



ANNISTON CITY BOARD OF EDUCATION

**ACCOUNTING POLICIES &
PROCEDURES MANUAL**

PROPOSAL

FINANCIAL PROCEDURES FOR THE ANNISTON CITY BOARD OF EDUCATION

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SECTION 1

FOREWARD

Anniston City Schools (ACS) is an instrumentality of the State of Alabama and, therefore, exempt from income taxes under the Internal Revenue Service.

The ACS recognizes its responsibility to be accountable for its financial activities. It recognizes that the best way to achieve the accountability it desires is through the establishment and maintenance of a sound system of internal control sufficient to safeguard its assets, promote operational efficiency and assure adherence to prescribed management policies.

This Accounting Policies and Procedures Manual documents the accounting system established by the organization and should be a reference guide in accounting related matters.

SECTION 2

INTRODUCTION

2.01 How to Use the Manual

The purpose of this manual is to:

- Provide ACS with a tool to improve the financial management of its accounting functions.
- Standardize fiscal procedures and practices where appropriate.
- Provide the mechanism for meeting the fiscal management and reporting requirements for ACS.

The manual is intended to serve as a basic guide and reference to proper financial and accounting procedures.

The fiscal manual is divided into sections and sub-sections.

2.02 Objectives of Accounting System

The specific objectives which ACS' system of accounting is designed to achieve are:

- The recording of financial transactions on the modified accrual basis in order to relate revenue and expenditures to the period in which benefits are derived or liabilities are incurred and thereby produce meaningful reports of operating results.
- The accumulation of expenditures by program, project or specific cost center in order to develop budget analyses that compare estimated or actual performance against budgets or other assigned objectives.
- The development of standards and measurements for financial information, which will improve budgeting for the future based

on past performance and to prevent past deficiencies in performance from becoming entrenched in the absence of standards or measurements, in order to assure that functional areas are assigned a proper segment of ACS' total financial plan.

- Providing adequate fixed asset accounting that will properly discharge the stewardship responsibilities involved in safeguarding ACS' investment in capital assets. The system provides for assignment of custody to specific departments and other essential information such as asset cost and description.
- The synchronization of expenditure data with the overall strategic and financial plan (the composite of specific project budgets) as presented in the annual budget, enabling management to relate the two for purposes of monitoring past performance, properly reflecting the overall financial position of the organization, and adequately planning for the future.
- The assurance of internal control.

2.03 Accounting – Function and Purpose

The fundamental function of accounting, broadly defined, is to assist the organization in managing its financial affairs. Its primary function is to facilitate the administration of economic actuality by measuring and arranging economic data and communicating the results of this process to interested parties.

Accounting serves as a management tool that provides financial and other relevant information essential to the efficient operation of the organization. The information generated by the accounting processes is essential for effective planning, control, and decision-making by management. The information generated is equally essential for management in discharging its accountability to governmental entities, the community, and other stakeholders.

The major accounting functions and purposes may be summarized as follows:

- Maintaining all financial records.
- Preparing accurate and reliable financial statements and reports.
- Determining generally acceptable revenue and expenditure accounting standards.
- Measuring the progress of the organization in achieving its predetermined goals and objectives.

- Budgeting and anticipating financial problems-providing information to help solve problems of short-run liquidity and financial stability.
- Safeguarding and administering the organization's financial assets.
- Ensuring compliance with reporting requirements of governmental and other authoritative entities.

2.04 Accounting – Basic Concepts

Fiscal personnel must understand basic accounting concepts in executing the various accounting processes. An understanding of the basic concepts provides a bridge between the environmental forces that shape the accounting system and generally accepted accounting principles which determine the accounting measures to be applied.

The manual is not intended as an elementary text on accounting, attempted through the mechanism of describing an accounting system. Rather the presumption is that fiscal personnel have access to an experienced financial manager within ACS who have broad knowledge of the field. In this context the manual is a guide for others involved in the financial management system where other than accounting personnel play a role. To the extent possible, Fiscal personnel must understand basic accounting concepts in executing various accounting processes. An understanding of the basic concepts provides a bridge between the environmental forces that shape the accounting system and generally accepted accounting principles which determine the accounting measures to be applied.

2.05 Accounting – Basic Accounting Principles and Policies

Industries, or particular classes of organizations, strive to establish "generally accepted accounting principles" for their industries. The phrase "general accepted accounting principles" encompasses the conventions, rules, and procedures necessary to define generally accepted accounting practices. It includes not only broad guidelines of general application, but also detailed practices and procedures. Those conventions, rules, and procedures provide a standard by which to measure financial presentations.

Clearly defined generally accepted accounting and reporting principles for governmental organizations have been established under Governmental Accounting Standards Board (GASB).

Users of accounting data often receive financial information in the form of financial statements. The financial statements are the communication

mechanism. A knowledge of important classes of users, of their common and special needs for information, and of their decision process is helpful in improving accounting principles. For ACS there are a variety of users, especially federal, state and local funding agencies, governing boards, creditors and other stakeholders. Other important categories of users include suppliers, parents, financial analysts, statisticians, economists, and taxing and regulatory authorities.

Financial statements are the end product of the financial accounting process. This process is governed by accounting principles, which determine the information that is included, how it is organized, measured, combined, and adjusted, and finally how it is presented in the financial statements.

The financial system has been developed to comply with government regulations and reporting requirements and good business practices while maintaining simplicity and ease of operation. It has been designed to enable the prompt preparation of all needed financial statements and reports to meet the following general standards:

- Fairness of presentation
- Compliance with prescribed requirements
- Timeliness
- Usefulness

Financial policies and related procedures have been expressed in writing to assure proper management in accordance with basic management standards and government requirements. There must be a sound system of management for control and information. In the financial area the fundamental management tools available are as follows:

- A sound financial organizational structure, including adequate and competent personnel.
- A strong accounting system.
- An adequate system of internal control.
- Effective financial reporting.
- A comprehensive independent audit and continuing professional financial counsel on major decisions.

Controls have been incorporated throughout the system to (1) safeguard the assets of the programs, (2) check the accuracy and reliability of accounting data, (3) promote operational efficiency, and (4) encourage adherence to prescribed managerial policies.

Going Concern

The organization is normally viewed as a going concern, that is, as continuing in operation for the foreseeable future. It is assumed that the organization has

neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations.

Consistency

It is assumed that accounting policies are consistent from one period to another.

Modified Accrual

Accounting policies encompass the many principles, bases, conventions, rules and procedures adopted by management in preparing and presenting financial statements.

There are many different accounting policies in use even in relation to the same subject, and judgment is required in selecting and applying those which are appropriate to the circumstances of the organization and are best suited to present properly its financial position and results of its operations.

Three important considerations should govern the selection and application by management of the appropriate accounting policies and the preparation of financial statements:

Prudence

Uncertainties inevitably surround many transactions and this should be recognized by exercising prudence in preparing financial statements. Prudence does not, however, justify the creation of secret or hidden reserves.

Substance Over Form

Transactions and events should be accounted for and presented in accordance with their substance and financial reliability and not merely with their legal form.

Materiality

Financial statements should disclose all items which are material enough to affect evaluations or decisions.

2.06 Changes in the Manual

The CSFO must ensure that all manuals are updated as required. Significant revisions will be subsequently presented to the Superintendent and the Board for consultation review and recommendations. Timely updating and revision of this manual is the responsibility of the CSFO.

SECTION 3

ACCOUNTING FUNCTIONS

The accounting system of ACS includes the following accounting functions.

Revenues and Receivables

This function is responsible for processing cash receipts from federal, state and local appropriations and grants, interest income, contributions, sales, reimbursements and other miscellaneous receipts.

Expenditures and Accounts Payable

This function is responsible for processing all cash disbursements for payment of expenditures involving vendor payments, contractor obligations and miscellaneous items.

Payroll

This function is responsible for the preparation and processing of all payroll transactions including the maintenance of employee historical records and employee payroll tax payments, forms and reports.

Purchasing

This function is responsible for the procurement of quality products and services in an efficient and economical manner. Its objective is to obtain the best benefit to the organization for the least cost and is dependent upon sound business judgment.

Local School Accounting

This function is responsible for ensuring each local school follows prescribed accounting practices. It is also responsible for incorporating the accounting records from each local school into the General Purpose Financial Statements of the Board.

Fixed Assets and Inventory

The Superintendent is required to establish effective procedures to account for all materials, equipment, and other Board property. These procedures will include an annual inventory and evaluation of tangible Board property, to be completed no later than the end of each fiscal year, with appropriate reports submitted to the Superintendent and CSFO. Inventories will be kept on forms prescribed and electronic systems as approved by the CSFO. Inventory forms will show items on hand at the beginning of the fiscal year, items lost, items disposed of, items purchased or otherwise added during the year, and items on hand at the end of the fiscal year.

SECTION 4

ACCOUNTING SYSTEM

4.01 Accounting Policies

The accounting policies of ACS conform to generally accepted accounting principles (GAAP) for government organizations. Accordingly, those accounting policies conform to the requirements of the Government Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB).

The accounting policies of ACS are as follows:

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

The Board is governed by a separately elected board composed of five members elected by the qualified electors of the City. The Board is responsible for the general administration and supervision of the public schools for the educational interests of the City.

Generally accepted accounting principles (GAAP) require that the financial reporting entity consist of the primary government and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, there are no component units which should be included as part of the financial reporting entity of the Board. The Board is a legally separate organization of the State of Alabama.

Fund Accounting

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The new reporting model still requires the Board to present financial statements on a fund basis, but with some modifications.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into two categories: governmental and fiduciary.

Governmental funds are used to account for all or most of a government's general activities. This includes the collection and disbursement of earmarked monies, the acquisition or construction of general fixed assets, and the servicing of long-term debt.

The Board reports the following major governmental fund types:

- **General Fund** - The general fund is the primary operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. The Board primarily received revenues from the Education Trust Fund (ETF) and local taxes. Amounts appropriated from the ETF were allocated to the Board on a formula basis.
- **Special Revenue Funds** - This fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Various federal and local funding sources are included in this fund. Some of the significant federal funding sources include the federal funds that are received for Title I, Special Education, the Child Nutrition Program, and various smaller grants which are required to be spent for the purposes of applicable federal grants. Also included in this fund are the public and nonpublic funds received by the local schools which are generally not considered restricted or committed.
- **Debt Service Funds** - This fund is used to account for the accumulation of resources for and the payment of the Board's general long-term debt principal and interest.
- **Capital Project Funds** - This fund is used to account for financial resources that are restricted, committed, or

assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary funds are used to account for assets held on behalf of outside parties. These include other governments or assets from other funds within the government. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "non-expendable" and "expendable" refer to whether or not the government is under an obligation to maintain trust principal. The Board's fiduciary fund is an Expendable Trust Fund (local school activity monies - nonpublic funds and certain Board departmental accounts).

The Board may also use the following fiduciary fund type:

- **Agency Funds** - These funds are used to account for assets held by the school system as agent. These funds account for assets held solely in a custodial capacity. Accordingly, assets in agency fund types are always matched by liabilities to the owners of those assets. Agency fund sources do not report operations and use only balance sheet accounts.

Account groups are used to establish accounting control and accountability for the Board's general fixed assets and the unnatured principal of its general long-term debt. These accounts groups are not funds. They do not reflect available financial resources and related liabilities but are accounting records of the general fixed assets and general long-term debt and certain associated information.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been

satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) for the General Fund and the Special Revenue Fund with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Capital projects funds adopt project-length budgets.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Net Position/Fund Equity

Net position is reported on the government-wide financial statements and is required to be classified for accounting and reporting purposes into the following categories:

- **Net Investment in Capital Assets** - Capital assets minus accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets plus or minus any deferred outflows of resources and deferred inflows or resources that are attributable to those assets or related debt.
- **Restricted**
Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- **Unrestricted**
Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board.

