



# Houston County Board of Education

# Accounting Procedures Manual

Revised September, 2016  
Approved October 17, 2016  
Updated May, 2017  
(Board Policy 7.94 updated October, 2018)  
(Online Fundraisers updated June, 2019)

Houston County Board of Education

404 W. Washington Street

Dothan, Alabama 36301

Telephone: (334) 792-8331

Fax: (334) 792-1016

[www.hcboe.us](http://www.hcboe.us)

<b>TABLE OF CONTENTS</b>
--------------------------

	Page
Accounting and Reporting: Board Policy 7.12	5
Accountability and Reporting: Board Policy 7.20	6
Accounting Procedures for Bonds and Warrants	8
Procedures for Void and Offline Checks	10
Budget Development: Board Policy 7.10	12
Audits: Board Policy 7.50	14
Expenditure of Funds: Board Policy 7.14.1	15
Expenditure of Funds: Board Policy 7.93	16
Expenditure of Public Funds for Recognition: Board Policy 7.92	17
Uniform Guidance for Federal Programs: Board Policy 7.94	18
Purchasing and Bidding: Board Policy 7.60	22
Bonded Personnel: Board Policy 7.40	23
Returned Checks	24
Procedures for Expenditures of State Instructional Support Funds	25
Purchasing Cards	28
Depository of Funds: Board Policy 7.30	29
Purchase Orders: Board Policy 7.65	30
Financial Record Retention Schedule / Records Disposition Authority	31
Financial Reports	32
Food Service Funds: Board Policy 7.31	33
Indebtedness: Board Policy 7.41	34
Acquisition, Use and Exchange of School Property: Board Policy 7.61	35
Inventories and Property Management: Board Policy 7.64	36
Transfer / Disposal of Equipment - Fixed Asset Policy	38
Sale of Equipment and Supplies: Board Policy 7.22	40
Property Sale, Transfer, Disposal: Board Policy 7.62	41
Investment of Funds: Board Policy 7.32	42
Lost or Stolen Property: Board Policy 7.63	43
Monthly Financial Reconciliation: Board Policy 7.11	44
Obligations	45
Reserve Funds: Board Policy 7.33	46
Risk Management Insurance: Board Policy 7.70	47

<b>TABLE OF CONTENTS CONTINUED</b>
------------------------------------

	Page
Sales Tax	48
Short-Term Notes: Board Policy 7.91	49
Travel Expense Reimbursement: Board Policy 7.24	50
Payment for Non-Employee Services / Contract Labor	51
Employee Salary Schedules: Board Policy 6.83	52
Payroll Procedures: Board Policy 7.23	53
Salary Supplements - Gifts	54
Payments to Employees	54a
Professional Leave Procedures	54b
Professional Leave Checklist	54c
State Department of Education (SDE) Procedures for Local School Accounting	55
Financial Procedures for Local Schools: Public and Non-Public Funds	57
Cash in School Buildings: Board Policy 7.25	60
Financial Procedures for Local Schools: Receipting Funds	61
Financial Procedures for Local Schools: Banking	65
Local School Depository of Funds: Board Policy 7.15	68
Financial Procedures for Local Schools: School Income	69
Online Fundraisers	72a
Fundraising for School Projects and Activities: Board Policy 7.90	73
Financial Procedures for Local Schools: Student Payments	74
Fees / Tuition: Board Policy 7.21	77
Funds Collected for Lost / Damaged School Property	78
Financial Procedures for Local Schools: Purchasing	79
Regulating Borrowing of Funds and Entering into Lease-Purchase Agreements	80
Financial Procedures for Local Schools: Expenditures	81
Financial Procedures for Local Schools: Guidelines for School-Related Organizations	83
Financial Procedures for Local Schools: Live Work Projects	87
Local School Checking Accounts: Board Policy 7.14	90
Local School Monthly Financial Record Reconciliation: Board Policy 7.13	91
Local School Transfers	92
Theft of School Funds	93
Signature Page ( <i>to be completed after each update</i> )	94

Revisions are occasionally made to the Board policies as approved by the Houston County Board of Education. These policies may be found by following the steps outlined below:

- ▶ Navigate to [www.hcboe.us](http://www.hcboe.us)
- ▶ Click "ABOUT HCBOE"
- ▶ Click "Board of Education"
- ▶ Click "Board Policies"
- ▶ Click "HCBOE Policy Manual"
- ▶ Click "Board Policy", (PDF)

This website should be checked periodically by school personnel for any changes to the Board policies. It is the responsibility of school personnel to stay abreast of any policy changes.

**ACCOUNTING AND REPORTING: BOARD POLICY 7.12**

- I. The Superintendent shall have the responsibility for preparing any and all reports related to accounting of school funds that may be required by law or requested by the State Board of Education or the Houston County Board of Education.
- II. The State Board of Education shall prescribe regulations for keeping accounts and records and for making reports by or under the supervision of school boards. These accounts and records shall at all all times be available for inspection and audit by authorized officials and shall be preserved as the laws of Alabama may prescribe.
- III. A complete statement shall be published annually in the month of October of the receipts by source and disbursements by function in an appropriate newspaper in the County, on the Houston County School System's website, and on the State Department website.
- IV. Said accounts and fiscal records shall be available during normal business hours for inspection by the public. They shall be preserved for the period of time prescribed by Policy 8.80, Records Retention and Disposal, for such a period as specified by the State Department of Education or appropriate authorities.

**ACCOUNTABILITY AND REPORTING: BOARD POLICY 7.20**

I. Accounting

- A. The Houston County Board of Education shall, following recommendations by the Superintendent, prescribe regulations for the keeping of accounts and fiscal record and the making of reports by all under the Board’s jurisdiction who are charged with such responsibility. Prescribed regulations shall be consonant with those of the State Board of Education, the Division of Administration and Finance of the State Department of Education, the directives of the state Department of Examiners of Public Accounts and Generally Accepted Accounting Principles.
- B. Line items in the budget may be changed, with Houston County Board of Education approval, at anytime during the fiscal year provided such change is consistent with existing laws and regulations of the state and federal government.
- C. The Superintendent shall keep the Board informed through monthly financial statements concerning the status of the budget.
- D. Said accounts and fiscal records shall be available during normal business hours for inspection by the public. They shall be preserved for a five-year period of time or for such period as specified by the State Department of Education’s retention schedule.
- E. The Superintendent shall develop specific procedures to ensure that accounting practices throughout the system are consistent with Generally Accepted Accounting Principles.

II. Annual Financial Report

The Board shall publish annually in a public newspaper a complete statement of receipts and disbursements as well as a statement of outstanding funded and unfunded indebtedness of the school system for the 12–month period ending the preceding September 30. Such statements shall be drafted on the forms required by the State Superintendent of Education.

### III. Accountability Reports

- A. The Board shall approve an annual accountability report for each of its schools. This report shall include but not be limited to the following:
1. A Funding and Expenditures Report which shall include annual budgets and financial statements and any other documents which may be necessary to assess the financial stability of the Board;
  2. A Student Achievement Report which shall include a comparison of test scores and data such as dropout rates, attendance rates, graduation rates, college attendance and any other data deemed necessary by the Board or State Board of Education to inform the public about student achievement in each school.
  3. A School Safety and Discipline Report which shall include statistical information relating to student safety and discipline in each Houston County school and any other data deemed necessary by the Houston County Board of Education or the State Board of Education to inform the public about safety and discipline in each school.
  4. These reports shall be made available to the media, to parent organizations, members of the Legislature who represent the area in which a particular school is located and submitted to the State Superintendent of Education.

**ACCOUNTING PROCEDURES FOR BONDS AND / OR WARRANTS**

From time to time, the Houston County Board of Education may find it necessary to issue bonds or warrants to finance a capital project of the Board. A bond or warrant issue requires approval of the Board and the following accounting procedures shall be observed:

**TO RECORD THE CLOSE OF A BOND OR WARRANT ISSUE:**

1. The **Full (Face) Amount** of the **Bond or Warrant** issue is recorded to the LONG TERM DEBT ACCOUNT GROUP

DEBIT – (Fund) Account Number 89-1-0192-000-0000-0000-0-0000-XXXX

Amount to be provided for retirement of long term debt

CREDIT – (Fund) Account Number 89-2-0291-000-0000-0000-0-0000-XXXX

Bonds payable

2. The **Actual Amount of the Cash Received** is recorded in the CAPITAL PROJECTS FUND (Fund Number 14).

DEBIT – (Fund) Account Number 14-1-0111-000-000-XXXX-0-0000-0000

Cash Account

CREDIT – (Fund) Account Number 14-4-9110 Sale of School Bonds or Warrants

3. A DEBT SERVICE FUND will be established for each issue (Fund Number 13).
4. **As specified in the Bond or Warrant**, specific amounts will periodically be paid into the DEBT SERVICE FUND. An internally prepared ACCOUNTS PAYABLE voucher will be processed through the ACCOUNTS PAYABLE CHECKS process and recorded as follows:

**PAYING FUND** – (The fund source providing the cash to pay the obligation)

This will normally be the fund where the obligated revenues are recorded.

