



Teacher Accounting Reference & Guidelines

Updated July 2018

TO: Mountain Brook City School Employees
FROM: Kari Austin, Chief School Financial Officer
RE: Teacher Accounting Reference & Guidelines

Mountain Brook Schools is a fantastic organization, and I am so excited to work here with you. Few systems can boast of the level of accomplishment we have, and I am here to help that level of excellence continue.

As teachers, sponsors, and coaches, you are charged with more than just our students. Your responsibilities include fund raising, purchasing, and safeguarding of assets. Financial procedures are in place to not only guard funds, but to protect your integrity and reputation as well. We hope you find this reference helpful.

Should you need any assistance, please reach out to me or my staff.

Kari Austin

Payroll

Employees who are away from work must submit a leave form documenting their absence. This includes, but is not limited to:

- Sick leave
- Personal leave
- Vacation leave
- Professional leave
- On-the-job injury

Please see your local school bookkeeper for specific submission instructions for leave forms for your location.

All employees receiving compensation for any work performed on school premises must be paid through the school payroll system AND must have Board approval PRIOR to work performed. This is a Federal Fair Wage and Hour requirement. No exceptions to this procedure are allowed.

Hourly employees must clock in and out for all duties performed. This includes any duties performed on school premises outside normal work schedule.

Receipting

All receipts are entered electronically directly into the accounting software program (NextGen). Mountain Brook City Schools no longer utilizes hand written receipts. The school bookkeeper will provide training on the proper use of the receipt module in the accounting software.

Funds should be receipted on the day collected and taken to the office.

Individuals from whom you receive money should always be given a copy of the receipt after it is entered and printed. It is not necessary to print a copy of the receipt for your files.

After entering receipts into the software program two copies of the recap report should be printed. Each person receipting funds should have a folder or binder, in which they file one copy of the recap report. The copy of the recap report is your verification of the funds you receipted and replaces the previous carbon copies in the manual receipt book for auditing purposes. It is vital to a good audit that the folder/binder be maintained. The second copy of the recap report should be submitted to the office/school bookkeeper with the funds collected that day. You will receive a copy of the updated journal entry for each recap sheet from the school bookkeeper. This copy should be attached to the front of the recap sheet and filed in your folder/binder. If you do not receive a copy of the updated journal entry within three days of submission to the school bookkeeper – ask about it. This is your verification that the funds submitted have been posted correctly in your activity/account.

If an error occurs when entering a receipt, contact your school bookkeeper immediately. The bookkeeper will guide you on the correct procedure for correcting the receipt. Each situation is different. Do not proceed until checking with the bookkeeper.

For funds collected from individuals in the amount of \$5.00 or less, the Alternative Receipt Form can be used instead of entering receipts to each individual. One receipt should be entered for the total recorded each day on the Alternative Receipt Form. A copy of the Alternative Receipt Form must be turned in with the recap sheet and the funds collected.

Never cash a personal check out of the funds collected. Never give "change" from a check that is written for more than the correct amount.

All funds must remain on school grounds until such time as bank deposit is made.

Purchasing

Steps for making a purchase:

- 1) Request a purchase order by completing a requisition and submitting to bookkeeper.
- 2) Receive copy of PO or PO number.
- 3) Make your purchase.
- 4) Remember no sales tax or tips.
- 5) Return signed packing slips/order forms/receipts to the school bookkeeper.

A Purchase Order Requisition form must be completed anytime you need to make a purchase that does not utilize the system issued purchasing card. Should the purchase you are making be a large dollar amount, please notify the school bookkeeper in advance. This will allow the bookkeeper to ensure a smooth transaction.

If a purchase order is required, complete a requisition for each vendor/place that you need to purchase from. This can be done on paper or via e-mail with an electronic requisition attached.

After completing the form, turn it in to the school bookkeeper. The bookkeeper will input the information in order to generate a Purchase Order with a PO number. Do not place the order until you receive a copy of the actual purchase order. A copy of the purchase order or the PO number can be emailed to you depending on the vendor's needs. Please indicate your preference on the requisition. Purchase Order requests should be received by the school bookkeeper at least 48 hours in advance.