Fund balance is reported in governmental funds in the fund financial statements under the following five categories:

- **Nonspendable-** Nonspendable fund balances include

amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained in-tact. Examples of nonspendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.

- **Restricted** - Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- **Committed** - Committed fund balances consists of amounts that are subject to a purpose constraint imposed by formal action or resolution of the Board, which is the highest level of decision-making authority, before the end of the fiscal year and that require the same level of formal action to remove or modify the constraint.
- **Assigned** - Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The Board or its designee makes the determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- **Unassigned** - Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity

transfers. All other interfund transfers are reported as operating transfers.

4.02 Chart of Accounts

The chart of accounts and related coding structure is an essential part of the accounting system at ACS. The chart enumerates the various categories used in classifying the financial transactions of the organization.

Revisions to Chart of Accounts

Changes to the chart of accounts must be approved by the State Department of Education. Changes can be done at any time and are recommended in cases where the present account number structure does not coincide with the needs of the organization and where certain numbers are no longer needed as a result of changes in programs or termination of grants. To change, delete or add accounts to the chart consult the State Accounting Manual.

The CSFO will ensure all accounting staff periodically receives an updated State Accounting Manual.

4.03 Posting and Recording of Accounting Transactions

All accounting transactions are posted and recorded in the ledgers journal through the use of the appropriate journal codes. Journal codes facilitate the grouping of similar transactions to enhance analysis and review. To facilitate the use of the appropriate ledger codes it is necessary for all accounting personnel to become completely familiar with each ledger code and the circumstances and type of the transactions for which they are to be used. From time to time it may become necessary to modify, add or delete certain accounting ledger codes as the accounting system and various programs and reporting objectives change.

The CSFO must approve the assignment of new journal codes.

Month end closing should be prepared immediately after the bank account reconciliations have been prepared.

4.04 Bank Reconciliations

The bank accounts of ACS should be reconciled to the General Ledger cash balances no later than the 15th of the following month. The reconciliation of bank accounts immediately after the bank statements are received from the bank will provide greater assurance that cash assets are safeguarded.

The following procedures must be followed:

1. Bank statements are received in mail and opened. Only the CSFO or designee can open the bank statements.

2. Bank statements are forwarded to the Accountants for reconciliation.
3. Access the computer bank reconciliation feature.
4. Account for all checks by comparing the check register for the month to the canceled checks which cleared the bank. Compare canceled check information (name of payee, check number, check date, check amount) with the same information in the check register.
5. Compare the amounts on the canceled checks with the amounts recorded on the bank statement. Differences in amounts will indicate errors made by the bank or ACS.
 - Review all checks for proper endorsement by payee.
 - Verify that only the authorized check signers have signed checks.
 - Compare check signatures to check signature cards where necessary.
6. Mark or highlight in the computer bank reconciliation function all of the checks which have cleared the bank. The computer's bank reconciliation will then automatically determine those checks that are outstanding.
7. Review bank statement for other debits or credits that have not been recorded (i.e. interest earned, service charges, check charges, insufficient funds fees, wire transfer fees, returned deposits, redeposited funds, and direct payments).
8. Compare deposits recorded on the bank statements to the Cash Receipts Report. Determine if deposits are made timely by comparing Cash Receipts Report date to date on deposit recorded on the bank statement.
9. Trace bank transfers to determine that dates and amounts correspond for both accounts involved in the transactions.
10. Forward Completed reconciliation to the CSFO and/or designee for review and approval.
11. The CSFO and/or designee will review bank reconciliations for accuracy and adjust for any reconciling items. Initial bank reconciliation in the appropriate space to indicate review and approval.
12. The CSFO and/or designee will review all bank reconciliations and sign the reconciliations indicating approval.

4.05 Financial Reporting

As indicated by accounting standards, the primary purpose of financial statements is to provide relevant information to meet the common interest of oversight organizations, employees, parents, creditors, and other who provide resources to ACS. Those external users of financial statements have common interest in assessing (a) the services an organization provides and its ability to continue to provide those services and (b) how managers discharge their stewardship responsibilities and other aspects of their performance.

The purpose of financial statements and accompanying notes is to provide information about:

- a. The amount and nature of an organization's assets, liabilities, and fund balances.
- b. The effects of transactions and other events and circumstances that change the amount and nature of fund balances.
- c. The amount and kinds of inflows and outflows of economic resources during a period and the relation between the inflows and outflows.
- d. How an organization obtains and spends cash, its borrowing and repayment of borrowing, and other factors that may affect its liquidity.
- e. The service efforts of an organization.

4.06 Budgets and Budgetary Accounting

The operating budget serves as a blueprint for action and a significant means of controlling activities and measuring results. Budgetary accounting is crucial to ACS because of the restricted nature of much of their resources. Accordingly, ACS must prepare and closely adhere to a detailed budget for specific programs and functions.

For many programs and functions, each budget is a plan for spending specific amounts of money in specific cost categories by line item to achieve specific goals within a period of time.

In developing its annual operating budget, ACS may use various budgeting techniques. The technique applied depends upon the goals and objectives of management.

The following steps are followed in developing the budget:

1. Determination and communication of budget guidelines to personnel involved in the budget development (Superintendent, CSFO, Administrators)
2. Estimations of revenues and expenses.
3. Internal budget meetings.

4. Preparation of the draft budget for discussion by management level personnel.
5. Presentation of the budget to the public for discussion and input.
6. Presentation of the budget to the board of directors for discussion and adoption.

Presentation of Budget

After the draft budget has been discussed and finalized, a final budget is produced for the review of the Board of Education. Once the Board approves the budget, it is submitted to the **State Department of Education (SDE) by September 15th each year. The SDE reviews and approves the budgets.**

SECTION 5

INTERNAL CONTROL

5.01 Definition

Internal control comprises the plan of organization and all of the coordinate methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed administrative and financial policies. In summary, internal control is the means by which management obtains information, protection, and control for successful operation of an organization.

Information

Most information needed by management in order to keep informed about finances and the progress of operations come from accounting records. The information must be reliable, complete and available as quickly as possible to be of maximum value.

Protection

Protection of resources of ACS is important to guard against possible losses ranging from embezzlement to careless use of supplies, failure to purchase the lowest vendor, inefficient workers and outright theft.

Control

Control is necessary to assure that management policies and directives are carried out and properly adhered to.

In accounting, internal control is a system of routine procedures requiring authorizations and approvals, as well as separation of duties.

As defined above, however, internal control extends beyond accounting and financial functions to include administrative controls. In a broader sense, internal control includes budgeting, performance standards, periodic reporting, statistical analysis, training programs and all other means by which management can safeguard resources, efficiently administer operations and plan for the future.

5.02 Characteristics

The characteristics of a complete system of internal control include, but are not limited to:

- A plan of organization that provides appropriate segregation of functional responsibilities.
- A system of authorization and recording procedures adequate to provide reasonable accounting control over assets, liabilities, revenues and expenditures.
- Sound practice to be followed by each organizational unit in performing its duties and functions.
- Personnel competence commensurate with responsibilities.

5.03 Important Features of Internal Control

A good system of internal control contains the following features:

- No one person should have complete control over all phases of any significant transactions.
- The flow of work should be from one employee to another so that the work of the second, without duplicating that of the first, provides a check upon it.
- Record keeping should be separated from operations or the handling and custody of assets.
- At an early point in mail handling, preferable at the point where the envelopes are opened immediately upon receipt, all checks and negotiable instruments should be stamped with a restrictive endorsement (such as "FOR DEPOSIT ONLY"), all cash items should be recorded in duplicate, and a copy of the receipt delivered to the person responsible for making bank reconciliations.
- Periodic examination and count or other review of cash balances should be made by employees who do not handle or record cash or sign checks.
- Physical and mechanical facilities should be used to the fullest extent possible to insure security and

accuracy, such as using security vaults or safe-cabinets.

- Responsibilities should be clearly established and then accounted for as closely as possible.
- Where feasible, employees should be rotated to various assignments.

Other control procedures pertaining to cash include:

- All cash receipts shall be deposited daily and intact.
- Collections and all other funds held within an office, pending regular deposit, shall be, where possible, restrictively endorsed and kept under complete control and proper safeguards, preferable in a fire-resistant combination safe or safe cabinet.
- Bank statements should be reconciled promptly to the formal accounting records by employees who do not handle or record cash, prepare or sign checks.
- The number of bank accounts and inter-bank transfers and interfund transfers should be kept to minimum.
- Cash should be deposited in a bank with FDIC coverage.

SECTION 6

CASH RECEIPTS

6.01 Definition

Practically all financial transactions sooner or later involve the receipt of cash. The attractiveness of cash may prove to be too much of a temptation for persons faced with pressing financial needs. As a result, cash is the asset most subject to misappropriation and its loss or misuse can only be avoided by careful control.

Sound business principles dictate that complete control be maintained over cash receipts and that they be accurately reported. Additionally, outside organizations such as government agencies and foundations often require that special procedures be followed pertaining to cash receipts.

Whenever such requirements exist, they will serve to compliment - not replace - the basic procedures established by ACS.

Cash receipt is currency, coins, checks, and other negotiable instruments that come into the possession of the organization. Common sources of cash receipts for ACS are as follows:

- State appropriations and grants
- Federal grants
- Local tax receipts
- Local appropriations and grants
- Interest income
- Contributions
- Miscellaneous sales
- Various refunds and reimbursements

6.02 Objectives of Internal Control

To restrain temptation and to meet other needs, the system of internal control over cash should provide assurance that:

- Independent accountability is established for all cash collected.
- A record is created for every cash receipt.
- Cash balances are adequately protected from theft or misappropriation.
- Advance planning is adequate to anticipate and provide for cash needs that exceed cash available from normal operations.

6.03 Procedures to Achieve Cash Receipt Control

- All cash receipts are recorded immediately by the person responsible. Recording of cash receipts is not deferred until they are transmitted to the bank.
- All cash receipts are deposited daily into the appropriate bank account to the credit of ACS.
- All cash receipts are deposited intact. That is, no change shall be made, no checks shall be cashed, and no substitutions of monies, checks, or other documents shall be made for the actual cash receipts officially received, except where it is deemed necessary and officially authorized by expressed permission of the CSFO.
- The functions of record keeping and custody of cash are to be separated.
- The number of employees who handle cash is to be limited.
- Periodic counts of cash on hand, including petty cash funds, by someone other than the person responsible for the cash fund are to be made.
- Bank account reconciliations are required.

6.04 Cash Receipts Procedures

Processing Revenues

The following procedures are to be used for processing revenues. ACS generally receives revenue from the following sources:

- State funds and most federal funds are received from the State of Alabama. Some federal funds are received directly from federal agencies. (e.g. ROTC, Impact Aid, and Disability Determination, etc.)

- Local tax revenues are received from the City of Anniston and the Calhoun County Commission.
- Donations and contributions are received from state legislators and city councilors, county commissioners, community groups, corporate sponsors and others.
- Most revenues are received by check, but some large amounts are wired from the State of Alabama and the Calhoun County Commission.
- Checks are generally received in the mail and forwarded to the CSFO.
- The CSFO reviews all checks.
- The CSFO then forwards all checks to the supporting accountant(s).
- The supporting accountant stamps all checks "For Deposit Only" and prepares a log of all checks indicating the following: (a) payer, (b) bank check is written on, (c) date received, (d) date of check, (e) check number, (f) check amount.
- The accountant makes copies of all checks and prepares the bank deposit. Deposits are made daily.
- The CSFO or designee journals all checks and any other sources of revenue to the general ledger (G/L) in the journal entry function and cash receipts module.
- All documents are filed.