DEBIT – (Fund) Account Number 5-9910-920-CC-XXXX-0-9700-8913

Fund Transfers Out

CREDIT – (Fund) Cash Account

**RECEIVING FUND** – The Debt Service Fund serving the Issue

DEBIT – (Fund 13) Debt Service Cash Account

CREDIT – (Fund 13) Debt Service Account Number 4-9210 Fund Transfer In



5. At the specified due dates (as designated in the bond/warrant issue) a check will be written to the ISSUE PAYING AGENT. This transaction will be recorded:

DEBIT – (Fund) Account Number 1-0114-000-00 CASH WITH PAYING AGENT

CREDIT – (Fund) Account Number 1-0111-000-00 CASH ACCOUNT

This transaction shows that the cash from the debt service fund for this specific issue has been sent to the paying agent. This is accomplished by issuing an accounts payable check through the process designated for the preparation of accounts payable checks.

6. When the PAYING AGENT sends verification that payment has been made to the BOND or WARRANT HOLDERS, the CSFO will record the following accounting entries through the BUDGETARY ACCOUNTING GENERAL LEDGER JOURNAL ENTRY PROCESS.

DEBIT – (Fund) Account Number 5-8100-931 PRINCIPAL, LONG TERM LOANS

DEBIT – (Fund) Account Number 5-8200-932 INTEREST, LONG TERM LOANS

CREDIT – (Fund) Account Number 1-0114-000-00 CASH WITH PAYING AGENT

**The only interest expenditure claimed by the Board of Education will be the actual interest incurred by the Board.**

Effective October 1, 2015, the State Department of Education: (a) designates the Financial Advisor (as such firm is named from time to time by contract with the Alabama Department of Finance) as its advisor with respect to the granting of State Superintendent approvals required by the Act 2011-631; (b) will require the completion and submission of the Department application to be completed by the underwriter, Financial Advisor (if such firm employed by a System), or bond counsel prior to the sale of any proposed warrants by a System; (c) requires that the Financial Advisor be included on any transactional distribution list and receive documents in draft and final forms; and (d) requires that the approval of the State Superintendent required by the Act, as evidenced by the State Superintendent's signature on the application referenced above, be obtained prior to the distribution of any offering document or the acceptance of any orders for any securities proposed to be sold.

<b>PROCEDURES FOR VOID AND OFF-LINE CHECKS</b>
--

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. **Before a check can be voided and a replacement issued, the CSFO or the Principal or his/her designee at each school must approve the transaction.**

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 School Finance Officer or LSA bookkeeper will verify with the 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. The school principal should make every effort to work out a plan with their bank so the stop payment charge is covered by the bank (as recommended by Examiners of Public Accounts).
  3. The bookkeeper will VOID the check through the accounting software.
  4. Make any necessary corrections.

If a check was written to the WRONG VENDOR or the AMOUNT of the check is INCORRECT:

- VOID the check in the accounting software
- Open the Invoice in the accounting software and change the vendor number and/or amount
- Complete the OFFLINE CHECK procedures in the accounting software

If a check has been LOST:

- VOID the check in the accounting software
- Submit STOP PAYMENT request to the bank if necessary
- Complete the OFFLINE CHECK procedures in the accounting software

If an INVOICE IS PAID IN ERROR:

(A check may have been written for an invoice which should never have been paid; the invoice may be a duplicate of an invoice that has been previously paid, etc.)

- VOID the check in the accounting software
- DELETE the invoice
- Complete the OFFLINE CHECK procedures in the accounting software

If a check needs to be VOIDED and a replacement check will not be issued:

(When a check is voided, all invoices and/or purchase orders associated with the check are reopened.)

- VOID the check in the accounting software
- DELETE the invoice
- Submit STOP PAYMENT request to the bank if necessary

**BUDGET DEVELOPMENT: BOARD POLICY 7.10**

- I. The Houston County Board of Education shall provide for the preparation and adoption of the annual budget for the school system. The Board delegates the responsibility for preparation of the budget to the Superintendent and appropriate members of his/her staff. Providers of budget information shall adhere to all state and federal guidelines, and the budget shall be prepared on forms and in accordance with such rules and regulations as may be prescribed by the Alabama State Board of Education and the federal government.
  - A. The budget shall be presented to the Houston County Board of Education at its regular August meeting or at a special meeting which may be necessitated by the date set by the State Department of Education for budget submission.
  - B. The fiscal year shall be October 1 through September 30 inclusive.
  
- II. Public Hearings – The Houston County Board of Education shall hold at least two open public hearings pertaining to its proposed annual budget.
  - A. Copies of the proposed budget shall be provided to the public at each hearing on local forms and those provided by the State Department of Education.
  - B. The Houston County Board of Education shall seek input from the public concerning the proposed budget and the allocation of resources.
  - C. The hearing shall be held during a scheduled Board meeting in a place and at a time convenient for the general public to attend.
  - D. The date and time of each hearing shall be publicized in the local media in advance of the hearing. In addition, notice of each hearing shall be posted in a conspicuous place at the central office and at each school.
  
- III. Proposed Budget – The proposed budget shall:
  - A. Reflect the total amount of resources available to the Houston County Board of Education from all funding and revenue sources.
  - B. Reflect the projected enrollment and the total proposed expenditures by the Board and for each school shall be available at the public hearings.
  - C. Clearly delineate the number of teachers, librarians, counselors, administrators and other support personnel projected to be employed at each Houston County school.

- D. Clearly list the operating costs by category or function at each school.
  - E. Delineate by school those operating resources earned including, but not necessarily limited to, those items contained in the Instructional Support Program of the Foundation Program, designating the amount of funds earned at each school per item based on average daily membership.
- IV. Final Budget – After at least two public hearings have been held, the Houston County Board of Education and Superintendent shall develop, consistent with state laws, a final budget.
- A. The budget adopted under these procedures shall not show expenditures in excess of income estimated to be available plus any balances on hand, except under conditions set forth by the laws of the state governing the issuance of school warrants.

**AUDITS: BOARD POLICY 7.50**

Fiscal audits shall be completed by an employee of the Alabama Department of Examiners of Public Accounts. Auditors shall conduct audits in accordance with the procedures set forth by the Department and shall, within that scope, furnish such schedules as the Houston County Board of Education may require. No audit shall fail to provide a comprehensive report on all accounts assigned for audit by the Board.

The Superintendent shall prepare a report of all local audits summarizing the effect of the year's operations for presentation to the Board. Audits other than annual audits shall be performed as the need is indicated.

**EXPENDITURE OF FUNDS: BOARD POLICY 7.14.1**

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

**EXPENDITURE OF FUNDS: BOARD POLICY 7.93**

Any and all funds of the school system, whether received from federal, state, local or other resources shall be disbursed only on the written order of the Superintendent or his/her designee. The actual signature and a facsimile of the following employees shall be required on all drafts and checks drawn against any bank account of the Houston County Board of Education.

- I. Chief School Financial Officer
- II. Superintendent



**EXPENDITURE OF PUBLIC FUNDS FOR RECOGNITION: BOARD POLICY 7.92**

In order to promote academic excellence and recognize significant contributions to education, the Houston County Board of Education may expend public funds for the purchase of trophies, plaques, academic banquets, and other appropriate honors to recognize special contributions by students, faculty, staff, and the public that strengthen public education in the school system and the state of Alabama.

**UNIFORM GUIDANCE FOR FEDERAL PROGRAMS: BOARD POLICY 7.94**

**Cash Management for Federal Funds – Part 200**

The Board will minimize the time the receipt of federal funds from the United States Treasury, the Alabama Department of Education, or other pass-through entity, and the disbursement of those federal funds. Federal funds will only be requested to meet immediate cash needs for reimbursement not covered by prior receipts and anticipated disbursements that are generally fixed, such as monthly program salaries and benefits. Disbursements will be made within twenty business days after receipt of funds.

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

Board procedures to minimize the cash balances in federal program funds are expected to prevent the aggregate cash balances of federal program funds from earning \$500 or more for the fiscal year if maintained in interest-bearing accounts. The federal program funds, with the exception of Child Nutrition Program funds, will not be maintained in an interest-bearing account if the Chief Financial Officer determines that banking requirements for minimum or average balances are so high that an interest-bearing account would not be feasible. Federal program funds will be maintained in insured checking accounts that are subject to the state requirements for public deposits under the SAFE program.

**Determination of Allowable Costs**

Before instituting a financial transaction that will require the expenditure of federal funds the federal program director and the Chief School Finance Officer or designee will determine that the proposed transaction meets the requirements for allowable costs for the federal program. Actions to determine allowable costs will assure that:

- The proposed expenditure is included in the federal program budget;
- The proposed expenditure is reasonable and necessary for the federal program;
- The proposed expenditure is consistent with procedures for financial transactions of the board including:

- Purchase order approval procedures;*
- Contract review and approval procedures;*
- Applicable competitive purchasing procedures and;*
- Documentation supports the transaction.*

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

### **Travel**

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

### **Conflict of Interest**

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

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

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

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

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

A board member, board employee, or agent of the board may not review applications, proposals, or participate in the evaluation or selection process where his or her participation in the review process would create the appearance that he or she is: (a) giving preferential treatment; (b) losing independence and impartiality; (c) making decisions outside official and appropriate channels; or (d) harming the public's confidence in the integrity of the board.

