

## **D - FISCAL MANAGEMENT**

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## BUDGET PREPARATION AND APPROVALS

### **Responsibility**

It shall be the responsibility of the Superintendent or designee to prepare a proposed operating budget for submission to the Board for review and approval each year.

### **Form Requirements**

The budget shall be prepared by the Superintendent in accordance with rules and regulations prescribed by statutes, State Board of Education regulations, and Board policies.

### **Budget Limitations**

No budget shall be approved by the Board or the State Superintendent of Education where expenditures are in excess of anticipated revenues and fund reserves (See policy DCG).

### **Proposed Budget**

The Superintendent and his/her staff are responsible for developing a proposed annual operating budget and presenting it to the Board for study and review. The proposed budget shall be presented to the Board as far in advance as possible, but no later than 10 calendar days prior to the date set by the SDE for submission of the final form budget. All hearing requirements as noted below must be held prior to submission of any proposed budget to the Board and State Superintendent of Education for approval. School principals and Central Office staff shall be given the opportunity to be present during these deliberations.

### **Required Budget Hearings**

The Board shall hold at least two (2) open public hearings each year pertaining to its proposed annual budget prior to approving a final form budget. Such hearings shall be held in accordance with provisions of *Code of Alabama*, Section 16-13-140.

**Final Form Budget**

The Board, after reviewing the proposed budget submitted by the Superintendent, shall approve it by a majority vote of the whole Board. Upon receiving a majority of the Board members approval, the proposed budget shall be put into final form by the Superintendent and designees for submission to the State Superintendent of Education for final approval. In accordance with Legislative Act, 97-225, the Board's final form budget shall be transmitted to the State Superintendent of Education on or before the date set by the SDE for submission of the final form budget. In the event the State Superintendent of Education sets an earlier deadline for the final budget, the Board shall make every attempt to comply with such requirement.

**Periodic Review Responsibilities**

The approved budget shall be reviewed by the Superintendent periodically, and he/she shall prepare such reports as are required by law and/or requested by the Board. Any change in the approved budget shall be accomplished through an amendment formally approved by the Board and any applicable state and/or federal officials.

LEGAL REF.: *Code of Alabama*, Sections 16-3-1, 16-13-140, 16-13-142, 16-13-143, 16-13-144, 16-13-145; Legislative Act, 97-225; S. Bill 97-515.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

**FISCAL YEAR**

The fiscal year for the School System shall be October 1st through September 30th.

LEGAL REF.: *Code of Alabama*, Section 16-13-1.  
SOURCE: Bibb County Board of Education, Centreville, AL  
ADOPTED: January 22, 2001

## BUDGET ADOPTION PROCEDURES AND REVENUE ESTIMATES

### Preliminary Adoption Procedures

Preliminary budget estimates shall be compiled and prepared according to the specification and items in the format prescribed by the State Board of Education.

These budget estimates shall be based on estimated revenues anticipated to be available in the next fiscal year by the County Commission's Office or by using the current year's actual local revenues to the School System, an estimate of the total revenue to be generated by the School System's local schools during the next fiscal year, and the estimated or actual apportionment made by the State Superintendent of Education for the next fiscal year from federal and state funds.

The Superintendent shall be responsible for submitting a proposed budget that is prepared based on such revenue estimates to the Board for study (See policy DC). The Board shall be responsible for conducting all public hearings specified in the *Code of Alabama*, Section 16-13-140 prior to final adoption.

### Final Adoption Procedures

The School System annual budget shall become official when it:

1. Has been approved by the Board in accordance with requirements of the *Code of Alabama*, Section 16-13-140 and other pertinent statutory requirements. The Code states:  
  
"No county or city board of education, or Superintendent thereof, shall approve any budget for operation of the school for any fiscal year which shall show expenditures in excess of income estimated to be available by the various state and other officials. . . plus any balances on hand except under conditions set forth by the laws of the state governing the issue of warrants."
2. Has been filed with and approved by the State Superintendent of Education.

LEGAL REF.: *Code of Alabama*, Sections 16-13-140 to 145; S. Bill 97-515.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **ENCUMBRANCES**

The Board shall not spend or borrow funds in excess of anticipated revenues plus any balances on hand, except as provided by the *Code of Alabama*. Should this provision be violated, the State Board of Education shall withhold budgetary appropriations to the School System in the succeeding fiscal year(s) in accordance with applicable laws.

LEGAL REF.: *Code of Alabama*, Sections 16-13-140, 16-13-144.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **CENTRAL OFFICE MONTHLY FINANCIAL RECONCILIATION**

All Central Office book balances as per the financial records shall be reconciled with corresponding bank statements each month by the Superintendent or designee. A financial report showing the budgetary appropriations, expenditures, and balances shall be available to the Board monthly as required by the State Board of Education, along with a copy of corresponding bank statements.