Once you are given the PO number, then you are approved to spend. It is very important that nothing is ordered, billed or purchased before the PO is processed. Purchases made without a purchase order will need the approval of the CSFO before payment can be issued, and may result in you having to return the item(s) purchased or pay for them personally.

After the purchase is made using the PO number, an itemized receipt from the vendor must be signed and given to the bookkeeper. Invoices cannot be paid without this information.

Auditors require that the amount of any missing receipts be reimbursed to the school by the individual making the purchase.

Remember that as a school we cannot pay sales tax. A sales tax exemption letter is available for your use. If a sales tax certificate is required, see your school bookkeeper.

Checks are usually written once per week. All documentation should be turned in to the bookkeeper one week prior to the check run. Proper documentation includes an original invoice/receiving/packing slip with the signature of the employee receiving the merchandise to verify that the merchandise is in their possession and in acceptable order. Take this schedule into consideration if a check is needed for a field trip.

Monthly Reports

You will receive the following reports on a monthly basis in order to keep you informed of your account balances and funds availability. These reports will be available as soon as the prior month's bank statement is balanced. If you have not received these reports by the 15th of the month, please contact the school bookkeeper. If the bookkeeper does not provide this report after requested, contact your principal or the CSFO.

- Activity Report - You will receive an individual report for each activity (classroom and/or club account) that you are responsible for.
- Allocation Tracking (Fund) Report - You will receive a report including each fund type (PTO, fee, etc.) for which you may have been allocated funds during the school year.

Ticket Sales

Pre-numbered tickets (roll or specially printed tickets) must be used for admission to all athletic events and any other event where admission is charged (i.e. beauty pageants, plays, talent show). An event may also qualify as a fund raiser and will require that documentation as well. A Ticket Sales Report must be completed for each gate/booth/individual to whom tickets are issued. A Ticket Sales Master Reconciliation Report must be completed, and verified by the school bookkeeper, upon completion of the event.

Receipts collected for any event may not leave school grounds under any circumstances and must be secured in the school office by a school official or secure school campus area as agreed upon by the Principal and Bookkeeper. Receipts must be verified and deposited by the bookkeeper.

Unsold roll tickets may not be re-used until the bookkeeper has verified receipts/sales from the last event utilizing that ticket roll.

Unsold specially printed tickets must be maintained with the Ticket Sales Master Reconciliation Report.

Ticket Sales Reports and Ticket Sales Master Reconciliation Report files must be maintained in the school bookkeeper's office.

Ticket sellers may not give "change" for checks received in excess of the actual ticket/admission amount.

Important IRS Fund Raising Federal Court Ruling Information

A U.S. Tax Court ruling in 2008 called into question the practice of having fundraising benefits pass through to individual families or students. At issue was the practice of crediting individual families/students/participants based on the amount of money the family/student/participant raised through fundraising activities to offset costs of items/trips, etc.

In 2009 the IRS fined a booster club in Kentucky for the above practice and revoked their tax exempt/non-profit status.

In 2013 a Federal Judge upheld the 2008 U.S. Tax Court ruling. The Judge ruled that the fundraising practice of crediting individual "accounts" based on participation benefited only certain participants. This violates rules governing tax-exempt organizations. To receive a tax exemption, an organization must exist to benefit a public good, not individual people. Nonprofit, tax-exempt organizations may not be operated for the personal benefit of their individual members, such as by providing a method for their members to earn money to support the individual participation in club activities.

Based on the above information, Mountain Brook City Schools does not allow fund raising proceeds to be "credited" to individuals based on their participation, but must be used to the benefit of all individuals equally.