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

## **Procurement**

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

Alabama Competitive Bid Laws

Joint Information Technology Purchasing Agreement

Public Works Law

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

Avoid acquisition of unnecessary or duplicative goods and services;

Use the most economical and efficient approach for acquisitions;

Award acquisition contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement;

Consider contractor integrity, compliance with public policy, record of past performance, and financial and technical resources prior to awarding procurement contracts;

Maintain records sufficient to document the history of the procurement; and

Conduct procurement transactions in a manner that provides full and open competition.

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

The board will request proposals for those professional service contracts (excluding architectural and engineer services) that are exempt under state procurement laws if the contracts exceed \$250,000.00 and will be paid from federal or child nutrition program funds. The board will utilize a team of three or more qualified individuals or conduct a technical evaluation of proposals received and for selecting recipients. As a part of the evaluation, the individuals on the evaluation team will sign an assurance that each of the individuals is in compliance with the board's conflict of interest policy.

**PURCHASING AND BIDDING: BOARD POLICY 7.60**

- I. Bidding – The Houston County Board of Education directs that expenditures of public school monies in excess of \$15,000 made by the Board for labor, services, work, the purchase or lease of materials, equipment, supplies or any other personal property, with limited exceptions established by state law, shall be contracted by free and open competitive bidding with sealed bids and shall be awarded to the lowest responsible bidder meeting specifications.

Bids for building/capital improvement projects exceeding \$50,000 must comply with the state Public Works Act.

II. Local Purchasing

- A. The Houston County Board of Education should purchase locally provided products of equal quality that are readily available from local suppliers at prices equal to other non-local vendors. Pursuant to state law the Board, when purchasing personal property or contractual services, shall give preference to commodities produced in Alabama or sold by Alabama persons, firms or corporations.
- B. The Houston County Board of Education shall not be limited to making purchases within the local community or the state of Alabama when such local purchases within the local community or the state of Alabama do not meet the quality or competitive price of goods or services available from vendors outside Alabama do not meet the quality or competitive price of goods or services available from vendors outside the local community or state of Alabama.
- C. Preference may be given to a local vendor having a place of business in the county or municipality for the purchase of personal property, when a bid submitted by such a resident bidder is no more than three (3) percent greater than the bid of the lowest responsible bidder.
- D. Houston County Board of Education shall require that a requisition/purchase order system be established and followed.
- E. Local school purchases exceeding five thousand dollars (\$5,000.00) must have the signature of the principal and the Superintendent.

**BONDED PERSONNEL: BOARD POLICY 7.40**

- I. The Superintendent and the designated Chief School Financial Officer (CFO) shall be bonded at an amount fixed by the State of Alabama in a reputable surety company authorized to do business in Alabama. A certified copy of such bond shall be placed on file with the State Department of Education.
  
- II. The Superintendent or his/her designee shall secure surety bonds, in an amount agreed upon by the Board, for all employees of the Houston County School System who may be charged with the responsibility for handling public school funds.

**RETURNED CHECKS**

The Houston County Board of Education has entered into an agreement with NexCheck for the collection of returned checks issued to all Houston County school locations. It is imperative that our schools obtain the following minimum requirements on all checks as NexCheck provides a payment guarantee for our returned checks meeting the following criteria:

Check Requirements: Name

Street Address (No PO Box)

One Telephone Number

Types of Checks Guaranteed: NSF

Closed Accounts

Any checks not meeting any of the criteria listed above will be collected on a contingency basis and Houston County Schools will receive 100% of the face amount of the check when collected.



**PROCEDURES FOR EXPENDITURES OF STATE INSTRUCTIONAL SUPPORT FUNDS**

Classroom instructional support means all elements of classroom instructional support as provided in the Foundation Program, with the exception of textbook funds, as specified in Sections 16-6B-10 and 16-13-231 of the Code of Alabama 1975, including, but not limited to, library enhancement, student materials, professional development, technology, common purchases, and other classroom instructional support approved by the State Board of Education.

All funds allocated in the Foundation Program for library enhancement, student materials, technology, professional development, and common purchases shall be spent only for the purpose for which they were allocated. Library media specialists shall be consulted in budgeting all library enhancement funds.

**Budget Committee**

Each school shall have a budget committee. The committee shall be comprised of five members consisting of four teachers and the school's principal, or the principal's designee. The teachers on the committee shall be elected annually by secret ballot by majority vote of the teachers voting at each school. The budget committee shall propose a budget for classroom instructional support, excluding student materials. The proposed budget shall be consistent with the latest plans for professional development and technology developed at the local school level by the principal and faculty and submitted by the local board of education to the State Superintendent of Education pursuant to Section 16-13-231(b)(1)e. The proposed budget shall outline common purchases and shall specify the common items which may be purchased. The proposed budget shall also specify the amount to be allotted for each teacher, if applicable. Any funds allocated by the Legislature for student materials shall be given directly to each teacher as specified in the allocation for use directly in his or her classroom as determined exclusively by the teacher. The committee shall elect a chairperson among its membership. The committee shall also elect a secretary from its membership who shall be responsible for keeping minutes of the meetings of the budget committee and actions taken to approve the budget during the secret balloting process. The committee may form advisory subcommittees from teachers at the various grade or department levels, or both levels.

**Approval by Teachers**

The proposed budget from the budget committee shall be submitted to the teachers at an annual meeting. Before any part of any proposed budget is implemented, the teachers at the school, through a majority vote of those voting, shall approve the proposed budget utilizing a secret balloting process.

Teachers shall have at least two work days to review the proposed budget before a vote is taken. Any proposed budget which does not receive approval shall be returned to the budget committee for reformulation, taking into consideration the teachers' recommendations offered at the school's annual meeting at the beginning of the school year or at a spring meeting at the end of the scholastic year, or both. If the proposed budget is not approved, the budget committee shall submit another proposed budget for review and consideration by the teachers, and this procedure shall continue until such time as the teachers approve a budget utilizing the procedures of this section. A report on the budget which is approved by a majority vote of the teachers voting shall be transmitted to the local superintendent on uniform forms provided by the State Department of Education.

### **Duties of Local Superintendent**

The local superintendent shall submit a notarized affidavit to the State Superintendent of Education. The affidavit shall certify that all funds allocated for classroom instructional support have been properly spent and that all legal requirements have been properly observed and implemented. On the affidavit, the superintendent shall certify the amount of monies expended at each school, delineating the amounts spent for collective purchases and the amounts received by the teachers at each school. The local superintendent shall take care to insure that each teacher employed is able to order and receive his or her allocation of classroom instructional support during each year as provided in this section.

### **Timeliness**

Any or all of the funds for classroom instructional support shall be made available to each teacher before December 1. The teacher may order, in whole or in part, his or her allocation anytime during the applicable fiscal year. It is the intent of the Legislature that teachers should have their full allocation of classroom instructional support as soon in the school year as possible in order to promote learning.

### **Permissible Expenditures**

Monies allocated for classroom instructional support may be spent for classroom instructional support purposes only, to be used either by classroom teachers or students in each teacher's respective classes. It shall be permissible to expend these monies on instructional equipment and electrical equipment which is actually utilized with students in the teacher's classroom. Funds provided per school for common purchases shall be expended according to the decisions of the local school budget committee.

All monies allocated and expended shall be consistent with the latest plans for professional development and technology developed at the local school level by the principal and the faculty and submitted by the local board of education to the State Superintendent of Education pursuant to Section 16-13-231(b)(1)e.

### **Competitive Bids and Vouchers**

Each local board of education may purchase classroom instructional support in bulk pursuant to the state competitive bid law. The board may also authorize each school or individual teachers to purchase materials and supplies, instructional equipment, and electrical equipment for classroom instruction by the voucher system, with no one item exceeding the sum of fifteen thousand dollars (\$15,000). The local board shall establish and require proper accounting procedures and safeguards for purchases by the voucher system.

### **Policies and Procedures**

Policies and procedures shall be developed and implemented to insure that each teacher receives his or her full allocated amount for classroom instructional support in conjunction with the approved budget in a timely manner after each order is placed. Procedures and policies utilized and adopted to to implement this section shall be established and determined prior to the beginning of the school year by each local board with recommendations from the organization representing the majority of employees as provided in Section 16-1-30.

### **Unspent Funds**

Any funds appropriated for classroom instructional support but not expended according to this section by the end of each fiscal year shall revert to the Education Trust Fund.

### **Proration**

In the event proration of the Education Trust Fund is declared by the Governor, each local school system shall nevertheless insure that at least 80 percent of its allocation per teacher for classroom instructional support shall be expended according to this section. No portion of a teacher's classroom instructional support money shall be withheld until and unless the Governor officially declares proration of the Education Trust Fund.

### **Transfer with Teacher Disallowed**

Classroom instructional support monies are to be expended on behalf of students at a specific school and are not transportable with the teacher if the teacher is transferred to another school.

**Examiners of Public Accounts**

All expenditures for classroom instructional support and related documents by each county and city board of education shall be subject to audit by the Examiners of Public Accounts.

*Reference Code of Alabama 1975, Section 16-1-8.1*

**PURCHASING CARDS**

The use of purchasing cards requires the Houston County Board of Education to utilize a voucher system to account for expenditures for classroom materials and supplies. Ala. Code s 16-1-8.1 (as amended by Act No. 99-389) offers the voucher system as an alternative to purchasing classroom instructional support under the Alabama Competitive Bid Law. Purchases made for classroom instructional support under the voucher system are limited to items costing \$15,000 or less per item.