Financial reports shall be signed by the person(s) preparing said reports and by the Superintendent.

## FINANCIAL REPORTS PUBLISHED

### Annual Budget

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

### Annual Financial Report Published

The Board shall publish annually in the month of October in a newspaper published in the County, a full and complete statement of receipts by source and disbursements by function of the school system for the twelve months' period ending Sep. 30.

### Outstanding Indebtedness - Report Published

The Board shall publish annually in the month of October in newspaper published in the County, a statement of outstanding indebtedness of the Board on Sep. 30. Said statement must show a schedule for retiring said indebtedness, shall separate funded indebtedness from indebtedness, and the statement shall show the resources available to pay unfunded indebtedness.

### Monthly Financial Reports - School System

The Superintendent shall prepare or cause to be prepared a monthly financial report for the School System, and shall present said report to the Board at the Board's regular meeting date.

The Superintendent shall prepare or cause to be prepared all monthly financial reports required by the State Department of Education and any appropriate Federal agencies.

### Monthly and Annual Financial Reports - Local School

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

LEGAL REF.: *Code of Alabama*, Sections 16-4-7, 16-8-37 to 39, 16-9-27 to 28, 16-13-31 to 32, 16-13-38(d), 41-5-14, 41-5-43.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001



## **PERIODIC BUDGET AMENDMENTS**

The Board authorizes the Superintendent to review and analyze the School System budget for needed changes and amendments during the fiscal year. Such needed changes shall be recommended to the Board for review and consideration. Any recommended changes shall be made only after a determination is made that the changes will not create deficits or violate State Board of Education policy or state law.

## **BUDGET TRANSFER AUTHORITY**

### **State Funds**

The State Legislature and State Board of Education appropriate funds to the School System on a block grant basis with funds spent in accordance with specified guidelines. Current State operating funds may, thus, be transferred based on State Department of Education guidelines.

### **Federal Funds**

Federal funds may be transferred from one line item to another in accordance with Federal and State guidelines and the regulations of the State Department of Education.

### **State Appropriated Capital Outlay Funds**

State appropriated capital outlay funds shall not be transferred from one item to another except when approved by the Board and the State Superintendent of Education.

Subject to the above prescriptions, the Board may transfer school operating funds in accordance with State Department of Education guidelines and approved accounting procedures when such transfers are deemed necessary and proper to meet specified needs of the School System. The Code states:

"A county or city superintendent of education with the approval of his/her board shall have authority during the fiscal year to make such changes within the budget as are deemed desirable; provided, that schools are operated for the state minimum term according to rules and regulations of the state board-of education; and provided that a deficit is not incurred by such change or changes."

### **Local Funds Designated as Capital Outlay Funds**

Local funds designated as capital outlay funds shall not be transferred from one item to another except when approved by the Board.

## FUND BALANCE POLICY

### Purpose

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

### Governmental Fund Definitions

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

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

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

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

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

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

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

- B. Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Examples of restricted fund balances include: child nutrition programs, construction programs, and restricted grants.
- C. Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal action of the Board before the end of the fiscal year and that require the same level of formal action to remove the constraint.
- D. Assigned fund balances consist of amounts that are intended to be used by the school system for specific purposes. The Board authorizes the Superintendent or Chief School Finance Officer to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.
- E. Unassigned fund balances include all spendable amounts not contained in the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

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

The Board of Education along with the Superintendent and Chief School Finance Officer will periodically review all restricted, committed, and assigned fund balances. The Chief School Finance Officer will prepare and submit an annual report of all restricted, committed and assigned funds for the Board of Education.

## CURRENT BUDGET DEBT LIMITATION

### *Bonded Indebtedness*

The Board shall not incur any bonded indebtedness that shall require annual payments on the principle and interest in excess of eighty (80%) percent of the anticipated revenues from the ad valorem, gross receipt, and/or other taxes pledged to retire such bonds.

### *Current Indebtedness*

Tax proceeds that are not pledged to retire bonded indebtedness may be used for current expenses. All funds borrowed for current expenses shall be repaid before the end of the fiscal year in which such funds are borrowed, except that such provision shall not apply during years of proration.

The Board shall not spend or obligate to spend more money in any fiscal year than the income received during that year plus the balance on hand at the beginning of said fiscal year.

## **LOCAL TAX REVENUES**

The local tax structure for support of the School System is presently set at: (1) A four (4) mill county tax, a three (3) mill district tax, a five (5) mill special county tax, and a one (1) cent sales tax.

State law requires that School Systems must collect school taxes equivalent to 10 mills in order to participate fully in the Alabama Minimum Foundation Program.

## **BOND SALES**

All bonds issued by the Board shall be in accordance with all applicable laws.