Fund Raisers

A fund raiser may not begin until a Fund Raiser Authorization Form has been reviewed/signed by all necessary parties. A Fund Raiser Authorization Form must be completed by teacher/sponsor/responsible party and reviewed/signed by the Principal and CSFO at the central office at least 30 days in advance. If the fund raiser has been held in previous years, prior reconciliation should be reviewed to ensure fund raiser was profitable.

The bookkeeper will forward a copy of the authorization form to the requestor notifying them of decision, coordinate with responsible party to secure requisitions, generate purchase orders, supply ticket sale forms (if applicable), and process vendor payments.

A Fund Raiser Accountability Report must be completed by the responsible party or bookkeeper. This form must be reviewed/signed by the principal. File this form and any other supporting documentation in the fund raiser file maintained in the school's financial office.

Crowdfunding accounts (ie GoFundMe, ClassWish, DonorsChoose) are strictly prohibited.

Travel

Approved Board of Education travel is made on the basis of reimbursement for actual and necessary expense incurred subject to the limitations set forth herein. Approved travel requires a purchase order prior to incurring any actual obligation/expenses. Even if you do not request a travel advance, the form must be submitted and approved prior to travel. The advance travel form is used to open the required purchase order.

Travel must be conducted the most direct route possible. However, an expressway route, for example, which involves more total mileage may result in a saving of personnel time which would make it, in effect, the most direct route available.

The Fund Manager and the employee can agree upon lesser amounts of reimbursements due to fund constraints, but a fund manager cannot reimburse for more than the stated amount in this travel document. If there is a change to the amount provided an employee, the agreement must be stated on the Advanced Travel Form and signed by the fund manager and employee.

Cost of meals, which normally would be eaten before departure/after return from travel status, will not be allowed. Even though there is not overnight travel, the noon meal can be allowed, if it is an integral part of a scheduled meeting. Reimbursement may be claimed whenever the noon meal is part of a required registration fee or is included in the cost of a luncheon ticket, which is required for a participant to attend required meeting. Reimbursement will not be allowed for breakfast, unless individuals depart their home or official school prior to 6:30 a.m. Individuals will not be reimbursed for the evening meal unless they arrive at their home or official school after 7:30 p.m. It is permissible to reimburse an employee's noon meal expense without overnight lodging being incurred, provided the employee was traveling prior to 6:30 a.m., returned after 7:30 p.m., and claimed both breakfast and dinner. It is also permitted if the employee was away from home on the work assignment for more than 13 hours.

Receipts are required for all expenses, such as taxi fares, limousine fares, parking, bridge tolls, and miscellaneous items. In the event of a lost receipt for which a duplicate cannot be obtained, a signed invoice may not be submitted. That amount cannot be reimbursed. An individual, who is assigned by the Fund Manager to attend a national, regional, or state meeting, will be reimbursed for registration fees. Meal expense incurred by authorized attendance at such meetings will be reimbursed when such meal expense is an integral part of the meeting or conference program, whether or not it is included in the required registration fee. No portion of registration fees covering cost of social activities will be allowed. Social activities are not reimbursable items (i.e., valet, theater, entertainment are personal items).

Expense for official telephone usage, which must be paid for by the individual, are allowable. The expense statement must indicate the origin of the communication, the person contacted, and justification. Reimbursement is allowed for one personal telephone call when it is necessary to notify someone that his/her travel schedule has been changed.

Reimbursement for mileage will be made for use of personally owned vehicle. Payments to friends or other individuals will not be allowed. No transportation costs will be allowed between an individual's residence and his/her school, even though official business is conducted between these two points. Local transportation costs incurred on official business requiring transport from one location to another, or any other such local travel will be allowed.

The Board mileage rate is subject to change based on Alabama State Board of Education guidelines. Reimbursement for use of a personally owned vehicle will be computed at this rate for actual mileage traveled in the performance of official duties. The initial point of departure shall be the individual's residence or school, whichever is nearer to the destination point. Actual odometer readings shall be reported, except for in-city travel between school locations, which must use the official mileage chart. Mileage for between-school travel is only paid to pre-approved individuals, whose job is to travel between schools. Personal mileage must be excluded in determining the mileage for which reimbursement is made. Point-to-point designations must be clearly identified on the expense statement. The authorized mileage rate must include the normal expense incurred in the operation of a personal vehicle. Parking and toll expenses will be reimbursed for official travel in personal or school vehicles.