The Houston County Board of Education requires all local schools to participate in the Purchasing Card Program thereby giving each certified employee the opportunity to utilize the purchasing card. Certified employees that use the purchasing card will receive the "Purchasing Card Agreement." The employee should read and sign the Purchasing Card Agreement and return a signed copy to the local school bookkeeper. The local school bookkeeper should have each employee sign the "Purchasing Card Sign In/Out" upon receipt and return of the purchasing card.

All purchasing card receipts, credit memos and credit receipts should be entered on the "Receipt Log" by the cardholder. The receipts and the Receipt Log should be kept with the same security protection as cash receipts. The Receipt Log serves as documentation that items have been received and as an audit trail for receipts. Receipts (and any supporting documentation) should be turned in daily. Supporting documentation can include itemization of purchases (if not detailed on the receipt) and explanations justifying purchases that could appear questionable. To help reconcile the monthly statement, the reference number from the Receipt Log should be written on the receipt before placing the receipt in a secure place.

The local school will receive a detailed monthly statement. The Bookkeeper should reconcile the monthly statement to the receipt log and the receipts. The Bookkeeper should indicate the month a receipt is paid in the Statement Month column on the Receipt Log. A copy should be made of each page of the Receipt Log used in that month's reconciliation, signed, and dated by the Principal.

The monthly statement, signed copies of the receipt log, and the journal number breakdown should be filed together in the monthly paid check file.

**DEPOSITORY OF FUNDS: BOARD POLICY 7.30**

- I. All funds of the Houston County Board of Education whether federal, state or local, shall be deposited in a bank or trust company designated as the depository of the Board and to the account only of the Board.
- II. To the extent possible, funds shall be deposited daily. Timely deposits (i.e., not to exceed two days) are to be made by a bonded individual at each school.
- III. Depositories in compliance with applicable state laws may only be used.
- IV. Funds held solely for the purpose of paying registrars or paying agents are exempt from the requirements of Title 41, Code of Alabama.
- V. Change cash to be used for events held at the local school may be retained overnight during athletic season, (e.g. basketball season, baseball season, softball season, etc.) Change cash used for all other events shall be deposited in a timely manner at the same time admissions the event are deposited. It is the responsibility of the local school principal to provide for the security of the funds held as change cash for an athletic season. **The local school principal shall determine the amount of funds needed as change cash for an event.**

**PURCHASE ORDERS: BOARD POLICY 7.65**

Purchase orders are required by the Houston County Board of Education for all materials, equipment and supplies paid for out of the general fund of the Houston County Board of Education. The following procedures must be followed:

1. A purchase order is obtained from the Central Office by submitting a requisition.
2. Special instructions should be noted on the requisition in such a way as to be easily detected by the Purchase Order Clerk or school secretary.
3. Only the Purchase Order Clerks are authorized to order items requiring a purchase order.
4. Invoices received which do not have a purchase order number will not be the responsibility of the Houston County Board of Education; the person placing the order has sole responsibility for payment in such cases.

“Blanket” purchase orders may be issued by the Purchase Order clerk to vendors from whom materials are purchased on a regular basis. This blanket purchase order will be valid only during the month in which it is issued. When a blanket purchase order is used, each invoice shall not exceed \$100.00, and total purchases for a blanket purchase order shall not exceed \$500.00.

<b>FINANCIAL RECORD RETENTION SCHEDULE</b>
--

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, 2014. Additionally, records being audited or that are the subject of unresolved audit questions must be kept until such time as all audit questions are satisfied.

Navigate to [http://www.archives.state.al.us/officials/rdas/local/EdRDA\\_04\\_14.pdf](http://www.archives.state.al.us/officials/rdas/local/EdRDA_04_14.pdf) to download the Local Boards of Education Functional Analysis & Records Disposition Authority.



## FINANCIAL REPORTS

### Annual Budget

The Board shall provide for the preparation and approval of the annual financial budget for the school system. Said budget shall be transmitted to the State Superintendent of Education annually on or before the deadline(s) approved by the State Department of Education.

### Annual Financial Report Published

The Board shall publish annually, in the month of October in a newspaper published in the county, a full and complete statement of receipts by source and disbursements by function of the School System for twelve months' period ending September 30.

### Monthly Financial Reports - School System

The Superintendent of Schools shall prepare, or cause to be prepared, a monthly financial report for the School system. This report will be mailed to the Board members monthly. Meetings with the Finance Director regarding these reports will be scheduled with individual Board members as requested by the member. The Superintendent of Schools shall prepare, or cause to be prepared, all monthly financial reports required by the State Department of Education and any appropriate Federal agencies.

### Monthly and Annual Financial Reports - Local School

Each local school principal shall prepare a monthly financial report to include all school accounts and submit an annual financial report to the Superintendent of Education for inclusion in the School System's annual financial report.

**FOOD SERVICE FUNDS: BOARD POLICY 7.31**

The Houston County Board of Education requires that all Child Nutrition Program funds be accounted for in accordance with policies and procedures set forth by the local, state, and federal requirements.

**INDEBTEDNESS: BOARD POLICY 7.41**

Any Houston County school employee or other person shall be personally liable for creating any bill of indebtedness against a school or against the Houston County Board of Education unless authority exists under duly adopted policy of the Houston County Board of Education or unless authorized in writing by the Superintendent. Any employee violating the provisions of this rule may be subject to cancellation of his or her contract or dismissal from employment.

**ACQUISITION, USE AND EXCHANGE OF SCHOOL PROPERTY: BOARD POLICY 7.61**

1. Acquisition
  - A. All property purchased through system funds, internal funds, or donations from outside sources shall be acquired using system purchasing procedures.
  - B. All property, including vehicular equipment, shall be under the full control and name of the Houston County Board of Education.
  - C. All property with a value of five thousand dollars (\$5,000.00) acquired through internal accounts or donations, shall be reported immediately by the principal or worksite supervisor to the designated property records office on the prescribed forms.
  - D. Principals and supervisors of facilities shall be responsible for determining that all property is identified and accounted.
2. Exchange - Each principal and supervisors of facilities shall determine the property needs for his/her school or department. The Houston County principal or system department head shall declare any property which is not needed, upon approval of the designated property control office, and may requisition additional property through proper procedures.
  - A. Surplus property shall be reported on proper forms to the designated property records office which shall be responsible for acquiring and storing the surplus property.
  - B. Property items with a value as established in 1.C. above may be exchanged between system departments and schools when approval is granted by the designated property records office and subsequently by the appropriate Houston County administrator. Notification of each approval shall be filed in writing with the designated property records office to adjust property records of schools and system departments.
  - C. Houston County Board of Education equipment shall not be used for gainful outside employment or private use of employees or by any for profit group or organization.

**INVENTORIES AND PROPERTY MANAGEMENT: BOARD POLICY 7.64**

The Superintendent or designee shall maintain an adequate and accurate record of all tangible personal property of the Houston County School System. The record shall indicate the date of acquisition, the fund from which purchased, identification number, and property record number, and shall be consistent with all controlling requirements of Alabama statutes and rules. School inventories shall be verified by administration at the Superintendent's direction.

- I. All equipment that has a value or cost specified by the Houston County Board of Education shall be listed.
- II. Property inventories shall be performed annually. It shall be each principal's duty to designate a person to make an annual inventory of all school property within his/her building(s). This report shall include recommendations for the disposition of obsolete and surplus equipment and equipment beyond economical repair. Such inventory shall be verified by the central office and filed with the central office either at the time designated in writing by the property control officer or at the time of any principal's resignation.
- III. Any incoming principal and the facilities supervisor shall make an inventory of all school equipment when the new principal assumes the duties of the position. This inventory shall be checked against the last inventory made at the school and a report shall be filed with the office to identify any shortages or discrepancies.
- IV. The principal shall also be responsible for inventories of properties not listed in section I above. such as library books, films and tapes, and other materials as deemed appropriate. These inventory records shall remain on file in the individual school.
- V. The Superintendent shall prescribe the procedures for the accountability of property.
- VI. All equipment purchased by the various school organizations or by outside organizations for school or system use shall become Houston County Board of Education property and shall be recorded and inventoried in the same manner as all other equipment of a similar nature.

- VII. The Superintendent or designee shall maintain a current and perpetual inventory of all stock in Houston County Board of Education warehouses and shall file an annual end-of-the-year report of the count and value of such items with the finance department.
- VIII. The Superintendent shall report to the Houston County Board of Education any property that has been lost or stolen if recovery is not made by the next regular Board meeting after the discovery of the loss or theft. Such report shall include a recommendation for inactivation of the property record and information concerning possible personal liability which may be appropriate as the circumstance may indicate.

**TRANSFER / DISPOSAL OF EQUIPMENT**

The Board requires that an annual inventory be taken to determine the status of equipment owned by the Board. Such inventories shall be under the direction of the Superintendent, with the assistance of school principals and department supervisors. Such inventories shall be on forms approved by the State Department of Education and shall be accomplished in accordance with the guidelines outlined below.

Deadlines

Equipment/fixed asset inventories shall be forwarded to each school or work site on or before July 15 each year. Equipment/fixed asset inventories shall be completed and a copy submitted to the Central Office each year. An inventory report shall be completed and signed by the responsible principal or supervisor at each school or work site.

