to accumulate and maintain a minimum of one month's operating balance. These funds should be used to the school system's advantage until needed for actual operations. Usually, these funds can be invested at higher rates of interest than their current interest bearing bank accounts are paying.

The Chief School Financial Officer will monitor the cash reserves and balance of the school system to assure sound cash balances are maintained and adequate funds are available to meet current needs. When the school system does accumulate excess cash the Chief School Financial Officer will invest these funds in relatively short periods of time, not to exceed one year.

The means of investing will be certificates of deposit or money market accounts. Any other investment opportunity meeting the State's "SAFE" qualifications will also be considered. The Chief School Financial Officer will poll various banks for current rates and will invest with the bank meeting State qualifications offering the highest rate. The State's qualifications are the "SAFE" qualifications. The period of time should be approximately six months. No investment should be made exceeding one year.

These certificates will be kept in the fire proof safe in the accounting department and made available for review by the auditors.

### **PETTY CASH**

The Central Office maintains a petty cash fund of \$100.00. This money is kept in the fire proof safe in the accounting department and is maintained by the Chief School Financial Officer. These monies are to be used for local and minor expenditure purposes. These monies are not to be used for cashing of personal checks.

Issuing petty cash requires the following procedures. A petty cash receipt is prepared giving the date issued, a receipt number, the amount issued, and what the money is for. The person receiving the cash must sign the receipt and the Chief School Financial Officer must sign the receipt. When the disbursement is settled, the date it is settled will be written on the receipt.

The transactions performed with the petty cash should be completed within a week. The person signing for the money must then return to the accounting department with proper invoices or receipts and any remaining cash.

In the event the person receiving petty cash funds cannot fully account for all funds received, that person will personally make up the difference until all funds taken from the petty cash is either returned or accounted for with proper receipts or invoices.

The cash will be turned in to the receptionist for logging, receipting, and depositing. A check will then be issued for the total amount of the petty cash disbursed. The Chief School Financial Officer, or designee, will take the check to the bank and cash the check and return the money to the petty cash fund. After return of petty cash the petty cash fund will be verified and logged by the person verifying the petty cash amount and the Chief School Financial Officer.

## **TRANSFER OF FUNDS**

Periodically schools will send checks to the school system's Central Office and the school system's Central Office will send checks to the schools. These transfer of funds are for such activities as paying for transportation, reimbursing for expenditures, or transferring funds received. Proper accounting policy and practice require these transactions to be recorded on both sets of books and the recording to be coordinated such that a balance between the two entities is maintained.

## **FISCAL ACCOUNTABILITY**

The School Fiscal Accountability Law requires each local Board of Education to adopt certain fiscal management policies. Those policies are to address the following: regular reconciliation of bank statements, maintaining fixed assets inventory and non-fixed assets inventory, cash deposits, review of monthly revenue and expenditure reports, procedures relating to the expenditure of funds, and the required minimum reserve fund balances. This policy is set forth to comply with this requirement.

### **BANK RECONCILIATIONS ACCOUNTABILITY**

All bank accounts of the Conecuh County Board of Education, including local school accounts, shall be reconciled to the financial records. The Chief School Financial Officer shall be responsible for verifying that monthly bank statements are reconciled to the financial records on a timely basis that ensures accurate monthly financial statements. All local school bank reconciliations, and lunchroom bank reconciliations, must be turned in to the Chief School Financial Officer by the 15<sup>th</sup> of the month, every month. The local school bank reconciliations will be reconciled through the system's electronic computerized accounting system.

### **INVENTORY ACCOUNTABILITY**

The Conecuh County Board of Education directs that all fixed or capital assets shall be inventoried annually. Inventory records of fixed or capital assets shall be maintained in the School Board's Central Office. The records will reconcile to the Board's general ledger. A supplemental inventory of equipment items not classified as fixed or capital assets shall be maintained. Annually inventory lists will be sent to each location for verification of existence. The appropriate administrator, at each location, will verify the existence of each inventory item on their list, will sign the list, and will return the list to the Board's Central Office. All variances from the list will be properly noted on the list and appropriate removal forms will accompany the list for any items to be removed from the list.