ACS discourages agencies and employees from providing revenues and other receipts in the form of cash. But, on those rare occasions when cash is received, a receipt is issued immediately to the provider and cash is counted to ensure the appropriate amount is received.

SECTION 7

CASH DISBURSEMENTS

7.01 Definition

Practically all business transactions sooner or later involve the disbursement of cash. The system's problems of handling the resulting high volume of transactions is compounded by the fact that the attractiveness of cash may prove to be too much of a temptation.

As with cash receipts, sound business principles dictate that complete control be maintained over cash disbursements and that they be accurately reported. Additionally, outside organizations such as government agencies and foundations often require that special procedures be followed pertaining to cash disbursements. Whenever such requirements exist, they will serve to complement, and not replace the basic procedures established for ACS.

Definition

All cash disbursements for ACS shall be by checks or EFT. Examples of ACS cash disbursements are:

1. Payrolls
2. Program expenditures (e.g. consultants, supplies, equipment, utilities, telephone, etc.)

Some of the common types of cash disbursements of ACS are listed and briefly described below. A separate section follows cover details of these various areas.

- Payment for supplies and services provided by outsiders

- Disbursement for personal services of employees
 - Payroll salaries
 - Payroll taxes and fringe benefits
- Payment of contractual obligations
- Payment of miscellaneous obligations
- Disbursements for employee travel

7.02 Objectives of Internal Control

The system of internal control over cash disbursements should provide assurance that:

- Disbursements are made only for authorized purposes by a limited number of designated persons.
- A record is created of every disbursement that is made.
- Payment of invoices is made in sufficient time to avoid lost discounts.
- Detailed liability records are in balance with the control balance.

7.03 Procedures to Achieve Cash Disbursement Control

The following procedures can ensure the cash control is attained:

- All cash disbursements are made by pre-printed and pre-numbered checks.
- Separate bank accounts are used for certain types of disbursements.
- Checks are computer-generated.
- Checks are not issued to cash or bearer.
- Blank checks are not signed.
- All checks signers are properly authorized in writing and bonded.
- Checks are not prepared solely on verbal authority. They must be supported by documentation that clearly justifies their propriety and approval.
- Invoices supporting cash disbursements are canceled to preclude their reuse.
- All cash disbursements are promptly recorded in the accounting records.

7.04 Cash Disbursement Procedures

Processing Purchase Orders

Proper approval should be obtained prior to the establishment of a firm order or any contractual obligation to purchase. Administrative controls should be established to ensure that all Board resources are expended in an appropriate manner. The following procedures are to be used for processing purchase orders.

1. Requisitions for purchases should be reviewed by principal/department head to ascertain that the amount and type of goods are within the approved budget limit.
2. Requisitions are created by a designated employee at each school/department, signed by the principal/department head and delivered to the Finance Office for payment. Finance employees check for proper bid documentation, signatures, and attachments such as book lists, forms, etc. He or she also ensures that all other compliance measures are adhered to. All orders costing \$10,000 or more must be approved by the Superintendent; while all orders costing \$50,000 or more must be approved by the Superintendent and the Board.
3. Requisitions are then processed into purchase orders and printed. The Nextgen computer software automatically assigns the purchase order number. The requisition and other information, if any, are attached to the purchase order.
4. The purchase orders are given to the accounting coordinator to verify general ledger coding and legality of expenditures. If there are errors, the purchase order is returned to the accountant, who contacts the appropriate school/department for correction.
5. After all compliances have been met, CSFO signs the requisitions and forwards to the Superintendent's Office for final signature.
6. Purchase orders are distributed as follows: white – Finance Department; yellow – requisitioner; pink – Finance Department for AP file; gold – stamped paid and sent to requisitioner. All purchase orders are mailed unless otherwise instructed.
7. Purchase orders should be generated on approved purchase order forms and should be reviewed for correctness. Copies of the purchase orders should be filed to allow for timely follow-up on uncompleted orders.

Processing Accounts Payable Invoices

Proper approval should be obtained prior to the establishment of a firm order or any contractual obligation to pay. Administrative controls

should be established to ensure that all Board resources are expended in an appropriate manner. The following procedures are to be used for processing accounts payable. ACS makes payments to vendors each week.

The recording of expenditures and the related liabilities should be recorded by employees independent of the ordering and receiving functions. The amounts recorded should be based on vendor invoices for the related goods or services, which should agree with an approved purchase order. Evidence of receipt or performance should be documented and the invoices and general ledger coding should be reviewed before recording.

1. Invoices are stamped "received" with a dated stamp, and are matched with the approved purchase order/requisition. It is put in a "hold" file until receipt of the packing list/slip (signed by requisitioner and submitted within three days of receiving goods to AP Accountant), pink copy of the purchase order, or some other proper documentation verifying that all items/services have been provided. Documentation must be marked "ok to pay" with an original signature of the individual receiving the goods/services.
2. Accounts payable batches are created when the accounts payable accountant has several invoices ready for payment. The computer software automatically assigns a different batch number. The accountant enters the invoices into the computer, prints out a batch listing of invoices, adds all the invoices on a calculator, and compares the calculator total to the batch printout total. At this point, the batch is merged. The merged total must agree to the calculated total. The projected cash report is also printed and it must also agree to the merged total and calculated total. If all totals agree, the accountant may print checks, print the check register, and post to the general ledger. All invoices are stamped "paid" with a dated stamp. A copy of the check is attached to the top of the supporting documentation (invoice, purchase order, requisition, etc.).
3. Checks are electronically signed (system generated) with the CSFO & Superintendent signatures. The check register report is maintained with the following information: check date, issued by, issued to, beginning check number, ending check number, and description/comment (usually the batch number and spoiled check information). The batches are reviewed by

the coordinator and initialed by the CSFO for funds to be transferred to the A/P Clearing Account. A snapshot of the transfer is signed by CSFO and accountant to ensure transfer is without error. Then, checks are mailed.

4. The Accounts Payable Accountant provides a copy of all transfers to the CSFO as well as accountants who reconcile bank statements.
5. The accounting coordinator must review all voided checks and open purchase orders monthly. Purchase orders can only remain open for 30 days. PO's greater than 30 days will be voided.
6. The following month-end reports are filed in A/P office:
 - A. Month-to-date check register
 - B. A/P register
 - C. Cash Disbursement register
 - D. Accounts Payable Transfers
 - E. Void check register
 - F. Off-line check register

SECTION 8

PAYROLL DISBURSEMENTS

8.01 Definition

Payroll expenses for wages and fringe benefits constitute a major operating item for most organizations; consequently, systems and internal control considerations warrant close attention.

It is essential that payroll records accurately reflect financial transactions and that these records be maintained in a current condition. All financial personnel transactions, from initial employment through termination must be fully documented in order that the accounting system is complete.

8.02 Objectives of Internal Control

Control of payroll expenses and the prevention of fraud are evident in the following list of objectives, which are intended to give assurance that:

- Payroll expenditures are reported on a responsibility basis, preferably in comparison with budgeted amounts.
- Compensation is closely related to work done.
- Only legitimate new hires are added to the payroll.
- Hours worked, rate of pay, gross pay and deductions are all correctly computed.

- Employees whose services are terminated are immediately removed from the payroll.

8.03 Procedures to Achieve Payroll Disbursement Control

The system of internal control over payroll disbursements should provide assurance that:

- Hiring of new employees must be approved by the Superintendent and Board of Education.
- Employee cost is charged to payroll system on a departmental basis.
- Time and attendance reports (service reports) must be prepared for employees, both salaried and hourly.
- Time and attendance reports (service reports) must be approved by the Department Head for each employee.
- All changes in an employee's pay status must be approved in writing.
- All changes in employment status must be documented and approved by the board.

8.04 Payroll Disbursement Procedures

Processing Payroll

The following procedures are to be used for processing payroll. ACS has one payroll each month, unless there is a deemed emergency and must be approved by the CSFO and/or Superintendent.

End of the month (last working day of the month)- Regular payroll to include monthly full-time contracted personnel, part-time (including subs), stipends, supplements, and other additional pay as approved by the Board.

- 1) Service Reports are the source documents that drive payroll.
- 2) Each employee is assigned to a particular cost center and appears on the Service Report for that cost center.
- 3) Service reports are prepared indicating the days **not worked** by each employee. Then they must be approved by the department head and forwarded to the Payroll Accountant.
- 4) Payroll accountant only key in exceptions for employees. This means that only days absent (vacation, personal illness, military, professional leave, jury duty, etc.) are keyed into the Nextgen system.
- 5) Once all the data is entered correctly, the Payroll Accountant processes the payroll.
- 6) The Payroll Accountant runs payroll and prints the payroll statements and deduction checks. The Payroll Accountant keeps a log of all

- payroll checks.
- 7) Once payroll is completed and checks are printed, the Payroll Accountant generates registers, deduction registers, check registers and all checks, including voided and spoiled checks.
 - 8) The Payroll Accountant will mail payroll statements to all employees.
 - 9) Administrative and Central Office departments retrieve their statements directly from the Payroll Accountant.

8.05 Payroll Deductions Procedures

Processing Deductions

The following procedures are to be used for processing payroll deductions. ACS has various deductions that are either required by law or requested by employees. The typical deductions are as follows: Federal and state income taxes, social security taxes, retirement (RSA), credit union, insurance, savings plan, garnishments, etc.

- The amount of federal and state income taxes deducted for each employee is based on the exemptions indicated on the employee's W-4 and A-4 forms.
 - FICA withholdings are required by law and withheld at a rate of 7.65% of gross taxable earnings. This amount must be matched by ACS.
 - Retirement (RSA) deductions are withheld at a rate of 7.5% or 6% of gross earnings depending on Tier I or II status as determined by RSA.
 - Garnishments are withheld at amounts determined by the courts as dictated to ACS.
 - Other amounts withheld are optional and are withheld at amounts prescribed by the employee. Examples of these types of withholdings are: union dues, medical and life insurance, savings plans, contributions, etc.
- 1) Deduction checks are generated in conjunction with payroll checks.
 - 2) The Payroll & Accounts Payable Accountants compare the registers to the checks for agreement and accuracy. The Payroll Accountant also is responsible for initiating new or additional checks for corrections or adjustments to the payroll.
 - 3) The Payroll Accountant is responsible for mailing and/or electronic submission of payments to the various agencies by the 10th of each month.
 - 4) Payments for federal income taxes and FICA are submitted the same day as payroll, and payments for state income taxes are due the 15th of each month. To expedite the process, the Payroll Accountant pays both the IRS and state taxes online via links provided by each

- governmental entity.
- 5) The Payroll Accountant is responsible for uploading, via the Internet, the bank draft data to the IRS and SRD.

SECTION 9

PURCHASING

9.01 Definition

LEGAL AUTHORITY- Title 16, consisting of Sections 16-13B-1 to 16-13B-11, applies to contracts of County and City Boards of Education and requires a contractual agreement entered into by free and open competitive bidding on sealed bids. In the event a bid is received for the product or service from a person, firm, or corporation deemed to be a responsible bidder and a preferred vendor where any state higher education institution, department, board, bureau, commission, committee, institution, corporation, authority, or office is the awarding authority and the bid is no more than five percent greater than the bid of the lowest responsible bidder, the awarding authority may award the contract to the preferred vendor.

The interests of ACS must always be kept in mind during the procurement process. Generally, the objective should be to obtain the best benefit to the organization for the least cost. Although the procurement process should be supported by sufficient documentation at every phase, sound business judgment is a key factor in ensuring that this objective is attained.

Procurement is the process by which goods and services are obtained for users from external sources or are transferred to such users from internal stores. The major classifications of procurement are goods (including materials, etc.) and services. This section covers the procurement of goods and of professional services of a contractual nature.