Procedures

**Non-capitalized Equipment:** All equipment with a per unit cost of more than \$500 and less than \$5,000 shall be considered as an inventory item and shall be assigned an inventory number and added to the inventory list.

**Capitalized Equipment:** All equipment with a per unit cost of \$5,000 or more shall be considered as a fixed asset and shall be assigned an inventory number and added to the inventory list.

Real property (land, buildings, improvements, etc.) are fixed assets and shall be assigned an inventory number and added to the inventory list.

Criteria for capitalized and non-capitalized equipment are as follows: (1) retains its original shape and appearance with use; (2) under normal conditions is expected to serve its intended purpose for longer than one year; and (3) is non-expendable; that is, if the item is damaged or some of its parts are worn out, it is worn out, or it is more feasible to repair the item than to replace it with a new unit.

Central office personnel shall be responsible for assigning inventory numbers and inputting data into the Fixed Assets and Inventory System. All permanent Fixed Assets and Inventory files shall be maintained at the Central Office. The local school bookkeepers shall be responsible for completing fixed asset or inventory sheets for purchases made by the school. These forms shall be forwarded to the Central Office for data entry.

A master record form shall be completed for all inventory/fixed asset items.

Verification of Inventory Reports - The current year's inventory will be verified to ensure the following:

1. All equipment/fixed assets that should exist on the inventory report have been inventoried and properly accounted for.
2. All current year acquisitions of equipment/fixed assets have been included on the inventory.
3. All current year deletions of equipment/fixed assets have been properly deleted.

Any variances occurring must be reconciled, properly documented, and made a part of the annual inventory report.

Disposal or Deletion Procedure - The following procedure shall be followed when equipment is to be transferred, disposed of or deleted from the equipment/fixed assets inventory:

1. The superintendent or designee must be notified prior to the disposing of equipment owned by the School System (the sale of all School System owned property will be handled through the Central Office to ensure compliance with all legal requirements).
2. The disposal or deletion of equipment shall be recorded on the equipment inventory as one of the following:
  - a. the sale of equipment (receipt of sale shall be retained at Central Office)
  - b. a trade-in on other equipment (copy of invoice indicating trade-in-value shall be sent to Central Office)
  - \* c. removal due to obsolescence or wearing out
  - \* d. damaged beyond repair
  - \*\* e. loss due to disaster or theft

\*A transfer/deletion form shall be completed and signed by the proper persons when inventory/fixed assets items are transferred, disposed of, or deleted from inventory. A receipt from the Landfill shall be sent to Central Office when inventory/fixed assets are disposed of.

\*\*A Police Report shall be sent to Central Office when items are lost due to theft.

### Assignment

1. School principals and work site supervisors are responsible for keeping equipment/fixed asset inventories current.
2. School principals and work site supervisors shall keep a current copy of the inventory on file in their offices.



**SALE OF EQUIPMENT AND SUPPLIES: BOARD POLICY 7.22**

- I. The Houston County Board of Education authorizes the Superintendent to grant permission for the operation of stores selling merchandise that is needed by pupils to facilitate classroom instruction. School stores shall operate as a convenience to the students and shall not in any way interfere with the educational process or cause any student to be in class less than the minimum number of hours in the Houston County Board of Education approved day.
  
- II. Separate records, subject to audit, shall be kept for school stores, and profits derived from sales shall be used for general items supporting the school as a whole.

**PROPERTY SALE, TRANSFER, DISPOSAL: BOARD POLICY 7.62**

The Houston County Board of Education shall be advised by the Superintendent in the event that certain real or personal property is no longer needed for public school purposes. Prior to presentation to the Board, the Superintendent shall determine that the property is not needed by any Houston County school facility. The Superintendent is authorized to store property for later use if that property is determined to have value and the Superintendent believes the property will be used in the future by a Houston County School System facility.

The Board, upon receipt of such report, may at such time as it deems proper and at its discretion declare that such property is no longer needed for public school purposes.

Once real property is declared as surplus by the Houston County Board of Education, the Superintendent or his/her designee shall be authorized to take appropriate action in disposing of such property as outlined below:

- A. Obtain an appraisal(s) reflecting the fair market value of all real property and significant personal property.
- B. Notify local governmental authorities that such property is no longer needed for school purposes and invite a proposal if there is a need for such property.
- C. Follow the procedures in the manner prescribed by state law for the sale of real property.

**INVESTMENT OF FUNDS: BOARD POLICY 7.32**

- I. Based upon a written system of internal controls and operational procedures, the Superintendent or his/her designee shall invest temporarily idle funds to earn the maximum return for the period. Highest priority shall be placed on the safety and liquidity of funds. Funds may be placed in the following types of investments:
  - A. Bids from qualified depositories;
  - B. Certificates of deposit;
  - C. Time deposits;
  - D. Securities of the United States Government including obligations of the United States Treasury; or,
  - E. Investment pools managed and directed by an approved agency of the state.
  
- II. The principal may invest temporarily idle internal account funds in qualified depositories at the best available return subject to the advice of Houston County School System staff trained in investment practices and procedures.
  
- III. Other investments may not be made unless specifically authorized.

**LOST OR STOLEN PROPERTY: BOARD POLICY 7.63**

- I. The principal or designee shall notify the following individuals when any Houston County School property has been vandalized, stolen, or lost:
  - A. The proper law enforcement agency immediately to provide such information as may be available if the property is believed to have been stolen;
  - B. The system office by telephone; and,
  - C. In writing with a copy of such notice being sent to the Superintendent or the clerk of fiscal assets.
  
- II. The custodian of the property records, or their designee, shall prepare a written report and recommendation to the Superintendent if the property is not recovered within thirty (30) days of notification.
  
- III. The Superintendent shall report to the Houston County Board of Education any property that has been lost or stolen if not recovered within thirty (30) days after the discovery of the loss or theft except major losses shall be reported to the Board immediately. Such a report shall include a recommendation that the property record be made inactive and any information applicable to personal liability shall also be reported.

**MONTHLY FINANCIAL RECONCILIATION: BOARD POLICY 7.11**

All Houston County School System financial records shall be reconciled with corresponding bank statements each month by the Superintendent or designee. A financial report showing the budgetary revenues, expenditures, and balances for all funds shall be presented to the Houston County Board of Education monthly. Said report shall include the local schools' financial status.

**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 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 / CSFO. The amounts MUST be included in the YEAR-END financial report as an obligation of the school (Accounts Payable Item).

**RESERVE FUNDS: BOARD POLICY 7.33**

The Houston County Board of Education, in accordance with Alabama law, directs that a General Fund reserve fund balance be maintained of an amount not less than one month's operating expenditures. Operating expenditures shall include all funds necessary to support normal operations of the school district for one month.

The Houston County Board of Education sets as a goal to achieve and maintain a balance equal to one (1) month's operating reserves. This goal does not replace the legal requirement specified in the previous paragraph.

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's operating balance.

A one-month's operating balance shall be determined by dividing the General Fund expenditures and fund transfers out by twelve. In determining the General Fund expenditures and fund transfers out, the proposed budget or budget amendment, shall be used.

**RISK MANAGEMENT INSURANCE: BOARD POLICY 7.70**

- I. No new policy or procedure will be adopted or approved by the Houston County Board of Education without first giving careful consideration to the school system's risk exposure.
- II. When the purchase of insurance coverage is deemed necessary, such purchase will be made on the basis of service offered by the insurer or self-funded programs, the reliability and financial stability of the insurer or self-funded program, and the price of the coverage as competitively determined.
- III. Insurance Coverage – The Houston County Board of Education shall insure for:
  - A. Full value of all property for which it has title, including but not necessarily limited to buildings and contents.
  - B. Errors and omissions liability coverage to protect Board members, Board employees and the school system.



**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, and
- 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.

Contact the Chief School Finance Officer for sales tax exemption information.

**SHORT-TERM NOTES: BOARD POLICY 7.91**

In accordance with state law, the Houston County Board of Education has the authority during any fiscal year, and upon recommendation of the Superintendent, to borrow money in anticipation of current revenues for that fiscal year and to pledge the current revenues for said fiscal year for the payment of such loan or loans if funds on hand are not sufficient to meet current expenses. All such loans shall be recommended by the Superintendent and approved by the Board. Rates of interest on any loans shall not exceed the maximum allowed by law.

All notes or other evidence of indebtedness of the Houston County Board of Education, unless specified otherwise by law, shall be signed by the President of the Board and Superintendent and shall be limited as prescribed by law.

**TRAVEL EXPENSE REIMBURSEMENT: BOARD POLICY 7.24**

- I. Travel expenses incurred by employees and Board members or other authorized persons involved in conducting Houston County Board of Education business may be reimbursed when authorized by the Superintendent or the Board.
- II. Houston County School System employees must receive approval in advance from the Superintendent or designee for travel.
- III. Any person requesting reimbursement for travel expenses shall provide required documentation. Actual expenses, vehicle mileage costs, and other allowable travel reimbursement may be established. No person shall receive reimbursement from the Houston County Board of Education and from other sources for the same travel expense, nor shall payment be made for personal items or entertainment. Travel reimbursement will be in accordance with approved rates established by the Houston County Board of Education.
- IV. The Superintendent shall establish uniform procedures to implement this policy and prescribe forms and procedures necessary for maintaining accurate, uniform records. Travel procedures shall ensure reasonable economy.
- V. Violation of this policy or falsification of required records shall be grounds for disciplinary action including dismissal.

