

LOCAL SCHOOL ACCOUNTING AND FINANCE MANUAL

**MIDFIELD CITY SCHOOLS
BOARD OF EDUCATION**

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Midfield, AL 35228

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This manual supersedes any local school accounting regulations adopted by the Board.

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PREFACE

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

The 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.

- a) **School funds will be receipted and deposited in the school account on a timely basis.**
- b) **Expenditures will be paid by check and supported by proper documentation.**
- c) **Purchases will be approved by the Principal (with a signed purchase order when required) before the purchase is made.**
- d) **Accounting records will be posted daily.**
- e) **Bank statements will be reconciled monthly.**
- f) **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.

SECTION 1

ACCOUNTING SYSTEM CODES

The accounting system is designed to meet the needs of all school systems in the State of Alabama. A thirty-one-digit account number composed of nine special reporting codes is used to record each transaction.

	<u>Digits</u>
1. Activity Code	4
2 Fund Type	2
3. Account Type	1
4 Account Code	4
5 Object	3
6 Cost Center	4
7. Fund Source	4
8. Appropriation Year	1
9. Program	4
10. Special Use	<u>4</u>
TOTAL	31

SECTION 2

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 are restricted to the same legal requirements as Board funds. Examples include:

1. General – may consist of vending machine commissions, proceeds from school fundraisers (school pictures, coupon books, etc.), student parking, appropriations from the Board, interest income, and other miscellaneous revenues. Its primary purpose is to pay for the general operations of the school and is totally controlled by the Principal.
2. Library – accounts for late charges on returned library books, funds collected for lost library books, and expenditures incurred for purchasing library books.
3. Athletic – may consist of income from gate receipts, parking at athletic events, advertising commissions, game program sales, and donations from athletic booster clubs. Separate accounts may be established for individual sports, if desired. Expenditures include athletic uniforms, equipment, and supplies; membership dues to athletic organizations; registration fees for coaching clinics; travel and transportation; game officials, and, expenditures related to athletic events, including expenses for practicing and preparing for athletic competitions and exhibitions.
4. Concession and Student Vending – may consist of concessions operated by the school at athletic events and vending machines or concessions for students operated at the school during the school day.
5. Fees – school imposed course fees for certain non-required academic courses, field trips, workbooks, and supplemental instructional materials. These funds are used to cover the costs associated with the course or purpose for which the funds are collected.
6. Locker Fees – funds collected from students that are used to cover the costs associated with maintaining the student lockers.
7. Faculty Vending – consists of funds collected and used for items sold in faculty lounge areas that, although not assessable to students or the public, are totally controlled by the Principal. *(See Section 7, page 12 - Vending Machines).*

Allowable expenditures from public funds include:

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

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

Non-Public funds are 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 include:

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. Officers elected by its members govern these organizations. PTO, PTA, Band Boosters, and various athletic booster support groups are considered school related organizations. (*See Section 12, pages 17-20 - 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.

NOTE: However, the State Ethics Law limits purchases for school employees and their families. 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.

SECTION 3

CHANGE CASH/PETTY CASH

When change cash is needed for an event or activity at the school, the check must be charged (debited) to the Change Cash account, which is 12-1-0115. The Principal should always be the payee on the check for change cash. The check should not be made out to the school.

When the change cash is re-deposited in the Cash/Checking account after the event, it should be receipted (credited) to the Change Cash account. This should eliminate the balance in the Change Cash account. A balance in a Change Cash account indicates cash that has not been returned to the checking account after an event. The change cash should be re-deposited as soon as possible to eliminate the occurrence of theft and the possibility of the money being deposited into the wrong account.

Athletics/Change Cash

All funds should be counted and deposited immediately following each athletic event. Two separate deposits tickets should be prepared, one for admissions and one for change cash.

When completing the Individual Cashier Ticket Sales Report, never include change cash with total dollars collected. If change cash is kept until the last home game, change cash should be placed in a locked safe/box in the office. It is the responsibility of the principal to replace any funds that are lost or stolen.

PETTY CASH IS NOT ALLOWED AT THE LOCAL SCHOOL LEVEL.

SECTION 4

RECEIPTING MONEY

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.

Remote Receipting

Remote receipting is a method for collection of funds, which allows the use of stand-alone computers to record and produce receipts at the point of collection and later load the files into the central system. It takes the place of receipt books, yet functions in the same manner. A receipt is issued from NextGen to each person from whom funds are collected, and a copy of the receipt is maintained for audit purposes. When all funds have been collected, a recap report should be printed from NextGen and used to verify (count) the amount of cash and checks/money orders collected. Once all funds are accounted for, the Local School Bookkeeper will close out the station and post the receipts. Instructions and guidelines for how to use the feature follow:

Instructions for Receipt Module

1. Double click the "McAleeer" or "Nextgen" icon on the computer desktop.
2. Click ok.
3. Enter username and password (on the first login, it will request for the password to be changed).
4. Wait for all screens to load.
5. Once all screens disappear, double click "Budgetary Accounting."
6. Enter username and password.
7. Click on "Receipt Module."
8. Click "Enter/Print Receipts."
9. No password is needed for the receipt module.
10. Enter your name into the "User Name" box.
11. Click Log In.
12. You are now in the receipt module.
13. Enter the child or parents name into the "Payer Name" box.
14. Enter the amount received into the "Received \$" box.
15. Click in the "Cash" box (This number will automatically generate)
16. Click "Update."
17. It will bring up the print screen, hit enter.
18. The triplicate receipt will print.
19. Give a copy of the receipt to the following: child/parent, teacher, the office for secretary/bookkeeper files.
20. Once all funds have been collected, click "Recap." This screen reports how much money has been collected.

21. Click “Print Recap.” This report shows how much money has been collected and who has been receipted. Verify this report is correct.
22. Click “Closeout.”
23. Enter the amount of cash that was collected.
24. If there is a discrepancy between the receipt module and the amount of money collected, it should be resolved at this time.
25. Once the receipts and cash drawer balance, the system will allow you to close the drawer.
26. Complete the “Receipt Module Balancing Form.”
27. Take cash, receipt copies, Recap Report, and Receipt Module Balancing Form to the office for deposit.
28. Have the principal or designee verify your funds and sign off on your paperwork.
29. Make a copy of the signed paperwork, and keep in a folder in your classroom for your records.