### **CASH DEPOSITS ACCOUNTABILITY**

All funds received, from whatever source, for school purposes by School Board officials and employees, shall be promptly deposited in the appropriate bank account. This will be done the same day the funds are received, or, if received too late in the day, the next business day. The financial institutions used by the Board and its schools must be approved by the Treasurer for the State of Alabama as a qualified public depository under the State's SAFE program (Security for Alabama Funds Enhancement).

## **REVIEW OF MONTHLY REVENUES AND EXPENDITURES**

The Superintendent shall have monthly reports of revenues and expenditures prepared for review by the Conecuh County Board of Education. These monthly financial reports and the system's annual budget shall be made available to the public by placing them on the system's internet web site.

## **AUTHORITY TO EXPEND FUNDS WITHOUT BOARD APPROVAL**

The Conecuh County Board of Education grants authority to the Superintendent, subject to applicable laws, policies, and Board-approved budget limitations, to expend funds for budgeted operating expenditures, without advance Board approval of specific expenditures. All such expenditures shall be included in the monthly expenditure report to the Board.

## **RESERVE FUND BALANCE ACCOUNTABILITY**

The Conecuh County Board of Education recognizes that the establishment and maintenance of adequate fund reserves is necessary to avoid disruption in the educational programs in the schools. The Superintendent or Chief School Financial Officer will inform the Board, before the Board votes on a budget or budget amendment, if the approval of the budget or budget amendment will prevent the establishment or maintenance of a one-month operating balance. A one-month operating balance will be determined by dividing the General Fund expenditures and fund transfers out by twelve (12). In determining the General Fund expenditures and fund transfers out, the proposed budget, or budget amendment, shall be used.

## **PAYROLL MANAGEMENT OF CONTRACTS**

### **MONITORING**

The Conecuh County Board of Education has occasions and circumstances in which additional work is required and additional personnel services are needed. To meet these needs the Board contracts with individuals for the necessary services. These contracts are for specific purposes and for specific time periods and/or amounts. The responsibility for managing and monitoring these contracts is with the supervisor of the grant, project, or program. The purpose of this policy is to specify responsibility and accountability for the approved contracts and to specify disciplinary action to be taken when the responsible person fails to properly monitor and manage the approved contracts.

### **RESPONSIBILITY**

The supervisor of the grant, project, or program is the person responsible for monitoring and managing the contracts and personnel for those grants, projects, or programs. Failure to properly manage and monitor contracts could result in significant overages which must be borne by the Board with non-allocated funds.

Monitoring means to regularly confirm the daily, total or cumulative time worked, and the total amount paid/earned does not exceed the time and/or amount contracted for and approved by the Board. Managing means to properly and correctly schedule the work and workers such that they do not exceed the daily, weekly, or total hours contracted for and approved by the Board and do not earn amounts in excess of the amount contracted for and approved by the Board.

### **ACCOUNTABILITY**

The responsible person will sign each requested contract as supervisor of the contract. By signing the contract the responsible person is agreeing to properly and correctly monitor and manage the contract, to keep the time worked and amounts earned within the specifications of the contract, and to be held accountable in accordance with this policy.

### **DISCIPLINE**

Failure to properly monitor and manage a contract such that time worked or amounts paid exceed the time or amounts approved by the Board will result in the below identified disciplinary action. Each contract improperly managed and each instance of excess is considered to be a separate and individual event. (Ex.: if a single contract requires a maximum of 4 hours per day and the worker was allowed to work 5 hours each day, for that week, that would constitute 5 events.)

1<sup>st</sup> Offense – The responsible person will personally reimburse the Board the total cost of the excess. Total cost includes salary and benefits.