Limousine service (or taxi fares, if less expensive to the Board) will be reimbursed for transportation between the individual's departure point and the common carrier's departure point, and between the common carrier's arrival point and the individual's arrival point, and the individual's lodging or meeting place. Reimbursement for travel by private automobile from the individual's residence to the airport will be allowed, and reimbursement for parking will also be allowed. Transportation costs by private automobile from the individual's residence to the nearest limousine pickup service will be allowed, and the actual cost of limousine service to the airport will be allowed. In traveling between lodging and meeting place, individuals are encouraged to use public conveyances when available. When such transportation is not available, reimbursement will be made for use of taxis. Receipts are necessary for transportation, and a point-to-point explanation is required for each reimbursement.

Reimbursement will be made for lodging expenses, within reasonable limitations, incurred in hotel/motel (outside the Birmingham Metro area) with a "paid" copy of the bill. Personnel should be reimbursed for only actual costs expended, plus sales tax.

When a room is shared with other Board employees on travel status, reimbursement will be calculated on a pro rata share of the total cost. However, when a pro rata share of lodging costs is claimed, the expense statement must show the name(s) of the Board employee(s) with whom the room is shared. The simplest method would be for each employee to ask for a

separate bill for his/her share of the room cost. This process eliminates the need for cross-referencing expense statements. An individual on travel status accompanied by husband, wife, or other individual who is not an employee on travel status, will only be entitled to reimbursement at the single room rate.

Reimbursement will be made for meals and other incidentals not otherwise stated at a \$30.00/\$35.00 per day per diem rate, respectively. If due to your departure or arrival times, you are unable to claim one or more meals, the following rates will apply:

In State		Out of State	
Breakfast	\$ 7.00	Breakfast	\$ 7.00
Lunch	\$ 8.00	Lunch	\$ 8.00
Dinner	<u>\$15.00</u>	Dinner	<u>\$20.00</u>
	\$30.00		\$35.00

No receipts are required for meals. Gratuity will not be reimbursed as a separate item; it is included as part of the daily per diem rate.

Transportation outside of the state will be by common carrier, unless specific authorization is received for use of personally owned vehicle prior to the trip. When out-of-state travel by private automobile is approved, the transportation costs may not exceed tourist airfare or mileage, whichever is less, unless traveling by vehicle proves to be a lesser cost. Annual leave must be used for travel time in excess of the time required for air travel. No subsistence will be allowed while in such travel status. Subsistence will commence at the time the individual would have normally arrived at his/her destination by air travel in order to attend to official business. If two or more employees travel together, it may be more advantageous for the Board to authorize travel by private automobile.

When it is the most economical method available, and the Fund Manager has approved, the standard rental car will be a midsize (unless otherwise approved). Example: Ford Taurus.

In order to conduct any travel or receive money in advance, an Advance Travel Form must be completed and received by the Central Office no later than two weeks prior to the actual engagement. A copy of the registration, or other documentation of the trip, must be attached to the form before it is sent to the Central Office. The Advance Travel Form will take the place of a requisition and will be the source document for preparing the Purchase Order. The employee has three options for paying conference registrations, lodging costs, flights, rental cards, parking, and tolls (travel expenditures EXCEPT meals and gasoline for personal vehicle):

- Pay expenses with Mountain Brook City Schools issued credit card,
- Pay expenses with personal funds and be reimbursed after travel is completed, or
- Receive 80% of the total cost of the trip prior to the actual engagement and be reimbursed for the remainder once the travel is completed.

Regardless of what option the individual takes, a purchase order must be obtained prior to travel. At the completion of the travel engagement, the individual will be reimbursed for any authorized expenses incurred. Only 80% of anticipated expenses will be advanced.