*Please note: Do NOT accept cash if you do not have access to the receipt module or the Nextgen accounting is down.

Master Receipts

The computer-generated Recap Sheet from NextGen, signed Receipt Module Balancing Form, and receipt copy package serves as the Master Receipt.

Funds Collected by the Teachers

- Funds collected by a teacher must be brought to the office daily along with the receipt copies from Nextgen, Recap report printed from Nextgen, Receipt Module Balancing Form, report of ticket sales, or other necessary receipt documents.
- Funds should be counted and verified by the Principal or designee with the amounts reported from receipt copies from Nextgen, Recap report printed from Nextgen, Receipt Module Balancing Form, report of ticket sales, or other necessary receipt documents.
- The computer-generated Recap Sheet from NextGen, signed Receipt Module Balancing Form, and receipt copy package serves as the Master Receipt.

ITEMS OF IMPORTANCE

- Please contact central office before voiding a receipt. Voided receipts must be retained and a copy should accompany the receipt packet presented to the office for verification.
- Funds received must be secured until deposited. Deposit funds daily.
- Receipt packages must be secured for School Bookkeeper.

Business Checks/Cashier’s Checks/Money Orders

- A receipt should also be issued for each of the above items received by mail. All checks should come to central office for deposit.

Checks from Governmental Agencies or Legislature should be receipted and General Fund and then transferred to the appropriate Local Schools Account Activity.

NOTE: MIDFIELD CITY SCHOOLS DOES NOT ACCEPT PERSONAL CHECKS

SECTION 5

BANKING

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.

Daily Deposits

School funds must be deposited intact and in a timely manner, usually daily. In order to allow for time each day in preparing the daily deposit, the Principal should establish and enforce reasonable timeframes for teachers to bring their daily collection of funds and receipt packages to the office. The following procedures are recommended:

- Pre-printed, duplicate deposit slips should contain the name of the school account and the bank account number.
- The Principal should take both the original and carbon copy of the deposit slip to the bank for encoding. The Principal will return the encoded carbon copy with the bank receipt to the Local School Bookkeeper to be attached with receipt documentation.

Any monies held by teachers/school secretaries/parent organization/principals over three days will require a written explanation addressed to the Superintendent.

No cashing of personal or any checks out of proceeds.

Recording and Verifying

The School Bookkeeper will record and verify all funds collected, receipted, and deposited. The following procedures are recommended:

- Audit and verify the receipt package for accuracy.

- Verify that funds collected at the schools are receipted in the office in a timely manner.
- Verify that deposits are made intact and in a timely manner.
- Post funds to the general ledger accounting software through the import feature in Nextgen.

NOTE: The Principal is responsible for any shortages resulting from errors or otherwise in the handling of school monies.

SECTION 6

REFUNDS/REIMBURSEMENTS

All refunds should be issued by check and paid from the revenue account where the funds were originally received if the receipt and the refund occur within the same fiscal year. If the funds are received in one fiscal year and refunded in another fiscal year, contact the Chief School Financial Officer for the appropriate account number to use.

Employee reimbursements must have supporting invoices and prior approved Purchase Orders to validate purchases.

Employee reimbursement for travel expense is covered in the Travel Reimbursement Policy and Procedures section.

If the company gives the school a refund back on a check the school sent, the refund should be receipted to the expenditure account number from which it was originally written.

Approvals granted after the fact will no longer be acceptable. If procedures are not followed, the individual(s) involved will be responsible for payment of invoices/expenses.

SECTION 7

SCHOOL INCOME

ATHLETICS

FEES

Starting two weeks before the beginning of any athletic season, the head coach shall provide a weekly report to the athletic director of the payment status of each student athlete. *If an athlete is unable to pay athletic fees, then there is a possibility he/she will be unable to participate until all fees are paid.* No fees are to be collected and/or receipted until approval by the Board of Education. Try-out fees are not allowable. Any fees charged for try-outs will be reimbursed to the students. No other fees are to be accessed to the students after the Board of Education has approved the fee schedules. Coaches should be mindful that athletic fees could also be paid through fundraisers.

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. The Local School Bookkeeper will issue tickets to be sold at all events.

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. **(See Attachment II)**

A receipt should be issued to an individual for the cash collected from ticket sales and 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.**

Fundraising

The Principal, Superintendent, and CSFO must approve each school fundraising activity conducted by students, teachers, school employees, or school-related organizations. On occasion, the Athletic Director and/or Child Nutrition Director (CNP) will also have to approve fundraising activity based on the nature and organization performing the activity. Fundraisers are must be approved prior to the start of the fundraiser. Approval is requested by completing a "Fundraiser Request Form" (Attachment III).

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 without prior approval from the CNP Director. Fundraisers that require students to stand in the road to collect funds are strictly prohibited.

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.
2. Do not cash checks from collections.
3. 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.
4. All fundraising expenses, including sales awards to students, must be presented to the Principal for payment by check.
5. A school employee cannot receive a gift or gratuity from the fundraising vendor.
6. No gift cards or raffles may be used as a fundraiser.
7. Candy can be sold before and after school only unless other arrangements are made with the CNP Director.

Within a reasonable time after completion of the fundraising activity, the Local School Bookkeeper should submit a Fundraising Accountability Form to the Principal that documents the result of activity. **(See Attachment III)**

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.

NOTE: Foods of minimal nutritional value may not be sold during the school day unless otherwise approved by the CNP Director.

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 not also stock or supervise the stocking of the vending machine. There should be a witness when funds are removed. A receipt should be made to the individual for the funds collected from each machine.

A school may have an area set aside for school employees that has one or more vending machines that are not assessable by students or the public. Because the vending machines are on public property using electricity paid with public funds, as well with the principal (a public official) directing the use of the vending machine proceeds, the profits are considered public funds. However, an Attorney General Opinion established conditions that would allow the vending machine proceed 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.