The procurement process involves five principal phases: requisitioning, ordering, receiving, distributing and recording. Due care must be exercised at every level to ensure that all procurement transactions are properly authorized and processed in accordance with management's directives.

These controls and procedures are established to ensure that there is coordination and proper authorization of all purchases. The procedures include mechanisms to allow various programs or departments to evaluate their needs and requisition items needed.

Purchases shall be made in accordance with an approved purchase order system that will include such requirements and procedures as may be established in the Board policy or finance manual.

All purchases will be made in compliance with the competitive bid law, when applicable, and with such corresponding rules, regulations, and procedures as may be set forth in the Board's finance manual. The Superintendent is authorized to enter into cooperative agreements with other school systems or local governments as may be permitted by law.

The Superintendent or his designee may spend funds budgeted for operations up to \$15,000 without prior Board approval. However, these purchases must be in compliance with Board policies and the Alabama State Bid Law where required.

Please Note: The Superintendent is the only person authorized to sign contracts of any nature on behalf of the Board of Education.

9.02 Objectives of Internal Control

Internal control over purchases and the incurrence of liabilities should give assurance that:

- Purchases or other commitments are initiated only by authorized personnel, utilizing the competitive bids process when necessary.
- Purchase orders for goods and materials are placed as needed.
- Terms, price, and clerical accuracy of purchase orders are correct before a purchase is authorized.

9.03 Procedures to Achieve Purchasing Control

Adequate purchasing control can be achieved with the following:

- Procurement directives established by the organization and set forth in this manual are followed.
- Procurement directives established by oversight agencies are closely adhered to.
- Procurement procedures are executed by the appropriate and designated personnel.
- Purchase orders are properly reviewed and authorized.
- A determination is made as to availability of resources to liquidate obligations.
- Purchase orders issued are pre-numbered and properly controlled and accounted for until canceled.

Vendor Selection Procedures

In accordance with the procedures stipulated in OMB Circular A-110 and State Bid Law, all procurement transactions, regardless of whether by sealed bids or by negotiation and without regard to dollar value, shall be conducted in a manner that provides maximum open competition.

ACS vendor selection procedures require solicitation of offers from all vendors based on specifications submitted from the department head. The specifications include a description of the product, material or service requisitioned. Additionally, all requirements which offeror must fulfill are stipulated in the specifications. The bid is awarded based on the offeror's integrity, ability to meet specifications, record of past performance, and financial and technical resources.

Method of Procurement

ACS employs three (3) basic methods of procurement:

1. Small purchase procedures
2. Competitive sealed bids
3. Request for quotations

Small Purchase Procedures

Small purchase procedures are utilized to procure services, supplies or other property, costing less than \$15,000. ACS solicits price quotations from vendors via vendor lists and based on past experience for all small purchases. It is the organization's policy to obtain at a minimum at least three (3) price quotations from vendors for each small purchase requisitions.

Competitive Sealed Bids

Competitive sealed bids are solicited for contracts over \$15,000.00 and fixed price contracts. The following procedures are utilized when soliciting formal bids:

1. Prepare invitation to bid inclusive of a description of the service, supplies or other property to send to vendors.
2. Place in a public medium a formal advertising which lists:
 - Deadline for submitting bids
 - Type of service or supplies required
 - Date and place of bid opening
3. As bids are received, maintain a bid file on each vendor and post bids to a tabulation sheet to include:
 - To whom the bid was awarded
 - Reasons for not awarding to the lowest bidder
 - Bid file shall be open for public inspection

All proposed purchases in excess of \$15,000 shall be advertised by posting notice thereof on a bulletin board maintained in the lobby of the Central Office and on the ACS public website. Sealed bids may also be solicited by sending notice by mail, or other means, to all persons, firms or corporations who have filed a request in writing that they be listed for solicitation on bids for the particular items that are set forth in their request.

All bids shall be sealed when received, shall be opened in public at the hour stated in the bid document. All original bids together with all documents pertaining to the award of the contract shall be retained for a period of seven (7) years from the date the bids are opened and shall be open to public inspection.

No purchase or contract involving an amount in excess of \$15,000 shall be divided into parts involving amounts of \$15,000 or less for the purpose of avoiding the bid requirements. All such partial contracts or purchases involving \$15,000 or less shall be void.

Code of Conduct

Organization guidelines prohibit employees, or agents from participating in the selection of a contract supported by federal funds if:

1. Parties to contract include any member of his immediate family;
2. His or her partner; or

3. The organization employs or is about to employ any of the above, or has a financial or other interest in the firm selected for award.

In addition, employees, officers, or agents are prohibited from accepting gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub agreements.

Emergency Purchases

Emergency purchases must affect public health, safety or essential operations of the district. Emergency purchases are those purchases which have suddenly or unexpectedly arisen and require speedy action.

Sole Source Purchases

The sole source exception only applies when the goods or services offered is unique, where that uniqueness is substantially related to the intended purpose of the goods or services sought, and where the entity seeking to declare a sole source shows that other similar goods and services cannot perform the desired objectives.

9.04 Purchasing Procedures

Processing Purchase Orders

The following procedures are to be used for processing purchasing requisitions and initiating purchase orders. Purchase orders are generated from a properly approved purchase requisition.

1. Employees complete a one-part purchase requisition form indicating the goods and/or services desired and the potential source of goods and services.
2. The appropriate department head or supervisor must approve purchase requisitions (PR). PRs are then forwarded to the Finance Department.
3. The CFSO and/or designee reviews all PRs. He/she ensures, if necessary, the Board has approved the items and that appropriate bid procedures were followed. He/she signs the PR and gives it to the accountant to process the PR.
4. Finance Department employees follow the appropriate guidelines for selecting a vendor through either the bid procedure (if not already done), obtaining quotations, etc.
5. After a vendor is selected, enter the PR into the Nextgen system and generate a four-part Purchase Order (PO).
6. The CSFO and Superintendent signs the POs and distribute them as follows: (a) white – Finance Department, (b) yellow - requisitioner, (c) pink – Finance Department (AP file), (d) gold – stamped paid and sent to requisitioner.

State Bid Law

Section 3.9.4 of the Anniston Board of Education Policy Manual requires that all purchases be made in conformity with the Alabama State Bid Law and with sound ethical business practice. In general, except as governed exclusively by Title 39, the State Bid law requires all purchases for goods and services equal to or exceeding \$15,000, should be awarded no more than five percent greater of the lowest responsible bidder. However, there are exceptions for contracts for professional services (attorneys, physicians, architects, teachers, certified public accountants, public accountants, engineers, consultants, etc.) as applicable with the law.

Purchasing Guidelines

We encourage employees to solicit information on equipment, goods and services from vendor representatives.

- **Do** contact more than one vendor whenever possible. The more alternatives the better.
- **Do** keep an open mind.
- **Do** give equal information to all vendors.
- **Do** discuss all aspects of the need. Use a life cycle approach. What happens after we own the product, service and/or equipment?
- **Do** insist on all technical information you need. We need more than a model number.
- **Do** state all pertinent information as a result of your discussion on the purchase requisition: vendor name, address, telephone and a description of the item that you wish to purchase.
- **Don't** commit the Board of Education by informing the salesperson that he/she has the order, only a properly issued and approved purchase order can commit the Board of Education.
- **Don't** reveal the amount budgeted for a purchase.
- **Don't** lead the Salesperson to believe that his/hers is the only product.
- **Don't** bid shop or auction the purchase by disclosing competitor's pricing.
- **Don't** accept gratuities.
- **Don't** wait until the last minute to submit your purchase requisition. The more time we have to process the purchase order the better job we can do for you.

Code of Ethics

- To consider first the interest of the school system and the betterment of its educational program.
- To endeavor to obtain the greatest value for every dollar expenditure.
- To be receptive to advice and suggestions from school officials, both in the educational and non-educational field, insofar as such advice and suggestions are not in conflict with Board policies, legal or moral restrictions in procurement procedures.
- To seek or dispense no personal favors. Handle each administrative problem objectively and without discrimination.
- To strive for knowledge of school equipment and supplies in order to recommend items that may either reduce cost or increase the efficiency of the means of education.
- To insist on and expect honesty in sales representation whether offered verbally or in writing.
- To give all responsible bidders equal opportunity, consideration and assurance of unbiased judgment in determining whether their product meets specifications and the educational needs of the school district.
- To believe and discourage employees and its staff should at no time or under any circumstances accept directly or indirectly, gifts, gratuities, or other things of value from vendors (or others) which might influence or appear to influence procurement decisions.
- To accord a prompt and courteous reception to all who call on legitimate business missions.

This Code of Ethics Pledges the Finance Department actions to be:

- Best for students.
- Fair to all concerned.
- Designed to build good will and better understanding.
- Based upon respect for the past, knowledge of the present and concern for the future.
- Legally and morally right.
- Loyal to my associates and to the school district.
- The best that I can perform.

SECTION 10

PROPERTY MANAGEMENT

10.01 Definition

Property acquired in whole or in part with federal funds or whose cost was charged to a project supported by a federal grant is governed by standards established by the federal government, because of its interest in such property. Federal regulations prescribe uniform standards for governing the utilization and disposition of property furnished by the federal government.

The federal regulation allows grantees, such as ACS, to establish their own property management systems, however, the system must conform to and include the provisions of the Office of Management & Budget.

10.02 Objectives of Internal Control

The purpose of property records and controls is to accumulate all assets and properties owned by ACS and assure accountability for such. This will enhance the preparation of financial statements and required reports.

Property control can best be achieved by maintaining accurate property records. This requires assembly of all property data by units. The degree of control to be exercised should relate to the amount of the investment, the practicality of reporting transfers and retirements, and the cost of

reporting and recording the movement of individual property items. It is practical to maintain control by types and classes on a group basis.

- Advance approval should be obtained prior to the purchase of the all property and equipment.
- Subsidiary ledgers should be maintained and regularly balanced with general ledger control accounts.
- All units of equipment should bear a metal tag with an identification number corresponding to the number on the detail property ledger sheet.
- All property and equipment should be recorded at cost or estimated value.

10.03 Physical Custody and Verification

In order to provide greater control over fixed assets owned by ACS, each item of movable equipment (i.e. equipment other than appurtenances) is to be placed under the custody of a CSFO. Generally, the equipment assigned to the custody of a CSFO will be that equipment located in his/her working area and/or used in the rendering of their services.

The CSFO is responsible of maintaining adequate safeguard controls for all fixed assets under custody, within the guidelines established by ACS. Such safeguards should, at a minimum, provide adequate protection to minimize loss, damage, or theft of the property.

Property Identification and Record Keeping

The organization's inventory and recording requirements include:

- a. description of the property
- b. maintenance of manufacturer's serial number, model number or other identification number
- c. source of the property, including grant or other agreement number
- d. whether title vest in the recipient or the federal government
- e. acquisition date and cost
- f. location, use and condition of the property
- g. property owned by the federal government must be marked to indicate federal ownership
- h. disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the federal sponsoring organization for its share.

Fixed assets inventory is recorded and maintained on a Fixed Assets Inventory Sheet by grant/contract or program. Any disposal of fixed assets

are recorded on the Disposed/Retired Inventory Sheet and are removed from the Fixed Assets inventory Sheet.

As a further safeguard, a physical inventory is to be taken and result reconciled with the property records at least once each year. Any differences between the physical count and accounting records should be investigated to determine the cause of the difference.

At a date determined annually by the CSFO, a surprise observation of equipment records and equipment inspection will be conducted organization wide.

SECTION 11

ACCOUNTING PROCEDURES FOR SCHOOLS

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/her personal attention to the collection, expending, reporting, and overall supervision of financial activity. The Principal has the responsibility for collecting and disbursing all monies in a manner approved by the 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 continual audit by the Finance Department as well as external auditors.