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

Local schools must comply with the Internal Revenue Service requirements for the reporting of payments to non-employees (such as athletic officials, plumbers, electricians, etc.) for services rendered. Records must be maintained to account for any payments or any service rendered by any individual or organization that is not an employee of the Board, and is not incorporated. The school shall obtain a W-9 that includes the social security number or employer identification 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 file of the accounting software. 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 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.

**EMPLOYEE SALARY SCHEDULES: BOARD POLICY 6.83**

- I. All regular personnel shall be paid in accordance with salary or hourly wage schedules as adopted by the Houston County Board of Education, provided the salary schedule for certified staff is no less than 100 percent of the State Minimum Salary Schedule.
- II. Any employee subject to the overtime provisions of the Fair Labor Standards Act of 1938, as amended, and who is required to work in excess of forty (40) hours in any work week, shall be compensated for the hours in excess of forty (40) at the rate of one and one-half (1½) times the regular rate of pay for the service performed or shall be provided compensatory time (premium time).

Any Houston County School System employee working beyond his/her designated total weekly hours without prior permission of the Superintendent through the principal or supervisor may be subject to disciplinary action.

- III. The Houston County Board of Education will make salary deductions which are required by law, including federal income tax, state income tax, retirement, and other deductions in accordance with applicable laws and regulations.
  - A. The Board may make certain other salary deductions when employees or groups of employees properly request such deductions. The deductions shall be made from salaries earned in at least nine (9) different pay periods and shall be remitted to the appropriate recipient as specified by the employee within ten (10) days following each deduction.
  - B. Deductions made for membership dues and voluntary contributions shall be made based upon membership lists and forms provided by the respective organizations.
  - C. Authorization for voluntary contributions may be revoked by providing a thirty (30) day written notice of revocation.
  - D. New authorization for payroll deductions may be added during open enrollment for that specific deduction.
  - E. Upon termination, amounts owed under the authorization of an employee shall be deducted from an employee's final pay.
  - F. When amounts have been correctly deducted and remitted by the Board, the Houston County Board of Education shall bear no further responsibility or liability for further transactions. The Board shall not be liable for any error while acting in good faith to make the subject deductions.

**PAYROLL PROCEDURES: BOARD POLICY 7.23**

I. Payroll Preparation

- A. The Houston County Board of Education delegates payroll preparation for the payment of employee salaries to the Superintendent or his/her designee. The payroll shall be in accordance with the salary policy approved by the Board, any rules or regulations promulgated by the State Superintendent of Education, and state law.
- B. Payroll checks shall be released on or before the last working day of the month on a twelve (12) month basis, as determined appropriate by the Chief School Finance Officer.

II. Salary Deductions

- A. The Houston County Board of Education will make salary deductions which are considered statutory, including federal income tax, state income tax, retirement, etc., in accordance with applicable laws and regulations.
- B. The Houston County Board of Education will approve salary deductions when 25% of employees or groups of employees request such deductions as provided by law. The deductions shall be made from salaries and shall be remitted to the appropriate recipient as specified and in a timely manner following each deduction.
- C. New authorization for payroll deductions may be added during open enrollment or upon state required enrollments.
- D. Upon termination, amounts owed under the authorization of an employee shall be deducted from an employee's final pay.
- E. When amounts have been correctly deducted and remitted by the Houston County Board of Education.
- F. The Houston County Board of Education shall bear no further responsibility or liability for further transactions. The Board shall not be liable for any error while acting in good faith to make the subject deductions.
- G. Whenever an employee is separated from the system prior to the end of the contract period, the terminal pay shall be computed on a per diem basis.
- H. Pre-tax premium deductions. All employee deductions which are eligible under Section 125 are to be considered as pre-tax deductions, with the exception of disability policies which are not to be pre-tax premiums.

**SALARY SUPPLEMENTS - GIFTS**

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 Superintendent for the Board to approve the recommendation prior to the first day of the extra work. Such payments will be made on the regular monthly personnel payroll to ensure that all deductions are properly handled. If the local school is responsible for covering such payments, a transfer check should be submitted to the central office with the payroll requesting additional pay for the employee. Contact the Payroll Secretary or the CSFO for instructions on calculation of benefits.

**SCHOOLS ARE EXPRESSLY PROHIBITED FROM MAKING LOANS TO EMPLOYEES.**

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

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

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

**PAYMENTS TO EMPLOYEES**

Board approval is required for any employees before the first day of work. This includes, but is not limited to, Title I aides, all hourly workers, student workers, summer workers, etc.

According to Section 68 of the Constitution of Alabama, payments are not to be made to employees after services have been rendered.

ALL payments (exclude reimbursements for travel) to ALL employees must process through payroll.

Supplements are not paid to substitutes; provided to full-time employees only. Supplements are not paid to volunteers.

External organizations (booster organizations, civic organizations, parent-teacher organizations, etc.) may not pay our employees.



## PROFESSIONAL LEAVE PROCEDURES

In accordance with the Professional Leave Policy, 6.70.8, ALL professional leave forms must be submitted and approval received in advance (as discussed at the October 19, 2016 meeting with Principals). Professional leave forms are required for any employee representing the Houston County Board of Education for professional purposes during normal work hours or normal work days.

Professional leave forms are also required for employees attending events outside of normal work hours or normal work days and anticipate reimbursement or coverage of travel expenses.

If reimbursement to employees will be necessary, requisitions to use funds from the Central Office must also be submitted and approval received in advance (unless specifically approved by the Board in advance). A copy of your "approved" professional leave form must be submitted with your request for reimbursement.

If your professional leave is disapproved, the leave type will automatically change to Personal Leave. The employee will not be required to submit a new leave form. In the event the employee is out of personal leave and vacation leave (where applicable), a letter must be submitted to request unpaid leave. (Remember, the Principal approves the first two days of unpaid leave and the Superintendent approves the next three.) Make the payroll department receives a copy of the disapproved form. Reimbursements for professional leave will not be processed for requests that are disapproved.

# Houston County Board of Education

## Professional Development/Professional Leave Checklist

School: \_\_\_\_\_ Name: \_\_\_\_\_ Date: \_\_\_\_\_

For payment from funds held at Central Office or from Local School funds  
May be included as additional expenditure documentation but not required

**PRIOR TO SUBMITTING LEAVE FORM,  
ASK PRINCIPAL ABOUT FUND SOURCE TO PAY APPLICABLE COSTS**

- Professional Leave form submitted (**Houston County Leave Form**)  
**in advance.** \*\*\*\*\* SUBMISSION IS NOT APPROVAL \*\*\*\*\*
- Attach AGENDA, registration form or notification of meeting if applicable
- Notes entered in details box
- Once **approved** Professional Leave form received, absence entered in Kelly/Frontline (**Create Absence**)
- Notes entered in Notes to Administrator box
- Once **approved** Professional Leave form received, requisition submitted for reimbursement of costs (not necessary for administrator travel)
- ONLY ONE REQUISITION UNLESS SPECIFIED BELOW**
- Approved** Professional Leave form attached  
**[if using FEDERAL FUNDS, attach agenda and CIP documentation]**
- Hotel cost (if hotel cost will be paid by CO or school, a separate requisition will need to be submitted) [hotel rate \$250 per night (includes taxes)]  
**[attach hotel confirmation email to show total cost due]**
- Registration fee (if registration fee will be paid by CO or school, a separate requisition will need to be submitted) **[attach registration fee to show total cost due]**
- Estimated amounts for mileage and meal(s) reimbursement  
[mileage rate, \$0.58 per mile - **Jan. 1, 2019**; meal rate, \$50 per day]
- Substitute Cost (**for field trips or professional development**) of \$88.73 per day (include on reimbursement requisition)

### **NOTE:**

Coverage of costs and/or reimbursements will not be processed for professional leave that is disapproved **AND/OR** if all requisitions/applicable documents are not submitted.

<p><b>STATE DEPARTMENT OF EDUCATION (SDE)</b>  <b>PROCEDURES FOR LOCAL SCHOOL ACCOUNTING</b></p>
--

Every school must keep on hand for reference a current copy of the State Department of Education’s **FINANCIAL PLANNING, BUDGETING AND REPORTING SYSTEM FOR ALABAMA PUBLIC SCHOOLS**, issued October 1, 2001 and the **FINANCIAL PROCEDURES FOR LOCAL SCHOOLS** approved by the State Department of Education June 10, 2010 and adopted by the Houston County Board of Education October 25, 2010. The accounting procedures outlined in this publication have been approved by the State Department of Education for use by local schools.

Revisions are made to the **FINANCIAL PLANNING, BUDGETING AND REPORTING SYSTEM FOR ALABAMA PUBLIC SCHOOLS** occasionally; and are found on the State of Alabama Department of Education website; [www.alsde.edu](http://www.alsde.edu). This website should be checked periodically by School Bookkeepers and the CSFO for any changes to the manual. It is the responsibility for the bookkeeping personnel to stay abreast of any manual changes.

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

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.