2<sup>nd</sup> Offense – The responsible person will comply with the requirements of 1<sup>st</sup> Offense and will

be suspended without pay for one week.

3<sup>rd</sup> Offense – The responsible person will comply with the requirements of 1<sup>st</sup> Offense and will be recommended for dismissal.

Because exact times are difficult to control, minor excesses may be allowed and overlooked by the Superintendent of Education. Minor is defined as excess minutes, not excess hours or excess days. The excess should not exceed ten minutes at any given time span. Regular excesses will be considered as poor and improper monitoring and managing by the responsible person and the appropriate above identified disciplinary action will be taken.



## **SALES TAXES**

Public schools in the State of Alabama are exempt by Alabama law from the payment of sales and use taxes. This exemption also then provides Alabama public schools a prohibition against the payment of sales taxes. This exemption from sales and use taxes can be found in Section 40-23-4(a)(15) of the Code of Alabama 1975 as amended. The State of Alabama Department of Revenue further discusses this exemption in its Sales & Use Tax Rule 810-6-3-.47.04. Because of this, the State of Alabama Department of Revenue rarely issues a tax exempt certificate to Alabama schools and school systems.

### **CONFIRMATION OF TAX EXEMPTION**

Vendors regularly ask for proof of tax exemption by asking for a tax exempt certificate. This can be satisfied, mostly, by providing the vendor the above information. In the event a tax exempt certificate is acquired, a copy of the certificate can be provided the vendor.

### **PAYMENT OF SALES TAX**

When school system personnel make purchases that the vendor cannot confirm is a tax exempt purchase, the vendor will require the school system personnel to pay the sales taxes appropriate for that sale. This can happen because a school system employee makes what appears to be a personal purchase with the intention or understanding they will be reimbursed by their school or school system. Any other purchase which cannot be clearly identified as a public school purchase will also require the purchaser to pay the appropriate sales taxes for that sale. When these purchases are made, and sales taxes paid, the employee cannot be reimbursed the sales taxes paid by the employee. If the school, or school system, does reimburse the employee the sales taxes, that reimbursement must be paid back to the school by the school principal with a personal check or cash.

Vendors sometimes send invoices for sales or services provided which fail to identify the sale or service as a tax exempt transaction. When this happens, the school or school system must mark out the sales or use tax and pay the net amount of the invoice (total invoice cost less sales/use tax). When a school fails to remove the sales tax and includes it in its payment to the vendor, the school principal must reimburse the school the amount of the sales taxes paid with a personal check or cash.

The principal may seek retribution from the person or business responsible for the sales taxes being paid. If the vendor issues a credit memo, a check may be issued to the principal in the amount of the sales tax being refunded by the vendor.

## **CONFIRMATION OF SALES TAX REIMBURSEMENT**

When the school or school system collects sales taxes previously paid it must adequately document the collection of the sales taxes. The school or school system must first issue a receipt to the person reimbursing the sales taxes. The sales taxes are then to be deposited in such a way as to be identifiable on the deposit ticket. This may require a separate deposit ticket to ensure the reimbursement can be found and identified. The school or school system will then compile copies of the receipt, bank stamped deposit ticket, and the bank statement showing the deposit. This documentation will be provided all persons inquiring about the sales tax transaction or performing an audit of the financial records.

**TRAVEL POLICY**  
**(Effective August 1, 2018)**

**I. PURPOSE:**

The purpose of this policy is to establish consistent and reasonable guidelines, to ensure the most efficient use of the district's financial resources, as it relates to business-related travel and the reimbursement of associated expenditures, for employees of the Conecuh County Board of Education and consultants employed by the school district.

**II. OBJECTIVE:**

- A. Ensure that all employees and consultants (traveler or employee) employed by the school district understand the policies and procedures for business-related travel.
- B. Traveler will incur and report actual travel expenses in a responsible and ethical manner and make choices that demonstrate good stewardship of the district's resources.