The Employee Expense Statement must be completed within 10 days from the return of a trip and submitted to the Business Department for review. Departure time and arrival time must be shown on the Employee Expense Statement. Departure Time is the time an employee departs from residence/school and arrival time is the time of arrival back at the residence/school.

The Local Travel Reimbursement Form for travel within the local area (i.e., an employee who routinely travels from school to school) must be submitted to the Business Department for reimbursement within 5 days of the end of month. Expense forms may not exceed a maximum of one calendar month of expenses.

The employee must submit travel forms and required receipts and documentation to his/her principal or Fund Manager. The principal or Fund Manager will review, approve, and forward the approved forms to the Business Department.

The Business Department will review the travel forms and documentation for compliance with policy and will make any necessary adjustments before processing for payment. All forms that are returned to the originator for corrections, additions, or omissions will be processed for payment in the next appropriate payment cycle.

If an advance is approved, the employee may pick up a check one week prior to departure, unless other arrangements have been made. Eighty percent of advances and registration fees will be paid as indicated on the Advance Travel Form.

The employees must make their own airline reservations. Reservations should be coordinated at least three weeks in advance to receive the best rates. If reservations are not made three weeks in advance, an explanation must accompany the Advance Travel Form. It is the employee's responsibility to get the lowest rate possible.

Overnight travel reimbursements made to local school employees (other than the principal) and students funded with local monies are excluded from the requirement of being processed by the Business Department. Overnight travel reimbursements made to the principal, funded by local monies, must be approved by the Superintendent (or his designee). All travel paid locally must be in compliance with all of these procedures.

Step by Step Travel Instructions

- Step #1 Requisition for conference registration
- a. If registration will be paid by check – requisition should be to the conference vendor with supporting documentation attached. Please note whether check should be mailed with attachment(s) or returned to originator for mailing.

- b. If registration will be paid with purchasing card – check with school bookkeeper to ensure there are sufficient funds encumbered on the open purchase order for your purchasing card.

Step #2 Hotel/Travel (airline, etc.) Accommodations

- a. Hotel/travel accommodations must be booked and paid for using your system purchasing card.
- b. Original paid itemized hotel bill/airline receipt should be turned in with monthly purchasing card statement when charge(s) appears. Attach copy of conference agenda or registration form.

Step #3 Travel Advance (Do not include anything on this form paid with system card.)

- a. Travel Advance form may be accessed on the Finance page of the School System Web Site or obtained from the local school bookkeeper.
- b. Complete travel advance form, obtain necessary approvals, then forward to Finance Department or Bookkeeper with documentation for processing. If requesting mileage, a MapQuest (or similar) estimate of mileage must be attached. Include copy of conference registration. Expenses paid, or to be paid, by purchasing card should not be included on this form. If an advance (80%) is requested, the form must be submitted at least one week in advance of beginning travel date to allow for check processing.
- c. Even if you are not requesting an advance of travel expenses (80%), the travel advance form MUST be completed and submitted prior to travel. The school bookkeeper uses this form to open the required purchase order.

After Travel Is Complete

Step #4 Travel Reconciliation (Must be turned in within 10 days of return)

- a. Travel Reconciliation form may be accessed on the Finance page of the School System Web Site or obtained from the local school bookkeeper.
- b. Complete travel advance reconciliation. Attach original receipts for all included expenditures, along with copy of agenda.
- c. Any additional information to support purchase should be attached to receipt or noted on the back of the receipt for auditing purposes.

Step #5 Purchasing Card Reconciliation

- a. Keep original receipts from purchasing card use and conference agenda to attach to monthly purchasing card statement when received.

Parent Organizations, Booster Clubs, School Clubs/Groups

Parent organizations which support athletics, as well as other extra-curricular organizations and/or clubs, will operate financial activity through the school accounts.

Each organization/club/group must have at least two officers or a committee (comprised of at least two individuals) responsible for making decisions. Minutes must be maintained for meetings where financial matters are discussed and/or approved.