**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 accessible to students or the public, are totally controlled by the Principal. (*See Vending Machines in School Income*)

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 or postgame meals for student athletes and coaches (only one meal allowed per game).
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 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.**

**CASH IN SCHOOL BUILDINGS: BOARD POLICY 7.25**

It shall be the policy of the Houston County Board of Education that all school fund collected at each school or school activity of the Board shall be deposited in a bank in a timely manner (i.e., not to exceed two days). In the event that due to an unforeseen or emergency situation, it is impossible to deposit said funds on the day of receipt, it is the responsibility of the local school principal to provide for the security of the funds until the next day the bank is open.

Change cash to be used for events held at the local school may be retained overnight during an athletic season, (e.g., basketball season, baseball season softball season, etc.) Change cash used for all other events shall be deposited in a timely manner at the same time admissions from the event are deposited. It is the responsibility of the local school principal to provide for the security of the funds held as change cash for an athletic season.



## RECEIPTING LOCAL SCHOOL 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. Prenumbered 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. The local school board may adopt alternative procedures if the receipting is automated or if local school accounting is centralized.

### **Master Receipts**

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). Follow school board guidance for issuing a receipt to satisfy a non-sufficient fund check.
- 13). 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 Receipts**

The Principal will provide a pre-numbered duplicate receipt book or record to teachers and other individuals who collect school funds (other than CNP funds). 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.

Principal has the authority to provide an alternative to writing a receipt to each student in a class when the amount being collected from each student does not exceed ten dollars (\$10). The alternative receipt form should identify the purpose of the collection (such as field trip to Children's Museum), the date, student name, the amount, and the signature of the teacher or person collecting the funds. At the parent's request a written receipt should be provided instead of entering the receipt on the alternative receipt form.

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 on the Master Receipt before leaving the office.**
  - 11). The teacher should retain the original Master Receipt.
  - 12). Do not hold funds until all funds for an activity, fund-raiser, or other purposes are collected. The school is required to make timely deposits according to school board policy.
  - 13). Teacher Receipt books containing the receipt copies and unused receipts should be returned to the Principal at the end of the school year or earlier.

**BANKING for LOCAL SCHOOLS****Bank Account**

The selection of a banking institution for school funds should involve a comparison of the operating features of various banks. Although proximity to the school is important for accessibility for daily deposits of funds, bank charges and other banking procedures can create problems in managing school funds. Some school boards select the banking institution for the schools after conducting an analysis of the bank's willingness to cooperate in meeting the unique operations of public schools. Alabama banking institutions often accommodate local schools by waiving fees and providing banking features not available to individual customers. In some cases, an interest-bearing checking account has additional fees and charges that negate the interest income. Fortunately, many banks will waive the fees and charges upon request.

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. 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.

**Deposits**

School funds must be deposited in a timely manner, usually daily. If the deposit cannot be made before the bank closes, a locked night deposit bag should be used to secure the funds in the bank's night depository. In order to allow for time each day preparing the daily deposit, the Principal should establish and enforce reasonable timeframes for teachers to bring their daily collection of funds to the office and receive a Master Receipt. The following procedures are recommended:

- 1). Pre-printed, duplicate deposit slips should contain the name of the school account and the bank account number.
- 2). When the Master Receipt is written, payments received by check should be endorsed with the words "For Deposit Only" along with the name of the school bank account and bank account number.

- 3). The deposit slip should contain the Master Receipt numbers of the funds deposited.
- 4). The deposit date and deposit amount should be indicated on the last Master Receipt included in the deposit.
- 5). Daily receipts should be deposited intact. **Do not cash checks with the funds received.** Do not use cash receipts for change cash. Do not use cash received for payments.
- 6). Do not use correcting fluid or erasures for mistakes on deposit slips.
- 7). The bank should authenticate the duplicate deposit slip at the time of deposit. The duplicate deposit slip (and the bank's deposit confirmation, if provided) must be retained for audit.

### **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 procedure for processing returned checks is determined by local board policy. Secondary schools, middle schools, and schools with a high check volume may face significant bank charges and devote an inordinate amount of time to resolve returned checks. Schools with a high check volume may benefit by contracting for check recovery services. Several different companies are now operating automated check recovery systems in Alabama schools. The local school board may select a company or the Principal may be given the authority to select the appropriate check recovery system. The school's frequency of returned checks, the dollar amount of the returned checks, and the various features of the check recovery system are important factors in selecting the appropriate company for check recovery services.

Bank service charges (NSF fee and redeposit fee) for returned checks should be paid by the returned check writer or waived by the bank. The school should not accept another check from the individual until bank service charges are recovered through collection or bank waiver. An individual that issues two returned checks should be placed on a risk list and not allowed to make payments by personal check for the remainder of the school year.

In addition to utilizing companies for check recovery services, there are other options for collecting returned checks, depending on local board policy. Redepositing the returned check may often be successful but the bank may assess a redeposit fee. Reimbursement for the returned check and bank charges by cash, cashier's check, or money order usually resolves the problem. A District Attorney has specific procedures for collecting returned checks and a returned check fee. Consult local board policy to determine if the school is responsible for handling the returned check collection with the District Attorney's office or if an individual is assigned the duty of returned check collections for the schools. The last legal option is Small Claims Court. Unless local board policy gives the Principal the authority to file in Small Claims Court, specific approval should be obtained before proceeding with this option.

**LOCAL SCHOOL DEPOSITORY OF FUNDS: BOARD POLICY 7.15**

The Board required local school principals to select a bank located in the County as a depository of school funds. Said bank shall be approved as a qualified depository by the Security for Alabama Funds Enhancement (SAFE) Program administered by the Alabama State Treasurer.

Principals shall notify the Board prior to changing their school's current depository of school funds.

All monies retained in school building shall be safeguarded in secure areas at all times. The Houston County Board of Education shall assume no responsibility for funds lost in a school unless it is determined or suspected that an employee has misused funds for any purpose.

The Board requires that school funds be deposited in a timely manner (i.e., not to exceed two days), by a bonded individual at each school. The amount(s) of the deposit is not significant for the determinant of whether or not a deposit should be made.

Change cash to be used for events held at the local school may be retained overnight during an athletic season (e.g., basketball season, baseball season, softball season, etc.) Change cash used for all other events shall be deposited in a timely manner at the same time admissions from the event are deposited. It is the responsibility of the local school principal to provide for the security of the funds held as change cash for an athletic season.



<b>SCHOOL INCOME</b>
----------------------

**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 furthers 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.

## **Fundraising**

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.

### **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 accessible 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.*

<b>ONLINE FUNDRAISERS</b>
---------------------------

**GoFundMe solicitations or similar online solicitations of funds are prohibited.**

At the January 22, 2019 Board meeting, the Houston County Board of Education approved DonorsChoose.org as an allowable website for employees to solicit items for the school or classroom. DonorsChoose.org makes it possible for public schools to request additional resources needed for classrooms. Additional information may be found at <http://donorschoose.org>. **IMPORTANT NOTE:** All items received through DonorsChoose.org become property of the school and Houston County Board of Education. The following must be completed prior to applying to receive resources:

- 1). Even though resources and/or equipment are being requested, ALL Fundraiser procedures must be followed. The Principal must approve the request before submission to DonorsChoose.org.
- 2). If fundraiser procedures are NOT followed, the employee must be reported to the Ethics Commission.
- 3). ALL requests for technology must be approved by the Technology Director.
- 4). ALL equipment with a unit cost of \$500 or more and computers (i.e. laptops, iPads, etc.) must be included in the school's equipment inventory.

At the May 20, 2019 meeting, the Houston County Board of Education approved E-Funds for schools as the sole vendor for online solicitation of funds.

Each school employee should keep in mind the following in pursuing online solicitation through DonorsChoose.org or E-Funds for Schools:

- 1). Fundraiser procedures must be followed.
- 2). If fundraiser procedures are NOT followed, the employee must be reported to the Ethics Commission.
- 3). Collections are to be classified as "public funds." Donations are typically classified as "non-public."
- 4). The funds should NOT be deposited directly into the school's bank account. All donations would have to be received by check and made payable to the school.
- 5). You must have documentation that shows all funds received were used for students.
- 6). An individual that creates an online solicitation of funds account could face tax consequences.
- 7). Accounts would have to be routinely monitored and audited.

**FUNDRAISING FOR SCHOOL PROJECTS AND ACTIVITIES: BOARD POLICY 7.90**

All fund-raising projects and activities by schools or groups within the Houston County School System shall contribute to the educational and extracurricular experiences of students and shall not be in conflict with the overall instructional program as administered by the Superintendent.

The determination of the fund-raising projects and activities for a school shall be the responsibility of the principal and the staff and shall conform to the following conditions and any directives by the Superintendent.

- I. Fund-raising activities and projects within all Houston County schools shall be kept within a reasonable limit. Before approving any project or activity, the principal shall require full justification of the need and explanation of the manner in which the funds will be expended.
- II. Fund-raising activities that are designated as “game of chance” in any format are prohibited by any student organization.
- III. Merchandising projects shall be kept to a minimum.

**STUDENT PAYMENTS**

**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) The amount of the course fee shall be established before the enrollment of students in the driver education course. (c) The local superintendent shall recommend the amount of the driver education course fee for approval by the local board of education. The amount of the driver education course fee approved by the local board of education shall not exceed the anticipated local costs of the driver education course. (d) Each board of education shall establish criteria by which the ability of families to pay the fee may be determined. (e) Local boards of education shall take reasonable steps to insure that students qualifying for no fee or a reduced fee are 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.**

### **Field Trips**

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

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

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

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

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

**FEES / TUITION: BOARD POLICY 7.21**

- I. The Houston County Board of Education shall not collect fees of any kind from children attending public kindergarten or any of the first six (6) grades of the school system.
  