**III. RESPONSIBILITIES:**

- A. Individual programs areas may, at their discretion impose greater control than is required by this policy, but never less.
- B. The traveler is responsible for complying with the established travel policy. The traveler approving authority is responsible for accurately reviewing the travel reimbursement request for compliance.
- C. The district will reimburse a traveler for all ordinary and necessary out-of-pocket expenses while traveling on official district business. The district assumes no obligation to reimburse a traveler for expenses not in compliance with this policy or that are not filed in a timely manner.
- D. Under no circumstance should personal travel expenses be charged to or temporarily funded by the district.

**IV. GENERAL INFORMATION:**

- A. In-system travel is travel inside the school district or Conecuh County. Out-of-town travel is considered travel outside of the school district or Conecuh County. Out-of-state travel is any travel outside the state of Alabama.
- B. Do not book packages that bundle airfare, hotel, and/or other trip expenses unless you confirm, prior to travel that an itemized receipt for each type of expense will be provided.
- C. Travel requests for professional development and/or professional leave should be limited to events that are directly related to your position, job duties and/or responsibilities. Traveler should be prepared to provide an explanation if necessary. Travel requests that do not relate meet this requirement will not be approved.

## V. TRAVEL ADVANCE OR PRE-PAYMENTS:

Advance or pre-payments are allowed for registration fees only, to allow travelers to take advantage of “early bird” or discounted registration rates, which optimizes savings for the district. If the traveler wishes to take advantage of the pre-payment option for registration, a completed Request for Pre-payment of Registration Form must be completed.

- A. A requisition is required to be submitted in CCSeforms, attaching the completed Request for Pre-Payment Form, an approved Professional Leave or Professional Development form, and supporting documentation.
- B. All requests for advance registration payments should be submitted and approved at least two (2) weeks prior to departure.
- C. In the event of a cancellation, the traveler must notify the Board, so pre-paid charges can be refunded. Failure of notification will result in the traveler assuming responsibility of all pre-paid charges. Reimbursement of pre-paid charges, should occur within sixty (60) days of liability notification.

## VI. OUT-OF-STATE TRAVEL

- A. All out-of-state travel is restricted and must be mission critical to the district and inherent to the traveler’s job duties. An agenda, brochure or some other form of documentation to substantiate the need for travel, must be submitted with leave request form.
- B. Examples of mission critical or allowable out-of-state are as follows:
  - 1. Travel involving certification or licensure requirements and there is not any in-state training available in the necessary timeframe.
  - 2. Travel necessary to fulfill requirements of grant funding and/or other contractual agreements.
  - 3. Traveler has a direct leadership and/or major participating role in the event (must be explained ahead of time and in detail when submitting request)
  - 4. Travel has major public safety or vital policy implications for the district (must be explained ahead of time and in detail when submitting request)
- C. Travelers should be limited to the most essential. The number of travelers permitted to travel to trainings, conferences, etc., will be decided on a case-by-case basis, however in most cases not more than two (2) employees should need to attend an event that is not required for certification or to satisfy grant or contractual requirements.
- D. The traveler attending trainings, conferences, etc., can provide the necessary information to other district employees.

## VII. TRAVEL REIMBURSEMENT

- A. **All travel expenses will be on a reimbursement basis only.** Travelers may use a personal credit card or charge account for travel purposes and obtain reimbursement from the district.
- B. A CCSeforms for Professional Leave and/or Professional Development must be submitted and approved prior to departure for meetings, conferences, seminars, etc.