NOTE: Midfield City Schools recommend that all schools have full-line vending.

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. 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 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 receipt to be prepared and verify the information on the receipt before leaving the office.
6. Supporting documentation of items sold should accompany the funds collected.

At the beginning of each athletic event, an accurate inventory must be taken of all items in the concession stand prior to making any sales (see the Inventory Control Report for Concessions). At the end of the athletic event, an accurate ending inventory must be taken of all remaining items.

The Concession Sales Report must be completed and signed by the concession worker at the close of the concession stand to account for the sales from the event. The cash box, completed Concession Sales Report and the inventory reports should be given to the designated school administrator. The administrator must review the reports, count the money, and sign the report verifying the accuracy of the money collected. The cash collected from the concessions sales should be delivered to the bank by the administrator and deposited into the night drop. The following school day, the

administrator should return to the bank to collect the bag to be verified by the bookkeeper and included in the school's daily bank deposit.

The Concession Sales Report and Inventory Control Report must be delivered to the school bookkeeper by the administrator the following school day.

NOTE: Foods of minimal nutritional value may not be sold during the school day unless otherwise approved by the CNP Director.

Book Fair

The required method of cash receipting at a Book Fair is by the use of a cash register. A receipt of funds collected is produced by cashier and taken to the office. Follow remote receipting procedures.

Lost or Damaged School Property

Funds collected from students for lost or damaged textbooks that are the property of the Board must be receipted and accounted for in the local school and remitted by the school to the Finance Department at the end of each school year. The funds will be used by the Board to purchase textbooks. A Board payment "923" account number must be used to remit these funds to the Finance Department. 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. Follow remote receipting procedures.

Funds from Governmental Entities

The Finance Department *must* be notified about the receipt of all funds from government entities. Government entities include, but are not limited to, the Jefferson County Commission, State Senators and Representatives, and local cities. The primary reason for this is to monitor reporting requirements to the funding entity or other compliance requirements that may be attached to certain funds. For example, the State bid law applies to the expenditure of these type funds, and coach's supplements paid with these funds are subject to IRS taxation. It is the responsibility of the Finance Department to monitor the expenditure of these funds to avoid audit findings or charges. The Chief School Financial Officer must approve exceptions to this policy.

When a check is received, request a letter or other documentation from the grantor, which specifies how the money is to be spent and the time period for spending. The Principal should write what he/she specifically wants to buy, within the grantor's restrictions, on the documentation provided. **A call should then be made to the Finance Department to determine whether the check should be deposited at the school or by the Finance Department.**

SECTION 8

INVENTORIES

The Board requires that all fixed assets of the Midfield City School system be inventoried and a perpetual inventory record be maintained in the Central Business Office. An inventory audit shall be made annually and shall be comprehensive to assure that all fixed assets are properly accounted.

The Midfield City Board of Education directs that all assets or capital assets shall be inventoried annually. Inventory records of fixed capital assets shall be maintained in the school board's central office. A supplemental inventory of equipment items not classified as fixed or capital assets shall be maintained.

SECTION 9

PURCHASING

Purchase Requisition/Purchase Order

Any teacher/staff member who wishes to make a purchase must complete a Purchase Requisition Request and submit it to the principal for approval. The principal will sign the requisition or email it to the bookkeeper which signifies approval. The Purchase Requisition Request is entered into the Nextgen Requisition module by the Bookkeeper. This requisition is routed to the CSFO and Superintendent for approval. Once approved, a Purchase Order is created electronically from the approved Purchase Requisition. The approved Purchase Order is emailed to the teacher/staff to place their order.

Important Notes:

The Local School Bookkeeper does **not** place orders for teachers/staff members.

Approvals granted after the fact will no longer be acceptable. If procedures are not followed, the individual(s) involved will be responsible for payment of invoices/expenses.

NOTE: If an order is placed before the purchase order is obtained, the teacher/staff member will be responsible for the bill.

Order Verification

When items are received by the school, the packing slip, original invoice or invoice copy, or copy of the purchase order should be signed by the appropriate personnel (after verifying the goods received), and forwarded immediately to the Bookkeeper.

Payments for Non-Employee Service Contracts

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

Local schools must comply with Internal Revenue Service requirements for the reporting of payments to non-employees (such as those furnished by an athletic officials' associations) 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 a Form 1099-MISC (Miscellaneous Income) must be filed in accordance with Internal Revenue Service guidelines. To obtain information for proper completion of Form 1099, IRS Form W-9 must be completed by all service providers. This must be done as new vendors are added to the NextGen system.

This provision for "contract labor" does not apply to employees for the Board. Employees are paid on the regular monthly payroll service reports for employees, and reported on the employee's Form W-2 (Wage and Tax Statement) at the end of each calendar year.

The determination of whether an individual should be paid through payroll (employee relationship) or through accounts payable (independent contractor) should not be made on the basis of any request of the individual, convenience of the school/Board or past practices. Each case should be weighed individually against the twenty (20) common-law rules of the IRS. These provide evidence of the degree of control and independence in three areas: behavior control, financial control, and type of relationship.

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. **(See Attachment IV)** 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.

Sales Tax

All schools are exempt from paying sales tax. A signed Purchase Order must be presented to the vendor when items are purchased. If vendors do not honor the sales tax exemption, consider another company that will comply with this exemption. The standard letter will be given to vendors when requested with the system's federal identification number.

Schools are not generally required to 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.

Be aware that sales tax will not be reimbursed to employees making purchases on behalf of the school.

SECTION 10

TRAVEL REIMBURSEMENT POLICIES AND PROCEDURES

Procedures:

1. Employee Authorization for travel: Prior to attending a professional development conference, attendance must be approved **at least 7 days prior** to travel (unless there are extenuating circumstances) and must be approved by the supervisor and/or the Superintendent. The leave request form must be accompanied by an agenda, brochure or some other form of documentation to substantiate the need for travel. A travel request shall normally be limited to that for which funds have been appropriated in the annual budget.