- (1) **All money collected at the school for any purpose must be receipted and deposited in the school account within 24 hours.** (Exceptions may be made for some fundraising activities conducted by Parent-Teacher organizations.)
- (2) **All expenditures must be paid by check and supported by a valid invoice based on a purchase requisition/order issued and signed by the Principal prior to the purchase being made.** All purchases must conform to the policies of the Board of Education and Alabama bid laws, when applicable.
- (3) Bank statements must be reconciled monthly.
- (4) Monthly financial reports reflecting accurate balances and activities of the accounts of the school must be reviewed and approved by the Principal.
- (5) Any school entering into a loan must attain the written approval of the Superintendent and Board of Education.

- (6) Schools must conform to all Board policies concerning local school funds and activities.

The Principal must be familiar with all local school financial policies so that he or she will not permit practices contrary to the policies. The Principal is directly responsible in the handling of monies received at the school. It is the ultimate responsibility of the Principal for any shortages resulting from the failure to follow, or to require others to follow, the financial procedures for the handling of school monies. The Principal should work with members of the central administration staff who have general supervision of particular functions. The Chief School Financial Officer should be consulted if accounting problems are encountered.

The Alabama Department of Education and the State Examiners of Public Accounts retain the authority to require local boards of education to modify forms and procedures for local school financial operations.

Anniston City Board of Education
Overview of Accounting Procedures

TO: Principals and Secretaries

FROM: Johanna L. Martin, Chief School Financial Officer

The following guidelines and regulations pertain to the handling of financial records for schools under the supervision of the Anniston City Board of Education.

The computerized accounting system is designed to record the receipts and disbursements of each school and to establish control measures over cash and other assets. The local school practices the 'Modified Accrual Basis' of accounting.

- **All monies received from any source in or about the school by any employee or group is regarded as School Funds.**
- Funds are received, receipted, deposited, and then recorded in the system at the school in a timely manner.
- Expenditures are incurred only under the authorization of the Principal. Such authorized expenditures are paid by checks disbursed at the local school level.
- The activity at the local school is summarized at the end of every month and compiled into monthly financial statements. The financial statements report on transactions that affect accounts throughout the month.

The monthly financial reports serve as the source of information necessary for the Principals to properly manage the schools. Because records are the basis of the monthly financial reports, it is essential that each school's records are accurate, current, and they exhibit the true financial position of the school funds.

LEGAL COMPLIANCE GUIDELINES

The funds maintained at the local schools can generally be divided into two major categories:

1. Public Funds -- referred to as Fund 12
2. Non-Public Funds -- referred to as Fund 32

Various factors must be considered in determining the proper classification, which affects the degree of expenditure restriction.

A. Public Funds - Restricted to the same legal requirements as Board funds:

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

Funds are generally classified as public funds when the following criteria are met:

- Money generated school-wide
- Money that can be used for all students
- Money controlled by the Principal or any school employee

Examples of public funds:

- General Fund - 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 for the school and is totally controlled by the Principal.

- Library – accounts for late charges on returned library books, funds collected for lost library books, and expenditures incurred for purchasing library books.
- Athletic – may consist of income from gate receipts, parking at athletic events, advertising commissions, game program sales, and donation 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.
- 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.
- 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.
- Locker Fees – funds collected from students that are used to cover the costs associated with maintaining the student lockers.
- Faculty Vending – consists of funds collected and used for items sold in faculty lounge areas that, although not assessable to students for the public, are totally controlled by the Principal. (see Commissions and Vending)
- Appropriations - funds such as maintenance, school allocation, helping school tag revenues, legislator’s donations, and other fees that are sent to the local schools to pay for expenditures incurred at the local school level.
- Extended Day Enrichment Program - reflects revenues generated from the collection of dues, and expenditures that are directly related to the operation of the Extended Day Enrichment Program.

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 due to the apparel type, baseball uniforms for coaches may be purchased from public funds. Other coach’s uniforms must be purchased from non-public funds.
6. Memberships in professional organizations. (Membership dues for the local athletic association must be paid from an athletic account.)
7. School landscaping, maintenance, furnishings, and decorations.

- B.** Non-Public Funds- restricted for expenditures subject to the intent and authorization of the organization’s Sponsors and Officers and not used for general operations of the school. The Principal does not direct the use of these funds but does have the authority to prohibit inappropriate expenditures. Non-Public Funds can become subject to the same expenditure restrictions as public funds if separate accounting records are not maintained for each of the non-public funds.

Funds are generally classified as non-public funds when the following criteria are met:

- Money generated for a particular group
- Money used for that particular group
- Money controlled by the students and/or a parental organization

Examples of non-public funds are:

- 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.
- Courtesy (Faculty) - Money collected from faculty/staff to purchase flowers or gifts.
- Other School Related Organizations – Parent or Parent/Teacher organizations can have the organization’s funds in the school accounts. These organizations are governed by officers elected by its members. PTO, PTA, Band Boosters, and various Athletic Booster support groups are considered school related organizations (See Guidelines for School Related Organizations)

C. Public and Non-Public Funding

Regulations concerning public and non-public funds are as follows:

- (1) Public funds **cannot** be transferred to non-public accounts. If funds are transferred from public to a non-public account, then funds are considered commingled and the non-public account becomes a public account.
- (2) Non-public funds can be transferred to a public account. However, once transferred, they become public funds incurring all the legal restrictions.
- (3) Some of the expenditures 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/Courtesy Fund

(4) **If in doubt, consider it PUBLIC FUNDS.**

RECEIPTING MONEY

A. Deposit Policy

- At the end of each day, all monies on hand in excess of \$100.00 should be deposited with the bank.
- A deposit slip should be prepared in duplicate, listing each check separately, by recording the issuer of the check and the amount.
- The original and the duplicate slip should accompany the deposit to the bank to be validated.
- The Secretary should check the accuracy of the bank's validation **before** leaving the bank.
- The duplicate deposit slip should be returned to the school and used to verify the entry made in the Cash Receipt Journal.
- Daily receipts should be totaled and should match the total of the deposit slip.
- All money is to be deposited in a bank to the credit of one account.
- Do not cash checks with school funds. Deposit funds intact.
- The Secretary is responsible for taking the general fund and lunchroom money to the bank daily. The Secretary will be reimbursed by Central Office for the mileage. A 'Monthly Report of Local Travel' should be completed and forwarded to Central Office by the 10th day of the month following the last day of the month travel is being claimed.

BANK ACCOUNT

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.

B. Acceptance of Checks

All checks issued to the school should have adequate information on the checks before being accepted in the school (no starter checks). This information is necessary should an insufficient funds check be issued to the school and need to be turned over to the District Attorney for collection.

- Name, address, and phone number of issuer should appear on the front.
- The check should display a current date. (no postdated checks)
- The check should be made payable to the school.
- A two-party check should **never** be accepted.
- The check must be signed.
- The back of the check should have the proper endorsement stamp prior to being deposited.
- The long hand-written amount of the check should be used to determine the amount of the check **not** the numeric written figure.
- The person accepting the check should initial the check and write the activity number the money is being deposited into.
- If a company's check is received, an owner's name will need to be noted on the check in case the check is returned.
- The school office or lunchroom should **never** cash a check.
- Whenever possible, a driver's license number should be written on the check.

C. Cash Receipts

On a daily basis all monies received must be receipted in the NextGen Accounting Software Receipt Module with a pre-numbered receipt returned to the Teacher/Sponsor. In the absence of the Secretary, a cash receipt journal should be used with pre-numbered cash receipts.

All funds **must** be deposited on the day in which they are received according to the deposit policy. Schools may establish a daily cut-off time after which funds will not be received and receipted.

Receipts are never to be destroyed or changed. Do not use correcting fluid or erasures for mistakes. If a mistake is made, write **VOID** on the receipt and staple it to the back of the receipt sheet. Receipts are only to be issued when money is received. Under no

circumstances are receipts to be issued in advance. If time does not permit proper receipting, money should not be accepted.

When monies are received, a cash receipt should be prepared and the original is to be given to the person making the payment. The person making the payment should wait for a master receipt to be prepared and verify the information on the master receipt before leaving the office. The person receipting the money must **never** write a receipt to his/herself. (Note: The only exception is when the office Secretary/Secretary uses a student receipt record.)

The check stub or copy of the check received from a business must be retained for audit purposes.

The Principal is directly responsible in the handling of monies received. It is the ultimate responsibility of the Principal for any shortages resulting from errors or otherwise in the handling of school monies.

D. Teacher Receipts

The Secretary will provide a pre-numbered duplicate receipt book or record to Teachers and other individuals who collect school funds (other than CNP funds). Receipt books should be secured and a log should be maintained to track the receipt books by receipt numbers to the individual responsible for issuing the receipts.

Each Principal has the option of waiving the requirement to write a receipt to each student in a class when the amount being collected from each person does not exceed ten dollars (\$10.00). Anything (such as field trips, school store supplies, etc.) can be receipted on this log. Fundraisers will still need to be receipted on the student receipt records even if they are less than \$10.00. The Teacher should complete and submit the 'Receipt Log of Less Than \$10.00' to the office. This form may be reproduced on two-part NCR paper so that the Teacher/Sponsor will have a copy for his/her files. The listing of Student Receipt Records Issued and the Receipt Log of Less Than \$10.00 should be filed together for audit purposes.

Teacher Receipts should be completed and issued in numerical order at the time funds are received. All pre-numbered receipts in a receipt book or record should be issued before another Teacher Receipt book or records are put into use. Teacher Receipts cannot be pre-signed and must contain an original signature of the person receiving the funds. A signature stamp is not acceptable.

Procedures:

1. A Teacher Receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
2. A manually prepared Teacher Receipt should contain the following information:
 - a. The name of the individual delivering the funds

- b. The amount of the funds received
 - c. Identify the purpose or activity for the funds received
 - d. The date the funds are received
 - e. Indicate if the funds are cash or check
 - f. The original signature of the individual receiving the funds and issuing the receipt
3. The original Teacher Receipt should be handed to the individual delivering the funds.
 4. Voided receipts must be retained with the receipt book.
 5. Do not use correcting fluid or erasures for mistakes
 6. The funds received must be secured.
 7. Do not cash checks with the funds received.
 8. No money should be left in the classroom overnight. The Teacher is responsible for all monies collected until turned in to the office and meeting the cut off deadline.
 9. The Teacher Receipt book or record and the funds collected should be taken to the office on a daily basis. Students should not take funds to the office unless other compensating controls have been established by the Principal.
 10. **The Teacher should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**
 11. The Teacher should retain the original Master Receipt.
 12. Do not hold funds until all funds for an activity, fund-raiser, or other purposes are collected. The school is required to make timely deposits according to school board policy.
 13. Teacher Receipt books containing the receipt copies and unused receipts should be returned to the Principal at the end of the school year or earlier.
 14. If a receipt card is lost, the person to whom the card is issued should submit a written explanation to the Principal. This explanation should be initialed by the Principal and filed in numerical order with the other student receipt records.

E. Reimbursements

The Board of Education may authorize certain personnel to receive reimbursement for travel expenses in Anniston City. No reimbursement shall be authorized for travel between the employee's residence and usual work place. Limits may be placed on the amount of authorized travel reimbursement. Personnel will be reimbursed at the established federal rate.

The Board of education may authorize certain personnel to receive reimbursement for travel outside the county while on official business. Reimbursement will be in accordance with the following schedule:

Mileage: Personnel will be reimbursed at the established federal rate.

Hotel/Motel Accommodations: Personnel will be reimbursed at the single room rate and/or conference rate. Itemized receipts must be presented for reimbursement. Parking and taxes may be reimbursed.