A copy of the minutes approving/discussing the expenditure must be provided to the school bookkeeper prior to a check being issued.

The organization will still plan and carry out activities, coordinated with school administration. The organization will, as a group or committee, set a budget and make decisions on the disbursement of the money.

The organization will have discretion in how the money collected for use by the activity will be spent. The school accounting department will be responsible for receiving and depositing the donations/proceeds and paying the bills. School bookkeepers should be contacted regarding correct procedures for collecting funds. At no time, should funds be taken from school campus, and must be turned in for deposit on a daily basis. This is to protect the individual collecting the funds, as well as maintain the integrity of accounting procedures.

Sales tax will not be paid for any purchases made as the school system is sales tax exempt.

The school maintains accounts at many businesses and will work with each organization to set up accounts with vendors as needed. Parents/individuals cannot be reimbursed for purchases.

All information on financial activity by the organization will be made available and will be audited at the end of the fiscal year as part of the annual system audit.

Due to SACS accreditation standards any money which is paid on behalf of students who are participating in school activities, and is to be used in regard to that activity, must come under the school financial umbrella, since legally the School is responsible for all activity. This activity must also be available for public view and audit.

The individual who is responsible for a purchase will need to contact the bookkeeper and let her/him know what purchases are needed before they are made. Purchase orders are required in advance of purchases/expenditures.

The purchase orders which are required by the auditors, and the state, can be generated quickly, easily and facilitate purchases for everyone. When a vendor is going to be used frequently, (ex. Sam's, Coca-Cola, etc.) a standing purchase order can be generated in order to make purchases easier. This means the purchase order can be used over and over up to an

agreed upon total amount. Once the agreed upon total amount is reached, a new purchase order will be required. Purchases may not exceed total purchase order amount.

Individuals making a purchase should check each receipt/invoice at the time of purchase to be sure that sales tax was not charged. Each receipt/invoice must be signed by the individual making the purchase. This signature is verification that the items have been received.

Itemized receipts and invoices received at the time of purchase must be turned in to the school bookkeeper, no later than three (3) days following the date of purchase. The school cannot pay for purchases unless these documents are received. Individuals failing to provide documents within specific time frame will be directly responsible for payment.

All fund raisers, including those handled by parent organizations, must adhere to the following:

- A Fund Raiser Approval Form must be submitted for all fund raisers. No fund raiser activity may begin prior to approval by the Principal, Superintendent and CSFO.
- All purchases relating to the fund raiser must follow above purchasing guidelines.
- Upon completion, a Fund Raiser Accountability Form must be completed/submitted.

Please be assured that each school bookkeeper, as well as Central Office financial staff, are available to assist with any questions you may have regarding these procedures. Open communication and cooperation by all individuals involved are key to ensuring accounting integrity is maintained.

Contracts

Contracts, including service contracts, can only be signed by the Superintendent (or his designee).

Principals, Assistant Principals, Teachers, and/or any other employees may not sign contracts, or any type of agreement, on behalf of the school and/or the school system.

STATE OF ALABAMA
Ethics Commission

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Top Ten List of Ways to Avoid Violating the Alabama Ethics Law

by Jim Sumner

1. Don't take anything from anybody in exchange for official action. (Section 36-25-7, Code of Alabama 1975)
2. File your Statement of Economic Interests with the Ethics Commission by April 30th each year. (Section 36-25-14)
3. Don't use your position for your personal gain or to benefit a member of your family or a business with which you are associated. (Section 36-25-5(a))
4. Don't use public equipment, facilities, time, materials, human labor, or other public property for your personal gain or to benefit a member of your family or your business. (Section 36-25-5(c))
5. File copies of any contract you may have or enter into with a public entity (at any level of government) with the Ethics Commission within ten (10) days of the contract being entered into. Remember that all contracts, except those for professional services must be competitively bid. (Section 36-25-11)
6. Be sure you know what is an allowed gift under the law. (Section 36-25-1(31)(b)(2))
7. Understand what can be provided for you and your family in terms of hospitality, transportation, lodging, food and beverages, tickets to sporting and entertainment events as part of a social occasion, educational or informational program, etc. (Section 36-25-1(31)(b)(3-5))
8. Realize that honorariums are forbidden by the Ethics Law. (Section 36-25-1(31)(a))
9. Understand that contributions to your campaign fund or your inaugural or transitional fund may not be converted to personal use. (Section 36-25-6)
10. Know that you cannot solicit anything for any purpose or any entity from a lobbyist, except a campaign contribution (Section 36-25-23(b))