The leave request form shall include estimates for the total costs of registration fees, transportation, lodging, meals and any other allowable expenditure. Unauthorized travel will be at the expense of the employee.

2. Prepayments: Once approval has been given, registration may be paid in advance. A check for a hotel stay will accompany the employee upon departure for their trip. If a check must be sent to the hotel prior to the employee's arrival, arrangements need to be made with Chief School Financial Officer. If the employee cancels the trip and a replacement employee cannot attend, expenses already paid shall be repaid to the Board by the employee.
3. Authorized Expenses: The Board of Education will reimburse the employee for lodging, registration, mileage for personal vehicle, and parking. **All** receipts should be presented for payment, and they shall be **itemized**.

Hotel expenses will be reimbursed for conferences and events located beyond a 75 mile radius only. All actual room cost will be reimbursed up to the rate of the host hotel. Any amount exceeding the host hotel rate will be borne by the employee. The superintendent prior to the employee's departure must approve special circumstances.

If the school district requires an employee to participate in an organization as a part of the duties of his/her job or if participation in the organization is required for students to participate in events, the Board will pay or reimburse the individual for membership dues in the professional organization. The payment or reimbursement for this expense **does require prior approval** from the Superintendent.

4. Unauthorized Expenses: The Board of Education will **not** reimburse the employee for alcoholic beverages, snacks, personal supplies or entertainment.
5. Employee Reimbursement Requests: Within three working days following the employee's return to work from travel, the employee will submit the Expense Account form (available on the district website) with each section completed and any required attachments with all of the necessary supporting documentation to his/her supervisor for review and approval. The form will then be forwarded to the appropriate program coordinator or local school accountant to supply source of funds. Once approved and accounting information completed, the program coordinator or local school accountant will route the Expense Account form to the Chief School

Financial Officer for approval. Once approved, it will route to the Superintendent and then to the Accounts Payable Clerk or local school accountant for payment. Requests that are not complete will be returned to the individual to correct, and it will go back through the process previously discussed. Once approved, a travel reimbursement check will be included in the first available accounts payable check run. Please allow up to two weeks for processing.

6. Meal Allowances:

Meal allowances for approved travel will be paid at the following rates:

- a. \$15 if the trip is from 4 to 12 hours duration. Please note: If your conference is over by noon, you will only be paid \$15 for a meal allowance.
- b. \$35 if the trip exceeds 12 hours duration but does not involve an overnight stay.
- c. \$45 for each day when an overnight stay is required.

Employees will submit per diem claims on approved travel forms. (No meal receipt required.) Also, agendas will be reviewed to determine the amount to be paid for meal allowances.

7. Mileage Reimbursement Rate: Employees may be reimbursed for business miles traveled in a personal vehicle at the Standard Mileage Rate prescribed by the Internal Revenue Service. Reimbursement is from your home or base; which ever is closer to your destination only. Mileage incurred from your hotel to conference will not be reimbursed.

8. Required Documentation of Allowable Expenses (reimbursement of authorized expenditures will be made only if substantiated):

- a. **Registration fee** – documented by publication or by invoice/receipt or a copy of check showing payment.
- b. **Lodging** – original itemized invoice with a zero balance.
- c. **Mileage for personal vehicle** – substantiated by a map attached to the expense account form from point to point; **no** incidental mileage will be paid.
- d. **Parking and Toll fees** – substantiated by dated receipt.
- e. **Other expenses** – documented by dated and itemized receipts.
- f. **Agenda** – An agenda must be provided with all travel claims.

NOTE: Cash register tapes, scraps of paper or other reimbursement claims that are not determinable as to the date, the place and the type of expenditure will be disallowed for reimbursement. A memo with an explanation of why you have cash register tapes may be submitted, but will only be approved at the discretion of the Superintendent.

9. Employee Responsibilities: Employees are responsible for ensuring the most reasonable rates for all expenditures. If at all possible, when large groups are traveling, employees traveling to the same location for the same purpose should carpool and share lodging. If an employee chooses to room by him/herself or bring family members rather than sharing, room reimbursement will be at the shared rate.

10. Consultants and Board Members: All consultants hired by the Board and Board members are required to follow the same guidelines as employees when requesting reimbursements.

11. Travel Restrictions – All employees are limited to one out of state conference per year from August to July.

Other Provisions: The Superintendent may authorize exceptions to the provisions set forth if he/she deems the exceptions necessary to meet the needs of the School Systems operations. Principals or Central Office Administrators, accompanied by an explanation of the circumstances that justify the need for making the exception, will request the Superintendent's authorization of exceptions in writing

SECTION 11

EXPENDITURES

Payments for school expenditures should be made from the school's checking account. 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, services 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. Prenumbered checks should be used in numerical order.
8. Prenumbered 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.

Expenditure approvals granted after the fact will no longer be acceptable. If procedures are not followed, the individual(s) involved will be responsible for payment of invoices/expenses.

SECTION 12

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 permitted.) Scholarship and tuition payments should be made to university or college and not directly to the student. 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.

SECTION 13

SCHOOL-RELATED ORGANIZATIONS

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

- State Superintendent of Education.
- State Board of Education.
- Local Boards of Education.
- Department of Examiners of Public Accounts.
- Governmental Accounting Standards Board (GASB).
- Generally Accepted Accounting Principles.
- GASB Statement No. 14 – The Fiscal Reporting Entity.
- GASB Statement No. 39 – Determining Whether Certain Organizations Are Component Units.
- Federal legislation.
- Internal Revenue Service.
- Congressionally Chartered Organizations.

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

Student Organizations

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

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

Athletics

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate activity account codes for a particular sport in the school's financial records. However, a separate activity account code 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.

COMPLIMENTARY PASSES

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 school board. Public employees and officials and their family members receiving a complimentary pass are responsible for compliance with the State Ethics Law.

Athletics and Cheer Camps

Local camps involve the district students. No camp fees charged to district students. No extra compensation for district employees.

Camp Fundraiser may not be limited to district students Fees are charges to visiting campers only. No extra compensation for district employees. All funds raised go to the benefit of the sport/activity.