Meals: Personnel will be reimbursed \$30.00 per day (\$10.00 per meal) per diem or actual meal cost not to exceed meal allowances established by the Federal Government General

Services Administration for locations within the continental United States (www.gsa.gov/perdiem). Itemized receipts must be presented for reimbursement and tips and taxes may be reimbursed.

Payment must be on a reimbursement basis and any travel reimbursement must be requested on the 'Expense Voucher' approved by the Finance Department. All travel reimbursement must be based on a statement from the employee that includes the date of the travel, points of travel, miles traveled, and the purpose of the travel. Receipts for registration charges for attending conferences, etc. must be submitted. These claims must be supported by paid, itemized receipts. Entertainment expenses will not be reimbursed to include alcoholic beverages. The Superintendent or the Instructional Director must approve travel for the school Principals that are to be paid from school funds. Copies of checks issued to the Principal, Secretary, and the Secretary and the supporting documentation must be forwarded to the local school accounting office.

F. Refunds

The term refund as used here refers specifically to refunds from vendors and/or refunds for expenditures made or to be made on the school's books. It is imperative that a refund received by the school be handled properly, to avoid inflating an expenditure or revenue.

- **Receipting the Refund:**

The refund should be receipted in the NextGen Receipt Module to "miscellaneous". When issuing a check for a refund, the journal code that was used to record the revenue should be used as the journal code when issuing a check.

NOTE: If the refund is received for an expense that occurred in a previous fiscal period, the refund should be coded as other revenue and handled in the normal fashion.

- **Issuing Refunds:**

To meet banking regulations, refunds may be made to the parent rather than the student, to whom it is due. However, proper supporting documentation should be requested for refund. The check should be signed for by a parent/guardian or mailed. Checks should not be given directly to students.

G. Child Nutrition Program Deposits

The Secretary is responsible for verifying the lunchroom deposit and taking the deposit to the bank. The following steps will ensure a correct lunchroom deposit:

- (1) Break apart and recount all money.
- (2) Run a tape totaling all checks.
- (3) Denomination of bills and coins should match the deposit summary.
- (4) Deposit slip should be checked for complete and accurate information.
- (5) The Secretary should sign the deposit summary and return to manager/cashier.

- (6) The validated deposit slip should be checked for accuracy before leaving the bank.

H. Transfers

Public funds **cannot** be transferred to non-public accounts. If funds are transferred from public to a non-public account, then funds are considered commingled and the non-public account becomes a public account.

Between Activities

Transfers made between activities at the local school should be made only with the permission of the Teacher/Sponsor and with the Principal's approval. Transfers of this nature should be processed only if the money is to be moved permanently and not as a loan. A 'Transfer Voucher' should be completed and turned in to the Secretary for processing. The Secretary should check the balance in the activity that monies are being transferred from, to ensure funds are available.

When entering a transfer in the computer, cash will be moved between public and non-public funds.

Between Local School and Central Office

Transfers received from Central Office should be receipted in the Cash Receipt's Journal using journal number, ACTV 12-4-9230-000-CCTR-7101-0-0000-(0000, 0001, 0003, 0004, 0005). Examples of transfers from Central Office are School Allocation, Helping School Tags, Maintenance, Instructional Fees, Fee Replacement, Library Enhancement, Professional Development & Technology.

Transfers from the local school to Central Office are remittances for day care salaries, substitute pay, instructional fees, and lost and damaged textbooks. The Central Office transfer out journal number, ACTV 12\32-5-9910-923-CCTR-7101/7501-0-9700-0000, should be used when issuing the check to Central Office. **All** checks issued to the Anniston City Board of Education should be sent to the local school accounting office and should be accompanied by the "Checks Issued to Central Office".

I. Journal Entries

Journal Entries are used to correct posting entries and to post the monthly checking account interest. Journal Entries are processed at the central office and approved by the CSFO.

J. School Income

1. 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, those students shall not be required to participate in such fundraising activities.

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

Alabama Code 16-10-6 Incidental fees in elementary schools. No fees of any kind shall be collected from children attending any of the **first six grades (K-5)** 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 provision 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 school board but who live outside the territory over which such board has jurisdiction.

AAR 290-3-1-.02 Driver Education. (a) No fee shall be charged any child whose family is unable to pay the fee. (b) Thirty dollars (\$30) per student, per semester, is the maximum driver education fee to be charged by local boards of education without approval from the State Superintendent of Education. (c) The State Superintendent of Education may approve a higher fee upon the request of a local superintendent approved by the local board of education with sufficient documentation of actual costs in excess of the maximum. (d) Each board of education shall establish criteria by which the ability of families to pay the fee may be determined and submit same to the State Superintendent of Education for approval. (e) Local boards of education shall take reasonable steps to ensure that students for whom no fee is required shall not be identified.

In reading the guidance above, it can be noted that academic fees during the regular school term may only be charged for materials and equipment used in instructional courses, and that the fees collected may only be used in the course for which the fee was collected. **Actions against a non-paying student, such as withholding grades, report cards, transcripts, academic recognitions, and graduation**

activities, are prohibited. However, state laws governing textbooks may require the withholding of additional textbooks for a student due to unpaid lost or damaged textbook fines. (Alabama Code 16-36-69)

2. Donations and Voluntary Contributions

Wish Lists

Voluntary contributions may be requested for various items purchased by the school that are used by students in academic courses and classes including workbooks, science lab materials, supplemental instructional materials, lockers, sheet music, and other academic purposes. Donations may also be requested for specific school purchases, including janitorial products, cleaning supplies, paper products, copier expenses, software maintenance, and other school purposes. The voluntary nature of the 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.**

The Principal or the Local Superintendent should approve requests to collect school fees, contributions and donations.

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

State Ethics ACT

Anniston City Board Employees have NO AUTHORITY to request or accept student fees, contributions, or donations.

The Principal and other employees should adhere to the State Ethics Act, particularly Code of Alabama (1975), Section 36-25-5, which provides that “no public official or employees shall use an official position or office to obtain direct personal financial gain for him/herself, or his/her family, or any business with which he/she or a member of his/her family is associated unless such use or gain is specifically authorized by law.” Section 36-25-5 provides that “expense associated with social occasions afforded public officials and employees shall not be deemed a thing of value within the meaning of this section or prohibited thereby.” There is general agreement that the acceptance of items donated to the school such as pens, pencils and note pads, which are distributed for advertising purposes, would not violate the Ethics Act as long as such items are used by the school and are considered to be the property of the school. This section has been

generally interpreted to mean that public officials or employees should not solicit or accept a thing of value that would influence their official actions.

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

3. **Fundraisers**

The Anniston City Board of Education approves the guidelines for local school fundraising at the beginning of each school year.

The Principal must approve each school fundraising activity conducted by students, teachers, school employees, or school-related organizations. The local school board may exempt school-related organizations from this requirement if the activity of the organization is not under the control of the Principal.

Before approving a fundraising activity, a Principal **should consider the safety of students involved in the activity.** Standing on roadways at Stop signs and other traffic signals is not permissible because it is a safety hazard for students. Also, students must not be involved in any door-to door solicitations or sales.

Fundraisers may not involve the sale of foods of minimal nutritional value during the school day.

The potential profitability for the efforts expended on a fundraising activity should also be considered. Students will not be allowed to sell items or products during instructional time. Selling by students that is a required component of a specific class or organization and /or part of the educational process will be permitted with the approval of the Principal.

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

- a. All funds collected must be delivered to the Principal's office for a Master Receipt. Do not cash checks from collections.
- b. 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.
- c. All fundraising expenses, including sales awards to students, must be present to the Principal for payment by check.

- d. **A school employee cannot receive a gift or gratuity from the fundraising vendor.**

Within a reasonable time after completion of the fundraising activity, a form should be submitted to the Principal that documents the result of the activity.

Any funds raised by a group associated in any way with the school should be under the control of the school Principal and be an **integral part** of the school's accounting system with the same constraints and requirements of other accounts of the school.

Best Value for Items Purchased or Sold

The Anniston City School System will make use of a selection process when choosing items for purchase or sale in order to ensure the best product value to students, parents, and the public. The school Principal and other board employees shall be able to support decisions made regarding items purchased or sold at individual schools.

Procedures for Fundraisers

A 'Fundraiser Authorization Form' must be completed and approved by the Principal at least 30 days prior to the activity. A 'Report of Fundraising Activity' must be completed at the conclusion of the activity and filed for audit purposes.

A School wide fundraiser is defined as a fundraiser that covers all grades with the proceeds benefiting general purposes and /or Teacher activities.

Proceeds from school sponsored fundraisers are for school purposes only.

The following are not considered School wide Fundraisers:

- Yearbook Sales
- Fall and Spring Pictures
- Charitable Organizations (MDA, MS, Jump Rope for Heart, etc.)

Fundraisers will follow the school year and not the fiscal year. Fundraisers that are conducted during the summer months will count toward the next school year.

Each fundraiser/sale should be organized as follows:

1. One person should be designated to be in charge of the fundraiser/sale.
2. A separate 'Teacher Control Sheet' will be maintained by each individual Teacher to account for the items to be sold by the students. Upon receipt of the fundraiser/sale items to be sold, the student will sign the 'Student/Parent Participation Agreement' to acknowledge acceptance of

the responsibility to return either the dollar value of the items issued to him/her or any unsold merchandise.

3. As money is submitted by the students to the Teacher, all receipting procedures as outlined under 'Receipting Money' must be followed. These receipts must also be recorded on the Teacher's control sheet, along with any unsold merchandise returned to the designee in charge of the sale. The designee must reconcile the total money collected and merchandise returned to the total number of merchandise originally issued.
4. The school should work with the vendor and request the vendor to provide the rewards for the students. The school is not allowed to give **CASH** prizes from public or nonpublic funds. When planning the fundraiser, the Principal may approve additional incentives from school funds such as gift cards, electronics, limo/lunch excursions, etc.
 - *If an individual pays an entry fee / admission fee (example: golf tournament) the school may award cash prizes. The cash for these prizes may be held out of the entry / admission fees if the winner signs a document detailing the event and the dollar amount received.
5. Profits received from all fundraisers in the form of Gift Cards should be treated as CASH and classified as Public Funds.
6. The sale of raffle tickets is illegal according to the Anniston City District Attorney's Office because it is considered a form of gambling. If reported, the District Attorney's office can prosecute any school involved. Examples of raffles are scratch cards, cow patty drops, and any games of chance.
7. Prior to holding a bingo game, the local school must obtain a license from the License Commissioner's Office and receive approval each time from the County Commission.
8. Athletic Camps held as a fundraiser on school campus must be classified as Public Funds.
9. Small Claims Court should be used for students whose money and or merchandise were not collected. A certified letter, return receipt requested, should be mailed to the verified current address. The following items are needed to present to small claims court:
 - Completed "Statement of Claim"
 - A Check for the filing fee

It is very important to stay in contact with the small claims court. When necessary, the Satisfaction of Judgment and the Notice of Dismissal may need to be filed.

There must be accountability for the total number of items purchased. Details for amounts not collected, spoiled, or stolen must be maintained.

4. Commissions and Vending

The local school may enter into contracts with vendors in which the vendor will issue the local school a check representing profits from a particular activity. The local school secretary does not issue a purchase order or a check to the vendor, nor receipt the monies collected at the local school. For these reasons it is in the school's best interest to contract with vendors on a commission basis.

Examples of commissions are:

- School Pictures (mandatory)
- Vending Machines (mandatory)
- Yearbook Sales
- Class Rings
- Magazine Sales

The check stub or copy of the check issued for commissions should be kept on file at the local school for audit purposes.

All vending machines must be full service. The vendor is responsible for extracting the money from the machines and issuing the local school a commission check.