### **Tax Anticipation Bonds**

Tax anticipation bonds shall be issued in accordance with the *Code of Alabama*, Section 16-13-70 through 16-13-77.

### **Special County and District Tax Bonds**

Bonds issued against any special county or district taxes shall be issued in accordance with the *Code of Alabama*, Sections 16-13-90 through 16-13-109.

### **Special License, Privilege or Excise Tax Bonds**

Bonds issued against any special license, privilege or excise taxes shall be issued in accordance with the Code of Alabama, Sections 16-13-120 through 16-13-122.

All proposed bond issues for the School System shall be recommended by the Superintendent and approved by the Board and State Superintendent of Education prior to offer for sale.

LEGAL REF.: *Code of Alabama*, Sections 16-13-70 to 77, 16-13-90 to 109, 16-13-120 to 122.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

**CENTRAL OFFICE DEPOSITORY OF FUNDS, CHECKING ACCOUNTS,  
AND CHECK SIGNATURES**

**Depository of Funds**

The Board requires that all funds of the Board, whether federal, state or local, be deposited in a bank designated as the depository of School System funds. The Board shall designate said depository at three-year intervals, or when in the opinion of the Board, the situation warrants it.

The depository of School System funds shall be located in the County and shall be a member of the F.D.I.C.

**Checking Accounts**

The School System shall establish a checking account with banking establishments approved by the Board serving as the depository of various school funds upon which checks may be drawn for payment of debts incurred by the School System.

All financial transactions of the School System shall be paid for by check and no cash payments shall be made.

**Check Signatures**

All checks issued in the name of the School System shall be signed by the Superintendent and Custodian of Funds.



## **BONDED EMPLOYEES**

In accordance with *Code of Alabama*, the Superintendent and the Custodian of Funds must give bond in an amount fixed by the State Superintendent of Education in a reputable surety company authorized to do business in Alabama. A certified copy of such bond shall be placed on file with the State Department of Education and with the Probate Judge of the County.

The Board delegates to the Superintendent of School the responsibility to secure surety bonds, in an amount of agreed upon by the Superintendent and the Board, for all employees of the School System who may be charged with the custody and/or responsibility for handling public school funds. Currently local school principals, local school secretaries/bookkeepers, local school lunchroom managers, and Central Office secretaries/ bookkeepers shall be bonded for not less than \$5,000.00. The Superintendent shall be bonded for not less than \$10,000.00 and the Custodian of Funds for not less than \$25,000.00 dollars.

The School System, by law, is authorized to expend public school funds to pay necessary premiums for said surety bonds.

LEGAL REF.: *Code of Alabama*, Sections 16-8-33, 16-9-3, 16-13-8 to 9, 16-1338; Eligibility Guidance for School Meal Programs, SDE Publication; Alabama State Department of Education, Division of Federal Administrative Service Spring, 1985 Publication.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **CENTRAL OFFICE ACCOUNTING PROCEDURES**

The following principles shall govern Central Office accounting:

1. A complete record shall be kept of all receipts and expenditures.
2. All accounting and reporting procedures of the School System and in all individual schools shall be in accordance with the laws of the State, with policies prescribed by the State Board of Education and by the Board.
3. All report forms and record books needed in a total program of school accounting and not otherwise provided by the State Board of Education shall be provided by the School System.
4. All monies received in the name of the Board and used by the Board shall be deposited in banks within the framework of accounts approved by the Board.
5. All expenditures of the Board shall be made by check.
6. The Superintendent or designee shall authorize payment of all bills.
7. No payment shall be made by the Custodian of Funds, which exceeds allocation in the budget except as authorized by the Superintendent and Board.
8. All expenditures shall be systematically recorded in line with the various sections of the budget in order that a true and accurate relationship between classified expenditures and the budget may be determined at all times.
9. All invoices that are in order for payment shall be paid regularly, month by month, in order that the financial status of the School System can be accurately determined at all times, and invoices covering all expenditures of the Board other than those supported by personnel payrolls shall be systematically filed.
10. Canceled checks shall be systematically filed so as to satisfy requirements of the law.
11. A cumulative and systematic record shall be kept of all accounts between the Board and individual schools in order that schools shall be responsible for their financial obligations and shall operate within the budget and individual school allocations approved by the Superintendent and the Board.