Third party camps must be approved by the Board of Education. Fees are charged to visiting campers only. The third party must present liability insurance and the Board of Education must be as insured. Background checks must be done on all camp staff not employed by Midfield City Schools.

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**

SECTION 14

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. In each case, 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. Donations may also be requested for general school purposes, including communication services, additional personnel services approved by the school board, playground upkeep, equipment, maintenance, student lunches, etc.

If requests are specific, the funds received are restricted to that purpose and should be coded to public. If requests are non-specific, the funds can be coded to non-public. Requests documentation must be retained for audit.

SECTION 15

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.

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.

NOTE: 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).

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.

LOCKER AND PARKING FEES

Funds collected from students for locker and parking fees must be used to cover the costs associated with maintaining the student lockers and parking lot first. Excess funds collected for locker and parking fees must be transferred to another activity (preferably the general fund) before being spent. Before transferring funds from the locker or parking activity you must have approval from the CSFO.

SECTION 16

FIELD TRIPS

No student should be denied participation in a field trip due to lack of funds. Students who lack funding for a field trip will be given an opportunity to raise funding through school sponsored fundraisers, scholarships or other means.

Monies collected from students for field trips must be receipted, deposited, and expended through the school's Financial Records. Monies raised for field trips from fundraising activities must state the source of funds.

Field Trips are not to be conducted for a profit. They are to be handled in the books as "Accommodation" accounts ... i.e. "in and out". If a balance remains after the field trip expenses are paid, Local School Bookkeepers should first verify that all admission and finance billings have been paid (including bus driver salary and benefits, and bus mileage). Then determine if refunds are due back to parents. Any funds left after all expenses and refunds are paid can be transferred to the school's office (public) activity or the related class (public) activity.

Additional costs should be considered when calculating the per student field trip amount to accommodate for non-paying students.

The Local School Bookkeeper should assist the teacher with calculating the per student cost of the field trip. Making sure that admission, food cost (if any), mileage, bus driver's pay, substitute pay, nurse expenses including substitute, and costs for non-paying students are considered when calculating the per student cost. The cost should be calculated to cover the expenses for the field trip as closely as possible without making a profit.

Information about the field trip to parents and guardians should include plans for the disposition of excess field trip funds 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 actions; and, requirements to receive a refund for the field trip payment.

Food of minimal nutritional value may not be purchased for field trip meals.

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 and are not subject to the requirement to provide participation for non-paying students.

A Field Trip Request must be completed and approved by the Principal and Superintendent for all Midfield City Schools field trips through the Schooldude software.

SECTION 17

FINANCIAL AND FACILITY ACCOUNTABILITY

Theft of School Funds/Property

If a theft or loss of school funds or property occurs, notify the Finance Department immediately. Investigations involving the mishandling of school funds money will be handled by the finance department. If any allegations of wrongdoing are suspected, the Chief School Financial Officer will be the lead in conducting the investigation. Once the investigation is completed, then the findings and consequences will be presented to Board and Superintendent. Consequences could involve repayment of funds, reduction in monthly salary (depending on the violation), and/or termination.

The Principal has the responsibility for collecting and disbursing all monies in a manner approved by the local board of education. The Principal is responsible for ensuring that its teachers and staff are following the general rules regarding the financial affairs of their school. The failure to follow the general rules of this manual may lead to a written notification from the Chief School Financial Officer. (See Attachment VI)

If equipment or other Board property is lost or stolen while in the personal possession of a Board employee (i.e. employee's home, car, etc.), the employee must file the appropriate claims with his/her personal insurance carrier to recoup the value of the Board equipment or property lost. These funds must be forwarded to the Board in a timely manner once received. If the employee does not have personal insurance coverage, the employee will be responsible for paying the fair market value of the equipment or other property lost or stolen.

Transfers Between Activity Accounts

Generally, transfers are made at or near the end of the school's fiscal year. The Principal and sponsor must first approve transfers from non-public activities.

The utmost caution should be taken every month to prevent any account from ending in a deficit. The Principal or bookkeeper should ensure money is available for an expenditure prior to authorizing a Purchase Order. Under no circumstances shall funds be transferred from any other account to cover a deficit without first obtaining prior approval from all appropriate parties.

NOTE: Public funds may not be transferred to non-public fund activities, with the exception of correcting deposit errors.

Financial Record Retention

All records of the school must be filed and retained in compliance with the requirements of the State of Alabama, Department of Archives and History, Local Boards of Education Records Disposition authority, as revised April 2007. Additionally, records being audited or that is the subject of unresolved audit questions must be kept until such time as all audit questions are satisfied.

**For questions or a copy of the records retention schedule, contact the Finance Department.
Use of School Facilities – Please refer to Midfield City Board of Education Policy Manual.**

SECTION 18

From time to time a school will be asked to submit financial records to the Central Office for an audit or the audit will be done at the school. This monitoring process is initiated by the Chief School Financial Officer as a result of previous audits of local school records. This monitoring process serves to alert the Superintendent and Board of any irregularities in local school accounting procedures in order to correct the irregularities.

Midfield City Board of Education Internal Audit of LSA Records

SCHOOL: _____ **CCTR** _____ **DATE** _____

I. CONTROL OF RECEIPTS

CASH RECEIPTS

- Review teacher receipt book – Compare with master ledger
- Funds delivered to office in timely manner by teacher(s)
- Funds receipted in timely manner
- Master Receipt issued to individual teachers
- Receipt page marked to indicate
 - Date receipted in office
 - Master receipt number issued
 - Amount of total amount remitted to office
 - Initials of person that receipted money in office
- Funds deposited in timely manner
- C/R posted to McAleer in timely manner
- C/R posted to correct journal number
- Posting date properly used – C/R report reviewed
- Collection of funds traced from teacher receipt to bank statement
- Individual teacher(s) receipt page/books may be requested for review

RECEIPTS ISSUED TO TEACHERS & MASTER RECEIPTS

- Log for assignment of teacher receipt pages/books maintained
 - One copy of completed page to teacher
 - Hard copy of completed page to office master file
- All receipt pages accounted for at all times
- Master receipts issued returned to individual that turned in funds
- Master receipt of funds traced to bank statement