A vending contract should require the vending company to furnish statements that identify the count of items stocked in the machine 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.

Because the vending machines are on public property using electricity paid with public funds, as well with the Principal (a public employee) directing the use of the vending machine proceeds, the profits are considered Public Funds.

5. Concessions

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

Procedures:

- Do not cash checks with concession funds. Deposit funds intact.
- Do not make payments from cash collected. Payments must be check.

- Funds should be collected on a timely basis.
 - A Master Receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
 - The person presenting the funds for receipt should wait for a Master receipt to be prepared and verify the information on the Master receipt before leaving the office.
 - Supporting documentation of items sold should accompany the funds collected.
- Foods of minimal nutritional value may not be sold during the school day.

Internal Control Procedures

The following procedures need to be followed when establishing a school store and/or operating concessions or vending machines at a school or any athletic event. All areas should be covered as far as putting proper controls in place for cash receipts and inventory.

- Two people should count the cash collected each day before it is turned in to the Secretary (then reconciled with the Secretary).
- If cash registers are used, the register tape should be reconciled to receipts and deposits and attached to them.
- Deposits should be made on a daily basis.
- A separate activity code for school vending (concessions) should be used to track receipts and disbursements (separate from school supplies). Receipts and disbursements should be compared on a regular basis.
- A beginning inventory should be taken for whatever month selected to begin. Purchases for the month should be added to the beginning inventory, and at the end of the month, another inventory should be taken and subtracted to have an idea of the number of items that were sold for the month. Take projected items sold and multiply by the price (easier if one price for all items or one price for drinks and one price for all other items). Take this total to determine the amount of revenues/ receipts you should have for that month. Compare to actual revenues/receipts for the month (investigate differences if it is a material amount).

OR

A separate School Store or Concessions activity may be set up to quickly compare expenses against revenues to determine if a profit is made. Also, a profit analysis should be prepared on a regular basis, at least quarterly. Costs vs. sales (less any overhead). Usually the concessions are run by Teachers or Aides and no overhead is calculated.

6. Admissions/Ticket Sales

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. Proms and other events are excluded when advance admission payments are receipted on a teacher receipt sheet and no admission is collected at the door. 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.

When tickets for athletic events are issued, a 'Report on Sale of Tickets' and an 'Activity Verification Report' should be prepared for each seller to whom tickets are issued.

The Secretary should complete the top portion of both forms, the tickets issued section and complimentary section on the Report on Sale of Tickets. Tickets and a copy of both forms should be given to the designated person(s).

When the event is over, the tickets returned section should be completed and the report on Sale of Tickets should be signed. The money should be counted and the Activity Verification Report completed and signed. The unused tickets, Report on Sale of Tickets, and the Activity Verification Report should be turned in to the Secretary. The money should be dropped at the bank in a 'Hold for Pick-Up – Not for Deposit' bank bag. The Secretary should pick up the money the following morning, prepare the deposit and complete the reconciliation of the tickets. 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.

Upon completion of the ticket reconciliation, the Secretary should sign the Report on Sale of Tickets and then forward it to the Principal for his/her signature. A copy of the report on Sale of Tickets, Activity Verification Report, and all unused tickets must be forwarded to the local school accounting office by Thursday of the week following the event.

Complimentary tickets may be issued to other schools outside the district but limited to 25 tickets. The Principal or person receiving the tickets must sign for them in order to comply with accounting procedures.

An employee with a valid Anniston City Schools Identification badge will be admitted free of charge to any athletic event sponsored by Anniston City Schools (State Playoffs and tournaments are excluded). Under the Alabama Ethics Law, 1st Extraordinary Session 2010, Act No. 2010-764, Acts of Alabama under Section 36-25-1 (33) (b), subsection 8, free admission to a sporting event offered by an educational institution is allowed for faculty, staff, and administration of the institution. The Ethics Law does not include family members or guests.

The sale of season tickets should be reported on a separate Report for Sale of Tickets. The face value of the ticket for each game is to be recorded as admission. **Admission to athletic events is considered public money.**

Admission prices for athletic events are voted on and approved by the Board. The local school should not change an admission price set by the Board.

The parking charge is approved by the Board. Since the parking is on school property, **the parking charge for the games is considered public money and must be received into a public activity.**

Through written agreement Booster clubs/organizations may sell season passes for games and parking. The actual cost as approved by the Board of the ticket and parking fee must be paid to the school. Any amounts over paid to the Booster organization for the collection of gate receipts/parking should be handled as a separate transaction and at a reasonable percentage.

Participation Fees are not allowed for athletics; however, athletic events such as swimming, golf, etc. that do not charge admissions may collect a participation fee from students to cover event expenses. However, schools may charge a rental fee or equipment usage fee to cover the necessary repairs and upkeep of the equipment for safety purposes. The schools may also charge for personal items that the students will keep once the athletic event is over.

PURCHASES

A. Requisitions and Purchase Orders

Purchase of goods and/or services by the local school should follow these procedures:

- (1) A 'Requisition' should be completed by the Teacher/Sponsor specifically identifying items to be purchased, the price of each item, and the vendor information from which the purchase is to be made. Do not order by item number alone.

- (2) A verification of the activity should be completed to ensure fund availability prior to the purchase order being issued.
- (3) **The requisition must be submitted to the Principal for his/her signature and delivered to the Finance Department for completion of a Purchase Order.**
- (4) When the merchandise is received, it must be verified against the packing slip and returned along with the invoice to the Finance Department for payment. The invoice must contain the signature of the Teacher/Sponsor verifying that the merchandise was received and the order is complete.
- (5) **A purchase request is required for all goods and services.** Exceptions such as recurring monthly bills do not require a purchase order (i.e., telephone bills, copier bills, laundry bills, official checks, change cash, student refunds, travel reimbursements, etc.)
- (6) **No employee should have authorization to purchase or order goods or services without proper approval from the Principal in the form of a purchase request. Reimbursements should not be made to any Teacher/Sponsor who purchases goods in the school's name without a purchase request.**

It is the responsibility of the Secretary to check open purchase requests weekly and notify requestors of approved or denied purchased orders.

B. Bid Law

The Alabama Competitive Bid Law requires that all purchases and/or contracts for labor, services, materials, equipment, and supplies for such amounts as set by the State of Alabama (currently \$15,000 or greater). All bids must be conducted by the Central Office Finance Department.

The State of Alabama Bid Law does not apply to purchases made by individual schools of the county or municipal public-school systems from moneys other than those raised by taxation or received through appropriations from state or county sources.

Please also refer to the “**Policy Manual**” portion of this document.

Contracts, including service contracts, must have the approval of the Superintendent except for routine services such as school pictures, yearbooks, copiers, class rings, senior supplies, etc. Copies of all contracts and agreements must be sent to the CSFO for file purposes.

C. Invoices

An invoice must be obtained for each purchase order before payment is made. An **original, faxed or emailed** invoice must be secured to serve as a basis for issuing any check; **statements are insufficient documentation from which to pay an invoice.** (Payments are not to be made from a statement in order to prevent duplicate payment and to ensure accurate accounting records). The invoice must include the name and address of the vendor, a full description of the items purchased an itemized listing of prices, and the total amount to be paid. The person for whom the purchase is intended must sign off on the

invoice before payment is to be made. The school should not allow partial orders of merchandise nor should back orders be allowed. Invoices will not be paid until the Finance Department received the packing slip for the merchandise received. **Payment of an invoice should never be made BEFORE all of the merchandise is received.** The invoice should be matched with the applicable purchase order and packing slip before payment is made.

An IRS Form W-9 must be completed and maintained on file for each individual or vendor for IRS Form 1099 reporting.

Please be advised that the Anniston City Board of Education is exempt from tax under State of Alabama law.

The Principal must approve all invoices before payment is made. **Cash expenditures are prohibited.** The Principal must initial all invoices for purchase order items and invoices exceeding the purchase order amount. Invoices cannot exceed the purchase order amount by more than 10 percent.

SECRETARIAL PAYROLL RESPONSIBILITIES / PROCEDURES

- Check time clock on a DAILY basis, using dashboard to make all, if any, corrections to employee's timesheets. Verify with any employee needing adjustments that the timesheet changes are valid and true. Obtain irregularity forms on corrections.
- Make sure ALL absences are entered in Frontline on a DAILY basis. Any employee that is absent but not entered in Frontline, make sure to add the absence for the appropriate time taken. ****Note:** any certified employee taking time off is to be done in ½ day or full day increments. Only non-certified employees need to take time in quarter days if necessary. Any employee that has a substitute, make sure the substitute is assigned to the correct employee on the employee's Frontline absence.
- File ALL excuses as they come in to the office to be turned in with payroll.
- Run all employee timesheets on the 1st working day of each month. Send all employees an email requesting their signatures on timesheets that same day.
- Run absentee report on the 2nd working day of each month.
- Submit all timesheets, absentee reports, and substitute information to principal on the 2nd working day of each month for signatures. Timesheets must be signed by the employee and the principal. Timesheets without these signatures will NOT be processed for payroll.
- Turn in completed and signed payroll documentation to the payroll accountant at the central office by the 5th working day of each month.

PAYROLL

Payroll checks are issued on the last working day of each month. All contracts are paid over a 12-month period. New employees may opt for 13-months for the first year.

New employees are paid at the end of the month after the first-time sheet is submitted to payroll.

Payroll checks are direct deposited.

Questions regarding payroll checks should be directed to the Secretary. The Secretary should then contact the Payroll Accountant.

The Payroll Department should be contacted immediately if a twelve-month employee quits. This will eliminate the employee being overpaid.

MISCELLANEOUS ITEMS

A. Field Trips / Activity Runs

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

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

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

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

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

- During the school day—Field Trip
- After school hours at Night or on Weekends—Extra Curricular Activity

A 'Field Trip Request' should be completed and forwarded to the Elementary, Middle or Secondary Education Directors for approval prior to the date of the Activity. An 'Activity Transportation Form' should be completed and approved by the Transportation Department **two weeks prior** to the date of the activity.

1. The person requesting the bus should complete the request section, except for name of driver, bus number assignment, and Principal's signature, and forward it to the lead bus driver.
2. The lead bus driver should assign bus numbers and drivers, obtain the Principal's signature, and forward all copies to the Transportation Department.
3. The driver of the bus should complete the Bus Driver section and turn it in to the Secretary upon completion of the activity.
4. The Secretary will complete the Report section and obtain the Principal's signature.
5. The hours for field trips/activity runs are reported on the Extra Curricular Activity Report. An asterisk (*) should be placed beside the name of the lead driver. The original Extra Curricular Activity Report should be signed by the Principal and forwarded to the Transportation Department by the stated deadline. The copy should be retained at the local school.

A monthly invoice will be issued to the school for reimbursement on the activity trips that are to be paid by the local school.

If a Bus Driver is absent from driving because he/she is on an activity run, the leave code should be entered as 'Q' for activity run. A morning **or** afternoon run is ½. Morning **and** afternoon is 1. The Payroll Department will deduct one hour's pay from the bus driver that is on the activity run for each session. The Secretary should report the activity run for the full amount of time on the Bus Driver Extra Pay Report.

B. Academic Incentives for Students

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 schools' academic program are not permitted unless nonpublic funds are used.) If public funds are used, procedures for providing academic incentives to students should be established at the beginning of the school year and a copy sent to central office 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, gift card, etc.) No cash.
4. 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.

Amendment 558 of the Alabama Constitution also permits the use of public funds to recognize significant contributions to education by faculty, staff and the public in the form of trophies, plaques or academic banquets.

C. Guidelines for School Related Organizations

1. Student Organizations

Student clubs and classes are 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.