- II. No fees shall be collected in secondary schools for courses required for graduation. The Houston County Board of Education shall set reasonable fees in non-required courses, *e.g.*, reasonable fees for laboratory and shop materials and equipment. Such fees shall be waived for students who cannot afford to pay set fees.

**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”.

## LOCAL SCHOOL PURCHASING

### 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. 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 the approval of the School Superintendent before the services begin.

### Invoices

An invoice should be obtained for each purchase before payment is made. 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 date, 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.

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

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

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

The Alabama Code, Section 16-13B-7(f) as approved May 2016 states that “contracts for the purchase of personal property or contractual services shall be let for periods of not greater than five years.”

**LOCAL SCHOOL EXPENDITURES**

**Expenditures**

Payments for school expenditures should be made from the school’s checking account. The Principal should sign all checks. 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. Local board policy may provide for co-signatures or a designee to sign checks in the Principal’s absence. The school bookkeeper should never be the sole signatory or allowed to sign on behalf of the Principal. 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.

**Academic Incentives**

Amendment 558 of the Alabama Constitution permits the use of public funds to promote educational excellence by students. Students may receive food items (but not foods of minimal nutritional value), school supplies, admissions, T-shirts publicizing school academic accomplishments, and other provide tangible incentives for attendance, honor rolls, test scores, and other academic achievements. Academic excellence may also be recognized with plaques, trophies, and award banquets. Academic incentives with a significant monetary value may be provided to a group of students or by selecting individual recipients. (Scholarships and tuition for programs outside of the school’s academic program are not permitted.)

By preparing and following formal incentive award procedures a school can minimize auditor questions and public scrutiny when the incentive recipients are announced. Procedures for providing academic incentives with a significant monetary value to students should be established before the incentive recipient is determined and should include:

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

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

**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), currently known as AdvancEd. 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 AdvancEd, 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 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, 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** .*

<b>LIVE WORK PROJECTS</b>
---------------------------

**Live Work Projects for Students**

Live work projects consist of work done by career tech students as part of their training program. Work can be done either in school or on a job location and includes service, repair, or production jobs of all types, excluding work done by cooperative education students. Live work will be conducted when, in the opinion of instructor and school administrator, the training program requires the work for acquisition of occupational skills leading to employment. The instructor, as part of the student's training program, will assign live work to individual students or groups of students. Administration and control of live work in accordance with local school board policies are the responsibilities of the school administrator. All live work performed must be approved by the administrator who shall be responsible for the determination and collection of all charges and maintenance of appropriate records.

Live work can only be performed when tasks are directly related to the knowledge acquired and skills currently being taught in the program as part of the course of study or to reinforce acquired knowledge and skills previously taught. Live work will be performed in specific projects for specific individuals and organizations. The scope and extent of each project will be well defined and documented before acceptance. Live work projects can be conducted for:

- 1). Students.
- 2). Public employees.
- 3). Tax supported programs and institutions.
- 4). Charitable organizations that are supported by donations.
- 5). Other individuals and organizations if:
  - a). The live work project is not in competition with private enterprise.
  - b). The circumstances involved are unusual and justify the acceptance of the live-work project.
  - c). The instructor and the school administrator do not have a family or business relationship with the client.
  - d). The instructor justifies in writing why the live work is necessary for the training program and files a signed copy with the school administrator.

### **Liability Waivers**

The person, program, institution, or organization for which live work is done shall:

- 1). Assume responsibility for the results of the work being done by students.
- 2). Accept responsibility for the total costs of materials and parts involved.
- 3). Pay a service charge according to the schedule established by the administrator of the school to cover indirect expenses.
- 4). Sign a form agreeing to the above conditions and specifically stipulating the work to be performed.

### **Charges for Live Work Projects**

The total charges (cost plus a service charge) for live work will be as follows:

- 1). Actual cost of parts and materials, plus at least 20% for the service charge.
- 2). Live work projects that do not include parts and materials provided by the school will be assessed a reasonable service charge according to a schedule or pricing sheet approved by the administrator.
- 3). A training program leading to a license, such as cosmetology or barbering may charge for services under a pricing schedule approved by the administrator.

Because state laws do not allow a school to extend credit, all charges must be collected at the conclusion of live work project. Deposits and advance payments should be considered, if appropriate.

In exceptional cases such as the construction of a public building, a reduced charge for the live work project may be used provided the administrator and local school superintendent concurs in writing and the school recovers all costs expended on the project. However, all construction projects must be approved by the local school superintendent and other public agencies when applicable.

### **Work Orders**

All live work projects must be documented with a signed liability waiver, authorization for work, and schedule of estimated costs for each customer. The liability waiver must be signed by the customer (the individual for whom the work is performed or an authorized representative of the program or organization for which the work is done) before the work begins. Customer approval of significant increases in estimated costs must be documented. At the conclusion of the work, the customer must be provided an itemized statement of charges. A receipt must be provided to the customer when payment is made. The required documents may be separate forms or combined in the form of a work order.

A work order should contain the following information:

- 1). Work order number.
- 2). Supervising instructor's name.
- 3). Customer name and contact information.
- 4). Liability waiver.
- 5). Customer's signature and date signed.
- 6). Student(s) assigned to the work project.
- 7). Instructions for the work to be performed.
- 8). Date work begins.
- 9). Date work completed.
- 10). Detailed description of materials and parts purchased for the work.
- 11). Detailed calculation of amount due from customer.
- 12). Receipt number.

### **Proceeds From Live Work Projects**

Live work project proceeds are school funds subject to the same financial requirements as other school funds, including receipts, daily deposits, purchase orders, and invoices. Live work projects must be included in the school budget and are recorded in the school's accounting records with a separate account for each instructor. (An instructor may have additional separate accounts as needed to account for individual classes.) The income from live work projects and the expenditures from live work accounts are public funds and cannot be co-mingled with club and class funds. The administrator must approve all expenditures from live work funds. Funds from live work accounts may be transferred to other public fund accounts upon approval of the administrator. The local school superintendent may require the transfer of funds from live work accounts to reimburse the school board for expenditures related to the live work projects.

**LOCAL SCHOOL CHECKING ACCOUNTS: BOARD POLICY 7.14**

Local school principals shall establish a checking account(s) with a banking establishment located in the County and that is a qualified public depository by the Security for Alabama Funds Enhancement (SAFE) Program administered by the Alabama State Treasurer. This must be an interest-bearing account. All checks in the name of the school shall be drawn upon such account(s).

All financial transactions of a local school shall be paid for by check; no cash payments shall be made.

**LOCAL SCHOOL MONTHLY FINANCIAL RECORD RECONCILIATION: BOARD POLICY 7.13**

All bank accounts of the Houston County Board of Education and its local schools shall be reconciled to the financial records. The Chief School Financial Officer shall be responsible for verifying that monthly LEA bank statements are reconciled to the financial records by the 20<sup>th</sup> of each month for review by the Superintendent.

The Chief School Financial Officer shall also be responsible for verifying that monthly local school account bank statements are reconciled to the financial records by the 10<sup>th</sup> of each month for review by the Superintendent.

Said reports shall ensure accurate monthly financial statements, and shall be accompanied by a copy of the corresponding bank statement, copy of the bank reconciliation report, report of outstanding encumbrances, and report of accounts payable.



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

Revenues may be transferred from one account (activity) to another by following the procedures for the transfer of funds included in the LSA manual (This will be a transfer-out from one activity and transfer-in to another activity). This prevents overstatement of total revenues. Generally, these transfers would be made at or near the end of the school's fiscal year.

The utmost caution should be taken to prevent any account from ending in a deficit on September 30<sup>th</sup> each year. **IT IS THE RESPONSIBILITY OF THE ACTIVITY DIRECTOR TO WORK WITH THE BOOKKEEPER AND PRINCIPAL.**

**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. When the Central Office is making the expenditure, the School will send a check made payable to Houston County Board of Education. The Bookkeeper will process the check as she does all other checks through the 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.

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 fiscal year-end.

**THEFT OF SCHOOL FUNDS**

If a theft or loss of school funds occurs, notify the police and the Superintendent or his/her designee immediately.

**SIGNATURE PAGE**

Board Approved Date: October 17, 2016

\_\_\_\_\_  
School

I have read the accounting procedures as outlined in the Houston County Accounting Procedures Manual and the Financial Procedures for Local Schools as well as the Houston County Board of Education Policy Manual. I will follow these regulations and policies and as Principal of the school, will explain them to my Bookkeeper and /or Secretary, Child Nutrition Program Employees, and all other Board of Education employees at my school. I will monitor their actions to assure compliance with the regulations and policies of the Houston County Board of Education.

\_\_\_\_\_  
Principal

Date \_\_\_\_\_

\_\_\_\_\_  
Assistant Principal

Date \_\_\_\_\_

\_\_\_\_\_  
Secretary/Bookkeeper

Date \_\_\_\_\_

\_\_\_\_\_  
Assistant Principal

Date \_\_\_\_\_

Please sign and return to the Central Office.

Keep a copy for your file.