Principal _____ **Date of Review** _____
Central Office _____ **Date of Review** _____

Midfield City Board of Education

Internal Audit of LSA Records

II. CONTROL OF EXPENDITURES

PURCHASE ORDERS

- Detailed requisition attached / quantity, item description, unit cost
- Requisition signed by person requesting purchase
- Complete vendor information
- PO issued before purchase made
- Signed by principal
- PO signed by principal before purchase made
- PO entered to encumber against activity funds in a timely manner
- Purchase Order Register maintained

ACCOUNTS PAYABLE

- Review A/P records
- Supporting documentation attached
 - Requisition
 - Purchase Order
 - Packing Slip
 - Invoice
 - Marked Paid
 - Date Paid
 - Check Number
 - Journal Number Identified
 - Journal Number properly utilized
 - Check / Copy of check issued

CHECKS

- All checks accounted for at all times
- Checks properly voided/spoiled
- Checks issued in numerical sequence

Midfield City Board of Education

Internal Audit of LSA Records

FUNDRAISER – Proper documentation maintained?

- Permission to conduct fundraiser
- Funds to office reports
- Profit / Loss Statement on completed fundraisers

TICKET SALES – Any used ticket rolls that need verification?

- Sent to Central Office weekly for verification?
 - (This will not apply to all sites)
- Proper reconciliation procedures followed ○
 - Change cash
 - Ticket verification (new rolls included)

CHANGE CASH

- Records maintained for all instances when change cash is utilized
- Change Cash check issued for each home event
- Change Cash check re-deposited in a timely manner

1099 VENDORS

- Issued for individuals paid in excess of \$600 for services rendered
- Vendors Social Security = Vendor ID / marked 1099 Vendor?
 - Excludes vendors / 63-xxxxxxx = Federal ID

ACTIVITY REPORTS (Detailed) DISTRIBUTED?

- #1 – Principal’s Office – prepare a data binder for this purpose
- #2 – Bookkeeper’s Office for Audit Purposes
- #3 – Activity Sponsor (Teacher, Coach, Sponsor, etc.)

RECORD KEEPING / FILING

- Accounting files behind locked door and/or in locked file
- Blank checks safeguarded w/locking drawer, file, etc.
- Checks filed numerically in the month generated
- Cash receipts reports filed chronologically in the month generated
- Validated deposit tickets attached to cash receipt reports
- Monthly reports printed and filed

SEGREGATION OF DUTY

- Mail opened by _____
- Money received in office receipted by _____
- Deposits prepared & posted by _____
- Deposits delivered to bank by _____
- Deposits made on a daily basis _____

Midfield City Board of Education

Internal Audit of LSA Records

III. OTHER ITEMS NOTED for information/survey purposes only

LOCATION OF BOOKKEEPER OFFICE

- Main office area – wide open space with no privacy
- Separate office connected to main office area – door that locks
- Other _____

OFFICE ASSISTANT

- Full Time
- Part Time
- Student office aide(s)
- None

TECHNOLOGY

- Computer up to date with minimum of Windows 98 or Greater
- Print Services for Accounting _____ Dot _____ Laser
- Email service available
- Instant Message service available

PROFESSIONAL DEVELOPMENT

- Additional Training Requested _____
- _____
- _____
- _____
- _____

Additional Comments

- _____
- _____
- _____

SECTION 19

LIVE WORK PROJECTS

I. Definition of Live Work:

Live work consists of work conducted by students as part of their training program. Such work can be done either in school or on a job location. The purpose is to benefit the student and supplement ongoing instruction outside a classroom setting.

Live work will be conducted when, in the opinion of the 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.

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.

II Administration of Live Work Projects:

A. General Administration:

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

Neither the Midfield City Board of Education nor its administrators, employees, or students are liable for damages resulting from live work, including, but not limited to, the supervision, approval, and performance of the live work project or from damages that occur while the customer's property is on the premises, including theft.

2. Live work projects must be documented with a signed liability waiver, authorization for work, and schedule of estimated costs for each Customer. Such documentation will be provided on the official Midfield City Board of Education's Career and Technical Work Order Form ("Work Order Form") which when completed includes:
 - a. Work order number.
 - b. Supervising instructor's name.
 - c. Customer name and contact information.
 - d. Liability waiver
 - e. Customer's signature and date signed.
 - f. Student(s) assigned to the work project.
 - g. Instructions for the work to be performed.
 - h. Date work begins.
 - i. Date work completed.
 - j. Detailed description of materials and parts purchased for the work.
 - k. Detailed calculation of amount due from customer.
 - l. Receipt number.

Once a live work project is completed, a copy of the Work Order Form will be kept in the school office and a copy will remain with the instructor. All receipts, purchase order, etc. that are associated with the project should be attached to the form. All proceeds from live work projects are subject to the same financial requirements as other school funds and will be accounted for in accordance with the State Department of Education's Local School Finance Manual and/or the Board's Finance Manual. Please refer to the Remote Receipt Section for instructions on receipting customers.

B. Before Live Work is performed:

Completion of an Official Work Order Form: All live work must be documented with Work Order Form. The form may be obtained from the instructor.

The person or authorized representative of the program, institution, or organization that is requesting live work (the "Customer") shall complete and sign the Work Order Form specifically stipulating to and authorizing the work to be performed and agreeing that:

- a. The Customer assumes responsibility for the results of the work being done by students;
- b. The Customer accepts responsibility for the total costs of the materials and parts involved;
- c. The live work will be performed by students; and
- d. The Customer will pay a service charge to cover indirect expenses.

The form will also include a schedule of estimated costs. Requiring a deposits or advance payment for live work may be considered at the discretion of the instructor.

A signed Work Order Form must be on file before any work is started on any project, including work performed for Board employees or students. Live work may not be started as the result of a conversation with or undocumented request of any Customer.

Purchase orders will not be issued for parts or materials unless documented by a completed work order form.