2. Athletics

School athletics are extra-curricular activities that must be under the control of the school Principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from Sponsors, Vendors, or other sources must be included in the school's financial records under the fiduciary control of the school Principal. Funds from gate receipts and other sources may be recorded

in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school Principal's control over the financial operations of the event, including ticket sales, concessions and parking fees, will be determined by agreement with the entity in control of the event location.

3. Parent Organizations (PTA/PTO)

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 the fund-raising or maintains the accounting records for the organization.

Specific Requirements:

Parent organizations (PTA/PTO) 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 between the school and the organization 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 organizations make 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 a family member of a school employee) in violation of the State Ethics Law.

4. 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. Generally, the activities for Booster organizations are considered non-public funds. However, these organizations will become **public school funds** if:

- a. A **school employee** serves/holds a leadership position in the organization
- b. A **school employee** is involved with fund-raising or maintains the accounting records for the organization.

Disposition of Records

Public records must be kept in the office where created or in a depository approved by the state or local records commission.

Local schools have the responsibility to administer the policies of the local board of education and the State Department of Education. This includes the responsibility of adhering to the minimum retention period for records created or maintained by the local schools. **Local schools should forward their ‘Local Government Records Destruction Notice’ to the local board of education for approval and then the notice should be forwarded to the Alabama Department of Archives and History, Records Analysis and Appraisal Division. Any records involved in litigation should be retained until the case is resolved.**

Uniform Accounting System for Local Schools Financial Records

The local schools’ financial records are created to document adherence to requirements made by the Board as well as to provide a sound record keeping system for each school year. **All financial transactions of the school system should be retained upon the release of three audit reports and settlement of any claims due before being destroyed.**

Fixed Assets

A fixed asset or capital asset is defined as having a useful life of one year or more and acquired at a specified dollar amount greater than \$5,000.00. **(Personal property with a value of \$1,000.00 to \$5,000.00 and all computers are identified and tagged for control purposes.)**

Purchases made by the local school (including items purchased with club, class, or PTA funds) and donated items must be properly accounted for and documented on the ‘Personal Property Inventory’ form. When new purchases are made and the item is classified as a

fixed asset, A 'Fixed Asset Inventory Card' must be completed. The Fixed Asset Inventory Card should be forwarded to the local school accounting office. An inventory control number decal will then be assigned and affixed to each piece of equipment that is classified as fixed assets. Purchases made by the Central Office do not need to be documented on the Personal Property Inventory form.

It is permissible for employees of the board of education to check out school owned property. A 'Property Check Out Form' should be completed and approved by the Principal. The Property Check Out form should be kept on file for reference.

Disposition of Fixed Assets

The Anniston City School System may at times have property that is obsolete and no longer used or needed. Before the property is disposed as surplus, the Anniston City Board of Education and the Superintendent should determine whether it may be utilized by another school or department. No fixed assets of the school system may be disposed of without Permission of the Superintendent and or Board. Personal property (equipment) is disposed of by submitting a written request that includes the following:

- (1) Reason for removing item from fixed assets
- (2) Description of item
- (3) Decal number
- (4) Serial number

Acceptable reasons for removing items from fixed assets:

- (1) When any fixed asset reaches a point where it is no longer usable, or when it is broken beyond repair, the Principal may ask permission to "scrap" the item.
- (2) When any fixed asset is stolen, the theft must be reported to Central Office on the 'Building Insurance Claim Reporting Form'. Unless there is evidence of forced entry (visible signs of a break-in) a fixed asset cannot be classified as being disposed of by theft. Any break-in should be reported to the local law enforcement agency, and a copy of their report sent to the Central Office. State property insurance requires a copy of the investigation report.
- (3) Any fixed asset damaged or destroyed by lightning must be reported to Central Office using the 'Lightning Affidavit'.

Procedures for Surplus Designation

When a school or department determines that property is no longer usable, procedures should be followed to have the property designated as surplus or obsolete, removed from the property records, and disposed of according to policy.

- (1) Complete and submit a 'Fixed Asset Change or Disposition Form' detailing the property to receive designation, to the office of the Chief School Financial Officer.
- (2) The Chief School Financial Officer shall prepare a report of all requests for disposals and submit the report to the Board of Education during the following month's Board of Education meeting.
- (3) If the Board of Education votes to approve the designation, the property shall be scheduled for pickup and disposed of in a manner that is in the best interest of the Anniston City Schools.
- (4) The pickup of designated property shall be scheduled and coordinated with the personnel. It is the school Principal's responsibility to have all property designated for pickup assembled together and placed in an easily accessible location before the scheduled pickup time. Personnel will pick up only that property that has been properly designated as surplus/obsolete.

Method of Disposal

The Finance Department shall be responsible for the sale of surplus and obsolete property. Sales may take place in one of the following manners:

- (1) Sealed bids
- (2) Public auction
- (3) Sale to another local unit of government for a fair market price
- (4) Gov Deals

Criteria for determining the manner of disposal shall include location of the property, quantity, quality, and availability of clientele, and time limit in which property must be moved.

The Anniston City School Board has the right to reject any or all bids for school surplus or obsolete property, subject to the following:

- (a) Fair market value
- (b) Retention cost
- (c) Dynamics of the marketplace

Investment Policy

This investment policy applies to all financial assets of the Anniston City Board of Education. These funds are accounted for in the District's Comprehensive Annual Financial Report. In addition, any new fund titles created by the Board, unless specifically exempted, will be covered by this policy. This local policy pertains to the funds and investment instruments permitted by the laws of Alabama as relates to local Boards of

Education. In the State of Alabama, Boards of Education generally follow the guidance found in the Code of Alabama 1975, Section 19-3-120 and 19-3-120.1.

OBJECTIVES

The objectives of the District's investment policy are as follows:

1. Safety of principal is the foremost objective of the investment policy of the Anniston City Board of Education. Each investment transaction shall seek to first insure that principal losses are avoided.
2. The District's investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.
3. The investment program shall seek to augment returns while being consistent with risk limitations of the District, the state law restrictions, the cash flow characteristics of the District, and prudent investment principles.
4. The District's investment portfolio shall be diversified with respect to maturity, security types, and /or financial institutions to avoid incurring unreasonable or avoidable risk to principal or liquidity of the investments.

DELEGATION OF AUTHORITY

Management responsibility for the investment program is hereby delegated to the Chief School Finance Officer. In the event of the extended absence or replacement of the investment official, the superintendent, or his designee, shall conduct the District's investment operations. A system of internal controls shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees of the District.

PERMISSIBLE INVESTMENTS/DEPOSITORY INSTRUMENTS

Investment instruments authorized for purchase by the District are limited to:

1. Certain obligations of the United States or its agencies
 - a. Treasury Bills with maturities of twelve months or less
 - b. Treasury Notes with maturities of eighteen months or less for investment funds from debt service and capital improvement accounts, and with maturities of twelve months or less for all other investments.
 - c. Bonds or other interest-bearing obligations of the United States of America, or payment of which the United States of America has guaranteed as to both Principal AND Interest.
 - d. Bonds issued by the Federal Land Bank
 - e. Bonds or other interest-bearing obligations of any state of the United States of America.
2. General Obligation Bonds of any county of the State of Alabama

3. Interest-bearing general obligation bonds/warrants of any Board of Education of any county or municipality of the State of Alabama secured by pledge of the three-mill school tax.
4. Promissory Notes, bonds or other indebtedness secured directly or collaterally by mortgage or trust deed which is a first lien.
5. Insured or collateralized certificates of deposit with maturities of twelve months or less.
6. Overnight repurchase agreements with approved master repurchase agreement.
7. Fully collateralized interest-bearing sweep accounts.
8. Common trust fund or other collective investment fund agreements maintained by any national or state-chartered bank, trust company or savings and loan association.

DIVERSIFICATION

It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity.

COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

All investments of the Anniston City Board of Education will be on a competitive basis. Competitive quotes for various investments will be obtained from qualified financial institutions. The Anniston City Board of Education will then choose what best fits its portfolio based on the maturity required, liquidity requirements, the current makeup of the portfolio and the offered rate.

COLLATERALIZATION

All deposits of the Anniston City Board of Education must be secured by pledged collateral in an amount greater than the highest balance during any month, or deposited with a Qualified Public Depository of the Security for Alabama Funds Enhancement (SAFE) Program, according to Sections 41-14A-2 through 41-14A-6, 41-14A-8, and 41-14A-9, Code of Alabama 1975, as amended.

Acceptable collateral would be:

United States

1. Any direct obligation.
2. Any agency or instrumentality of the United States. This includes Commodity Credit Corporation Certificates.

Other States

1. Any general obligation bonds or securities issued by any state of the Continental United States.

2. Any instrumentality of any state in the Continental United States having a rating of “A” or better by Moody’s (this does not include political subdivisions such as counties, cities, etc.).

State of Alabama

1. Any general obligation bonds.
2. Any agency or authority of the State of Alabama.

Alabama County

1. Any general obligation issue.
2. Gas Tax warrants.
3. City Board of Education warrants.
4. Obligations secured by pledge of the special road, bridge and public building tax.

Alabama Municipality

1. Any general obligation issue.
2. Electric, natural gas, water and sewer revenue bonds issued by the city or any board created by the city.
3. Board of Education warrants.

Live Work

Live Work Projects for Students

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

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

1. Students
2. Public employees
3. Tax supported programs and institutions
4. Charitable organizations that are supported by donations
5. Other individuals and organizations if:
 - a. The live work project is not in competition with private enterprise.

- b. The circumstances involved are unusual and justify the acceptance of the live work project.
- c. The instructor and the school administrator do not have a family or business relationship with the client.
- d. The instructor justifies in writing why the live work is necessary for the training program and files a signed copy with the school administrator.

Liability Waivers

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

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

Service Charge for Live Work Projects

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

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

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

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

Work Orders

All live work projects must be documented with a signed liability waiver, authorization for work, and schedule of estimated costs for each customer. The liability waiver must be signed by the customer (the individual for whom the work is performed or an authorized representative of the program or organization for which the work is done) before the work begins. Customer approval of significant increases in estimated costs must be documented. At the conclusion of the work, the customer must be provided

an itemized statement of charges. A receipt must be provided to the customer when payment is made. The required documents may be separate forms or combined in the form of a work order. A work order should contain the following information:

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

Proceeds from Live Work Projects

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

PROCEDURES FOR EXPENDITURES OF STATE INSTRUCTIONAL SUPPORT FUNDS

Budgeting Requirements

Classroom instructional support may be defined as library enhancement, classroom materials and supplies, professional development, technology and other classroom instructional support approved by the State Board of Education.

Budget Committee

- Composed of five members-consisting of four Teachers and Principal (or Principal's designee)

- Teachers on committee shall be elected annually by secret ballot by majority vote of the Teachers voting at each school
- Committee must elect Chairperson and Secretary
- Minutes must be kept of the meetings
- Budget committee shall propose budget for classroom instructional support
- Budget for technology and professional development shall be consistent with latest plan developed at local school level and submitted by the local board to the State Superintendent of Education
- Media specialist must be consulted in budgeting library enhancement funds

Budget

- Must outline common purchases and must specify the common items which may be purchased
- Must specify the amount to be allocated for each Teacher
- “Proposed Budget” submitted to Teachers at annual meeting
- Majority must approve budget “Budget Approval”
- Must have at least two work days to review proposed budget before vote
- Any budget not approved by majority must return to the budget committee for revision

Reports

- Report on approved Proposed Budget must be submitted to local superintendent
- Local superintendent shall submit a notarized affidavit to the State Superintendent of Education

Note: Transfer with Teacher Disallowed (Item 10) (Please refer to Section 16-1-8.1 Code of Alabama and HB215 found in section XII Attorney General Opinions)