- C. Each traveler anticipating generating reimbursable and/or pre-paid expenditures, must submit their own Professional leave/Professional development request, regardless of other travelers or attendees.
- D. All travel reimbursement request for travelers must be submitted and approved in CCSeforms.
- E. Travel reimbursement requests must have the following attached, if applicable:
  - 1. Registration (if not pre-paid)
  - 2. Itemized Meal Receipts (15% gratuity limit; no receipts required for overnight travel)
  - 3. Lodging or Hotel
  - 4. Airline Tickets (Coach Class Only)
  - 5. Mileage for personal vehicle (mileage documentation required for out-of-town mileage)
  - 6. Parking Fees (official dated receipts)
  - 7. Baggage & Handling Fees (dated receipts)
  - 8. Uber/Taxi/Shuttle Fees (dated receipts, destination and amount)
  - 9. Telephone/Internet Charges (official/dated receipt required)
  - 10. Other Miscellaneous Expenses (discretionary)
- F. All approved forms must be received by the Central Office no later than 30 days following the travel end date. Incomplete reimbursement requests will be returned. All travel reimbursements will be mailed to the address on file. At no time will travel reimbursements be allowed to carry over into the subsequent fiscal year.

#### **VIII. UNAUTHORIZED EXPENSES:**

- A. The Board of Education will not reimburse a traveler for alcoholic beverages, snacks, personal supplies, rental cars, limousine services or entertainment.

#### **IX. MILEAGE**

- A. Travel in a personal vehicle will be reimbursed at the current mileage rate designated by the State of Alabama. The mileage rate usually changes in January of each year.
- B. Travelers are encouraged to use system vehicles, when available. If a system vehicle is unavailable, traveler may be reimbursed for business miles traveled in a personal vehicle at the established or standard mileage rate, as prescribed by the Internal Revenue Service. Rental cars are prohibited. If a rental car is utilized the traveler will only be reimbursed the cost of mileage, as if their own personal vehicle was utilized.
- C. Reimbursement is for point-to-point mileage only and is paid from the traveler's base or home, whichever is closer. For out of county travel, travelers are required to submit a printout from Google Maps, MapQuest, Yahoo Maps, etc... verifying mileage driven. Mileage will not be reimbursed without proper documentation.
- D. Vicinity or area mileage, necessary for conducting official district business is allowable, but must be shown separately.

**X. MEAL ALLOWANCE:**

- A. Travelers may be reimbursed the actual costs of meals within the maximum established limits. A gratuity of up to fifteen (15%) percent may be included; however, it must be added to the costs of the meal. The following meal limits apply:
  - a. Daily travel with no overnight stay - \$15.00/daily
  - b. Overnight travel meal per diem - \$35.00/daily
- B. A dated itemized meal receipt is required to claim the daily meal allowance (\$15 maximum).
- C. A dated itemized receipt is NOT required to claim the overnight per diem (\$35 daily). Expenses in excess of the per diem limit will not be reimbursed.

**XI. HOTELS/LODGING:**

- A. Traveler must be at least fifty (50) miles from assigned base (cost center) or home, whichever is closer, to be reimbursed for an overnight stay, unless the stay is required to meet a business need (i.e. an event requires you to be onsite for late night or early morning setup).
- B. Travelers must arrange all travel and are expected to utilize negotiate or preferred rates, if possible.
- C. Cost associated with internet usage for business reasons is reimbursable.
- D. In-room meal charges or room service must be itemized separately, so that lodging and meal charges are listed separately.
- E. In-room meal charges should be itemized separately on an expense report, so that hotel and meal charges are captured separately.

**XII. AIR TRAVEL:**

- A. Travelers are expected to use the lowest logical airfare at the time of the booking. Airline travel will be limited to Coach Class only.
- B. Personal upgrades utilizing personal miles or coupons can be used to upgrade to first class, or a traveler may opt to pay personally for the price difference between coach and first class. The additional cost incurred WILL NOT be reimbursed and participation in these programs must not influence flight selection, which would result in incremental cost to the district, beyond the lowest available airfare, as defined in this policy.
- C. A receipt for the paid airfare and a ticket stubs must be attached to the travel claim when seeking reimbursement. \*Note: If an alternative means of transportation is chosen, the limit of reimbursement shall be no more than the mode of transportation that is economical. \*