C. Performance of Live Work:

1. Approval of Significant Increase in Costs (if applicable): Customer approval of significant increases in estimated costs greater than \$100 will require the customer's authorization on the Work Order Form.
2. Submission of Voided Form (if applicable): If a Work Order Form is voided for any reason during the performance of the live work, the form should be returned to the school's office with an explanation of the void.
3. Timeline for Completion: Live work is instructional and student- oriented. Therefore, live work projects should not be subject to strict timelines for completion. Live work is not to be performed unless students are present.
4. Customer Visitation: In order to avoid interruptions that could affect and interfere with the students' instruction, Customers should not visit the work site unless they have an appointment. Visitors to any classroom/lab must sign in as a visitor either in the school's office or at the work site.

D. Before Live Work is Delivered to the Customer:

1. Completion of the Work Order Form: Upon finishing the project, the pertinent portions Work Order Form should be completed by the instructor, including a detailed list of parts and materials used and their respective costs (copies of purchase orders or a receipt showing the cost of parts must be attached) and detailed description of services.
2. Provide Customer with Statement of Charges: The Customer will be provided an itemized statement of charges.

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

- a. Actual cost of parts and materials, plus a service charge as specified by the Live Work Pricing Guide
- b. Live work projects that do not include parts and materials provided by the school will be assessed a reasonable service charge according to the Live Work Pricing Guide approved by the Career and Technical Education Director.
- c. A training program leading to a license, such as cosmetology or barbering may charge for services according to the Live Work Pricing Guide approved by the Career and Technical Education Director. Tipping students or instructors is not allowed.

E. Payment for the Live Work Project by the Customer:

All outstanding charges must be collected at the conclusion of a live work project.

- a. Payment for projects with a set service charge of \$10.00 or less: For live work projects that have a set service charge as provided on pricing schedule or pricing sheet and the charge is \$10.00 or less, the customer may pay the instructor for the live work. The instructor shall handle the payment in accordance with the applicable provisions of the Board's Local School Accounting Manual. Please refer to the Remote Receipting/Receipting Section of this manual.
- b. Payment for all other live work projects: For live work projects that (1) either do not have a set service charge or (2) are more than \$10.00; the customers shall pay for such live work projects in the school's office.
- c. Provide Receipt and Completed Work Order Form to Customer: The Customer will be provided a receipt and a copy of the completed Work Order Form when payment is made.

SECTION 20

Cash Management for Federal Funds

The Board will minimize the time between the receipt of federal funds from the United States Treasury, the Alabama Department of Education, or other pass-through entity, and the disbursement of the federal funds. Federal funds will only be requested to meet immediate cash needs as follows:

- Reimbursement not covered by prior receipts and;
- Anticipated disbursements that are generally fixed, such as monthly program salaries and benefits; or,
- Disbursements will be made within in fifteen 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 daily 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 bank account if the Chief School 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 financial 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 assurance 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 allowability of transaction.

Before payments are made from federal funds the federal program director and the chief 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. Any cost reduction or cash refund (rebates, discounts, etc.) related to the transaction will be credited to the Federal program.

Travel Policy

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

Conflict of Interest Policy

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 or the appearance of a conflict should be brought to the immediate attention of superintendent. A board employee, board member, or

agent of the board who has knowledge of a possible conflict of interest should identify the conflict and notify the superintendent. The superintendent will document his or her actions related to the reported conflict of interest. Resolution can consist of disqualification, recusal, waiver, or other appropriate measures. Appropriate measures may include reporting a conflict of interest to the State Ethics Commission, the Alabama State Board of Education, or the appropriate federal agency.

Procurement Policy

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

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

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

- Avoid acquisition of unnecessary or duplicative goods and services;
- Use the most economical and efficient approach for acquisitions;
- Award acquisition contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of the proposed procurement;
- Consider contractor integrity, compliance with public policy, record of past performance, and financial and technical resources prior to awarding procurement contracts;
- Maintain records sufficient to document the history of the procurement; and,
- Conduct procurement transactions in a manner that provides full and open competition.

Procurement transactions 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 Uniform Administrative Requirements for procurement of property and services.

The board will request proposals for professional service contracts (excluding architectural and engineering services) that are not subject to the state procurement laws. The board will utilize a team of three or more qualified individuals to 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.

SECTION 21

GENERAL REMINDERS

1. No students are allowed to take up money for your class or organization that you sponsor.
2. Use only Midfield Board of Education Nextgen accounting software to receipt money. Issue receipts for all monies collected, such as fundraiser, donations, or membership fees.
3. Deposit all monies into Local School Accounting bank accounts.
4. Use requisitions, purchase orders and Local School Accounting checks for all your accounts payable.
5. All fundraisers must have principal, CSFO, Superintendent, and/or athletic director and/or CNP Director approval prior to the event. Your principal has a request for fundraiser form. When he/she has approved your fundraiser, and then sees your Local School Bookkeeper for further instruction on how to proceed with the collection of fundraiser monies.
6. All donations to your class or organization must include a letter from the donor as to how they want the money to be spent. This can be as general as “for use at Midfield High School” or as detailed as “for helmets for Midfield High School football team.” A receipt must always be given for every donation.
7. Any monies raised by you are most likely a fundraiser!
8. The sale of candy or other food items from your classroom is prohibited unless otherwise approved by the CNP Director. Any and all monies raised by your activity must follow fundraiser rules.
9. Students should never be allowed to bring food items to school for sale.
10. All drink machines must be shut down to students during the school’s designated lunch serving times. Any and all monies collected during the lunch service period must be turned over to the CNP Program.
11. All schools are exempt from paying sales tax. A signed Purchase Order must be presented to the vendor when items are purchased. If vendors do not honor the sales tax exemption, consider another company that will comply with this exemption. Be aware that sales tax will not be reimbursed to employees making purchases on behalf of the school.