**The Alabama Ethics Law and All Advisory Opinions of the Ethics Commission
can be viewed at our Web Site: www.ethics.alalinc.net**

Selected Guidance from Ethics Commission Opinions 2011-12

School board members and other school employees may gain free admission to school events or plays, sporting events, etc. in their local school district, as employees are considered to be employees of that school district, and not of the individual school.

Public officials, public employees, including school teachers and other school employees, may accept gifts of any value, when the gift is based on a friendship that transcends the public sector, as exemplified by a pre-existing friendship.

A school board attorney or other vendors and individuals may give gift baskets, cheese trays and other consumable items to the school office for enjoyment by the staff.

The Ethics law does not make a distinction between legislators, county commissioners, school teachers, etc. The law allows gifts, regardless of the source, to be of a de minimis value only.


Vendors may only provide gifts to teachers, retired school employees or other school employees, of a de minimis value.

School boards may enact a policy which allows students to contribute a de minimis amount towards a gift card from the class, provided the policy is reasonable, done in good faith and complies with the de minimis requirements in the Alabama Ethics Law.

“...Therefore, in determining what is and what is not de minimis, one must look at whether or not the item has intrinsic value, i.e., can the item be sold for a profit?...As a general rule, gifts such as hams, turkeys, or gift cards with a specific monetary value are not permissible...The following list, while not all inclusive, sets out some types of gifts that are acceptable for school teachers to receive: 1) Fruit baskets, homemade cookies, etc. 2) Christmas ornaments of little intrinsic value. 3) Coffee mugs filled with candy or of a holiday nature. 4) Any items that the teacher may use to assist him/her in performing his or her functions as a teacher, such as notebooks, school supplies, etc. 5) CDs or books of a nominal value, scarves, etc....It should be pointed out that gifts cards may be given at any time, not just during the holidays, to teachers or to schools to allow the teacher or school to purchase items for the benefit of the class...Apparently in many school systems, it is common practice for the PTA or classroom mother to collect a small amount of money from each student and pool toward the purchase of one gift card. Allowing this would allow the class to give a little more substantial gift to the teacher, while maintaining the de minimis value of each specific contributions from the students...To allow this, however, the school board must have a policy setting this out. It should be noted that the school board cannot enact a policy that loosens up the Ethics Law. Any policy must, therefore, comply with the de minimis standard set out in the Ethics Law... In other words, the policy must be enacted in good faith, be reasonable, and considered with the Alabama Ethics Law.”

Act No. 2012-433 defines DE MINIMUS: “A value of twenty-five dollars (\$25) or less per occasion and an aggregate of fifty dollars (\$50) or less in a calendar year from any single provider...”

Letter from Dicky Barlow Regarding Gifts

From: BARLOW, DICKY
Sent: Friday, December 09, 2011 2:21 PM
To: Everybody; 
Subject: Ethics Commission's ruling on giving and receiving gifts

I'm sure you are aware of the state-wide conversation concerning teacher gifts now that the new Alabama Ethics Law is in effect. On December 7th The Alabama Ethics Commission met to consider many questions concerning the new law, one of which was with regard to gift giving and receiving. This opinion certainly has implications for our school system and for all of us as public officials and public employees.

While the school system cannot control the individual actions of employees, we do feel that we have a duty to keep you informed on how this opinion affects you as an individual. Below are the highlights of how the opinion affects each of us as public employees.