### **XIII. ITINERANT TRAVEL:**

- A. All in-system itinerant travel should be conducted in a system vehicle, if possible. Any exception or deviation must be approved by the Superintendent. Failure to obtain approval will result in travel reimbursements being denied. In the event of exceptions or approvals granted by the Superintendent, the following will apply: An employee/traveler assigned to teach classes at two or more campuses (example – mornings at one campus, afternoons at the second campus which requires automobile use) may claim one-way mileage for travel between campuses. Employees/travelers may not claim mileage when they are assigned to work all day at different schools or work sites on alternate days (example – Mondays at one school, Tuesdays at a second school, or any like combinations). Certified employees, with the exception of School Administrators, traveling on a continuing basis from school to school or work site to work site to conduct the activities associated with their jobs shall be paid mileage.

### **XIV. OTHER PROVISIONS:**

- A. The Superintendent may authorize exceptions to the provisions set forth if he/she deems the exceptions necessary to meet the needs of the School Systems operations. School Principals or Supervisors, accompanied by an explanation of the circumstances that justify the need for making the exception, will request the Superintendent's authorization of exceptions in writing.
- B. School Principals are permitted to reimburse school employees for actual travel expenses while such employees are conducting school business. All local school travel reimbursements must follow the district travel guidelines, as explained above. Failure to comply with district guidelines may result in discipline action. All travel expenses for Principals that are to be paid out of school funds must first be approved by the Superintendent.
- C. All consultants hired by the Board will be required to follow the guidelines set forth when requesting reimbursements
- D. All transport and homebound travel approved by the Board will be required to follow the guidelines set forth when requesting reimbursements.
- E. If at all possible, employees traveling to the same location, for the same purpose should carpool and share lodging. It is also the employee's responsibility to ensure that the applicable forms and receipts are submitted for reimbursement.
- F. Mileage reimbursement is for point-to-point mileage only and is paid from the employee's base or home, whichever is closer. For out-of-town travel, employees are required to submit a printout from Google Maps, MapQuest, Yahoo Maps, etc... verifying mileage driven. Mileage will not be reimbursed without proper documentation.
- G. Fully approved travel reimbursements requests will be processed in the due course of business. The district will make every effort to process fully approved travel claims within two (2) weeks. However, there may be times when, due to absences, closures, weather days, etc. this is not feasible

## FUND BALANCE POLICY IN ACCORDANCE WITH GASB STATEMENT NO. 54

**Purpose:** The following policy is necessary in order to address the implications of Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions.

**Governmental Fund Definitions:** The following definitions will be used in reporting activity in governmental funds. The Board may or may not report all fund types in any given reporting period, based on actual circumstances and activity.

The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest, even if it is being accumulated for future years' payments. Debt Service Funds should be used to report resources if legally mandated.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fund balances will be reported in governmental funds under the following five categories using the definitions provided by GASB Statement No. 54:

- A. Nonspendable fund balances include amounts that cannot be spent because they are either (a.) not in spendable form or (b) legally or contractually required to be maintained in-tact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, deferred expenditures, long-term receivables, and outstanding encumbrances.
- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Examples of restricted fund balances include: child nutrition programs, construction programs, and restricted grants.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action of the Board before the end of the fiscal year and that require the same level of formal action to remove the constraint.



- D. Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The Board authorizes the Superintendent or Chief School Finance Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Board to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Board that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

## **FEDERAL PROGRAMS**

All federal programs (Title I, Title II, Title IV, Title VI, etc...) will adhere to the same accounting policies and procedures established by the Conecuh County Board of Education. Federal Program Coordinators shall verify policies are being followed. In conjunction with the Superintendent and/or Chief Financial Officer, coordinators have the right to modify procedures to ensure compliance with state and federal laws/guidelines.