APPENDIX

ATTACHMENT I

**MIDFIELD CITY SCHOOLS
RECEIPT MODULE BALANCING FORM**

THIS FORM MUST BE SUBMITTED WITH MONEY, RECAP REPORT, AND RECEIPTS EACH TIME MONEY IS DEPOSITED IN THE SCHOOL OFFICE

Teacher's Name:	Account Name:	Date:
From Receipt Number:	To Receipt Number:	

CHECK TO ENSURE THAT THE TOTAL OF ALL RECEIPTS EQUALS THE TOTAL MONEY RECEIVED

MONEY RECEIPTED: \$ _____
CURRENCY TOTAL: \$ _____
CHANGE TOTAL: \$ _____
CHECKS TOTAL: \$ _____
TOTAL OF DEPOSIT: \$ _____

INDICATE BELOW THE AMOUNT TO BE PLACED IN DIFFERENT ACCOUNTS:				
Fund Raiser \$	Field Trip \$	Dues/Fees \$	Donations \$	Items For Resale \$

PROCEDURES

- All receipts should be marked to indicate cash or check.
- All currency should be counted and secured (*bills facing in the same direction*).

Principal/Designee Signature	Date:
Teacher Signature	Date:

ATTACHMENT II

**MIDFIELD CITY SCHOOLS
INDIVIDUAL CASHIER TICKET SALES REPORT**

SCHOOL:		ACTIVITY:	
Date:		Sponsor/Coach:	
Seller: (Sign for receiving cash for change)		Amount of Cash for Change:	
Ending Number:		Amount Due:	
Beginning Number:			
Total Number Sold:			
Price Per Ticket			

Cash Reconciliation (DO NOT INCLUDE CHANGE CASH)

Count	Denomination	Value		Count	Coins	Value
	\$1.00	\$			\$0.01	\$
	\$5.00	\$			\$0.05	\$
	\$10.00	\$			\$0.10	\$
	\$20.00	\$			\$0.25	\$
	Total	\$			Total	\$

Total Received/Deposit Amount: \$	Over: \$
	Short:\$
Deposit Date:	Receipt Number:
Principal Signature:	Ticket Seller Signature:
Date:	Date:
Bookkeeper Signature:	
Date:	

ATTACHMENT III

FUNDRAISER REQUEST FORM <input type="checkbox"/> School/Club <input type="checkbox"/> Athletics	
Sponsoring Organization:	Nature and Purpose of Fundraising Activity
Desired Date and Time of Fundraiser:	Date Applied: Anticipated Duration of Fundraiser: _____ to _____
Purchased from Vendor Name: Contact Person: Phone Number:	List Any Prizes to be Awarded:
Does this fundraiser involve the sale of food? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, the CNP Director must also approve.	
Sponsor Signature:	Date:
Approved by Principal	Date:
Approved by Athletic Director	Date:
Approved by CNP Director	Date:

[To Be Completed After Fundraiser]

1. Total cost of items/products purchased:	\$
2. Number of items sold: _____ x selling price \$ _____	\$
3. ANTICIPATED PROFIT: (Number 2 minus Number 1)	
4. TOTAL DEPOSITED TO OFFICE:	\$
5. TOTAL COST OF PRODUCT(S) -	\$
6. ACTUAL PROFIT (OR LOSS) FROM SALE:	\$

If there is a difference between anticipated profit and actual profit, explain below:				
<p>All funds received from any source must be receipted into Midfield City School's Nextgen accounting system and submitted to the school office. This form is to be completed <u>within 10 days</u> after the end of the fundraising activity and placed on file in the school office.</p> <p align="center">THE ABOVE INFORMATION IS A TRUE ACCOUNT OF MONIES SPENT AND COLLECTED</p>				
<table style="width:100%; border: none;"> <tr> <td style="width: 50%; border: none;">Principal/Designee:</td> <td style="width: 5%; border: none;">Date:</td> <td style="width: 50%; border: none;">Deposit Verified by:</td> <td style="width: 5%; border: none;">Date:</td> </tr> </table>	Principal/Designee:	Date:	Deposit Verified by:	Date:
Principal/Designee:	Date:	Deposit Verified by:	Date:	

ATTACHMENT IV

INVOICE	
Invoice Number	Invoice Date
Purchase Order Number	Sold to:

QUANTITY	DESCRIPTION	UNIT COST	TOTAL
		Total	

Signature _____

Paid by Check No. _____ **Date** _____

ATTACHMENT V

REFUND CHECK REQUEST

*Midfield City Board of Education, 417 Parkwood Street, Midfield, AL 35228
Phone 205.923.2262 ♦ Fax 205.929.0585*

DATE:

AMOUNT:

NAME:

ADDRESS:

CITY:

STATE: AL

ZIP:

SS#:

PURPOSE:

PRINCIPAL APPROVAL:

*****NOTE: PLEASE ATTACH A COPY OF THE RECEIPT*****

PLEASE COMPLETE AND RETURN TO LOCAL SCHOOL BOOKKEEPER AS SOON AS POSSIBLE

ATTACHMENT VI

**MIDFIELD CITY SCHOOLS
Written Notification**

After reviewing your paperwork, it was determined that you did not comply with the following section(s) of the Local School Accounting and Finance Manual:

Section 7 – School Income Fundraising

- _____ Principal’s Approval
- _____ Fundraiser Request Form
- _____ Report on Fundraising Activity Form
- _____ Proper Calculation of the Report on Fundraising Activity Form

Section 9 - Purchasing

- _____ Display Purchased Prior to Receiving a Purchase Order
- _____ Invoice
- _____ Other _____

Section 4 - Receipting

- _____ Receipt Copies
- _____ Individual Cashier Ticket Sales Report
- _____ Signed Recap Sheet from Nextgen
- _____ Receipt Book Balancing Form
- _____ Late and/or Lost Deposits

Field Trips – Section 4, 9, and/or 16

- _____ Request for Field Trip/Prior Approval
- _____ Requisition for Field Trip
- _____ Receipt/Invoice

Please take time to review the Local School Accounting and Finance Manual, so this will not occur again. Continued non-compliance could result in a letter of reprimand, reduction in monthly salary (depending on the violation), and/or termination. If you require assistance, please contact the Local School Bookkeeper. Thank you so much for all that you do for Midfield City Schools.