Please remember that nothing may be given if it is given in an attempt to corruptly influence an official action, such as attempting to have a school teacher give a child a better grade.

Teachers may accept gifts of a *de minimis* (minimal) value.

- Gifts such as hams, turkeys, or gift cards from individuals with a specific monetary value are **not** permissible.

The following list, while not all inclusive, sets out some types of gifts that are acceptable for school teachers to receive:

1. Fruit baskets, homemade cookies, etc.
2. Christmas ornaments of little intrinsic value.
3. Coffee mugs filled with candy or of a holiday nature.
4. Any item that the teacher may use to assist him/her in performing his or her functions as a teacher, such as notebooks, school supplies, etc.
5. CDs or books of a nominal value, scarves, etc.

The ethics opinion states that they understand it may be common practice for parent organizations or classroom representatives to collect a small amount of money from each student and pool toward the purchase of one gift card. Allowing this would allow the class to give a little more substantial gift to the teacher, while maintaining the *de minimis* value of each specific contribution from the students. **To allow this, however, the school board must have a policy setting this out.** It should be noted that the school board cannot enact a policy that loosens up the Ethics Law. Any policy must, therefore, comply with the *de minimis* standard set

out in the Ethics Law. In other words, the policy must be enacted in good faith, be reasonable and consistent with the Alabama Ethics Law.

Below is a definition of "*de minimis*" that is beneficial for analysis formed in the Ethics Opinion:

IRS – *de minimis* benefit is "one for which, considering its value and frequency with which it is provided, is so small as to make accounting for it unreasonable or unpractical...In determining whether a benefit is *de minimis*, you should always consider its frequency and value. An essential element of a *de minimis* benefit is that it is occasional or unusual in frequency. It also must not be a form of disguised compensation. Whether an item or service is *de minimis* depends on all the facts and circumstances."

Although the Ethics Commission Opinion does not establish a monetary value for *de minimis* value we suggest as a guideline a gift value at or below \$20.00 should safely fall in the *de minimis* standard.

At the December 12th Board meeting the board will be considering a policy concerning pooling nominal student contributions towards the purchase of one gift card. We will continue to update you on this issue as clarification is available.

This Ethics Commission opinion also appears to potentially apply to gifts given by staff members to other staff members. However, our understanding is that staff members may accept gifts from other staff members provided the gift is given under circumstances which make it clear that it is motivated by friendship and not given because of the recipient's official position.

On a personal note, I'm sorry that you have to concern yourself with the question of accepting gifts from students. The relationship between the community and school employees is a unique and endearing relationship not to be compared to that of vendors and legislators. I am very thankful for the work you do for every child in this system. Your compassion, work ethic, and commitment to our children are priceless.

Dicky Barlow



GIFTS TO STAFF MEMBERS G-21

I. Students

Teachers may accept gifts of a *de minimis* (minimal) value.

It is permissible for parent organizations or classroom representatives to collect a small amount of money from each student and pool toward the purchase of one gift card for a school employee, providing each specific contribution from students is of *de minimis* value.

This policy is not enacted to expand or loosen the Ethics Law but to comply with the *de minimis* value standard set out in the Alabama Ethics Law.

II. Staff Members

Staff members may accept gifts from other staff members provided the gift is given under circumstances which make it clear that it is motivated by friendship and not given because of the recipient's official position.

III. Outside Agencies or Individuals

Staff members shall not accept gifts from outside agencies or individuals that are a result of existing or potential business transactions between the local school, the School District, and said agency or individual. Staff members shall report to their immediate superior any attempt by outside agencies or individuals to give gifts which are in excess of *de minimis* value.

"No public official or public employee shall solicit or receive anything for him/herself or for a family member of [a public official or] a public employee...for the purpose of corruptly influencing official action, regardless of whether or not the thing solicited or received is a thing of value."

Section 36-25-7(b) Code of Alabama

Adopted: December 12, 2011

s (Board Policy G-21)