12. Accumulative, systematic, and up-to-date records shall be kept of approved purchase orders to the end of that financial status of the School System can be reliably determined at all times.
13. A cumulative and up-to-date record shall be kept of all insurance records and policies on school buildings, equipment, and insurable properties.
14. A complete and systematic file shall be kept on all Board property, including deeds and plots of school sites.
15. On the Board's regular meeting date of each month, the Superintendent shall make a monthly financial report on the status of the budget. This report shall present the book balances as per the financial records and shall show both expenditures and the amount of encumbrances. It shall also show the relationships that exist between classified expenditures and allocations in the budget (See policy DCH for more information).
16. It shall be the duty of the Superintendent to keep the Board informed as to the status of the budget and to make recommendations concerning needed revisions as provided for under law, State Department of Education rules and regulations, and Board policies.
17. A cumulative and up-to-date inventory shall be systematically kept of equipment and supplies owned by the School System (See policy ECCL for more information).
18. A cumulative and systematic record shall be kept of the cost of operation and the repair of each school building whose titles are vested in the State or the Board.
19. Other records shall be kept as prescribed from time to time by the Superintendent and/or the administration and the Board.

## **CENTRAL OFFICE AUDITS**

Central Office audits shall be conducted in accordance with requirements set out in the Alabama State Department of Education Audit Manual, Audit Standards for Alabama School Boards. This manual replaces Audit Guide for Local School Accounting, Bulletin 1990, No. 50.

By law local boards of education are required to be audited in accordance with state laws, federal laws and regulations, and the audit standards issued by the SDE.

LEGAL REF.: *Code of Alabama*, Sections 16-4-7, 16-13-9, 41-5-14; Alabama SDE publication, Audit Standards for Alabama School Boards.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **UNIFORM GUIDANCE FOR FEDERAL PROGRAMS**

Federal funds received by the Bibb County Board of Education, including Child Nutrition Program Funds, are subject to the requirements of the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles and Audit Requirements-Part 200. In accordance with those requirements, the following policies and procedures are hereby established:

### **Cash Management for Federal Funds**

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

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

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

**Determination of Allowable Costs**

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

- The proposed expenditure is included in the federal program budget;
- The proposed expenditure is reasonable and necessary for the federal program;
- The proposed expenditure is consistent with procedures for financial transactions of the board including:
  - Purchase order approval procedures;
  - Contract review and approval procedures;
  - Applicable competitive purchasing procedures and;
  - Documentation supports allowability of transaction.

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

**Travel Costs**

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

**Conflict of Interest**

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

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

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

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

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

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

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

**Procurement of Property and Services**

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

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

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

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

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

The board will request proposals for those professional service contracts (excluding architectural and engineering services) that are exempt under state procurement laws if the contracts exceed \$150,000 and will be paid from federal or child nutrition program funds. The board will utilize a team of three or more qualified individuals to conduct a technical evaluation of proposals received and for selecting recipients. As a part of the evaluation, the individuals on the evaluation team will sign an assurance that each of the individuals is in compliance with the board's conflict of interest policy.

**LEGAL REF.:** *The Code of Alabama*, Section 16-1-30  
**SOURCE:** Bibb County Board of Education, Centreville, AL  
**ADOPTED:** December 13, 2016



## CENTRAL OFFICE PURCHASING

### General

All purchases shall be approved by the Board, either as a part of the budget approval process, or approval through Board policy, or through special purchase approval.

All purchases shall be made through an approved purchase order/requisition plan (see policy DJEG for more information).

No purchases shall be made which obligate the income of a subsequent school year nor shall any purchases be made which encumber a School System fund or local school fund or account beyond the available resources of that fund or account.

Cooperative purchasing among all schools whenever possible is considered a practical means for achieving such high product efficiency at the lowest possible cost.

The Board shall stress purchasing procedures that are most conducive to securing the best possible quality of merchandise and/or services at lowest cost.

### Materials, Equipment, Supplies, Etc.

All purchasing involving expenditures labor, services or work, materials, equipment, supplies or other personal property in excess of the current maximum amount set in State Bid Law (currently \$7,500) shall be made by contractual agreement via free and open competitive bidding in compliance with 41-16-50 of *Code of Alabama*, unless such purchases are included in *Code of Alabama*, 41-16-51 categorization of items exempt from the bid law. Except that, items with a cost in excess of the current maximum amount set in State Bid Law (currently \$7,500) may be purchased from the State Bid List without taking bids (see policy DJED for more information).

### Public Works Projects

All purchases associated with public works contracts (building, construction, renovation, demolition, etc. of capital projects) in excess of the current amount set by the State Public Works Bid Law (currently \$50,000) shall be made by contractual agreement via free and open competitive bidding in compliance with *Code of Alabama*, Title 39, Chapters 1, 2, 3, and 5.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

LEGAL REF: *Code of Alabama*, Section 41-16-50, 41-16-51, Title 39, Chapters 1, 2, 3, and 5.;  
Legislative Act 97-225. Adaptation of policy adopted in 1974-complete revision,  
proposed for consideration.

## **PURCHASES REQUIRING BOARD APPROVAL**

The Board hereby grants the Superintendent the authority to approve purchases up to but not to exceed the current maximum amount set in State Bid Law (currently \$7,500) for labor, services or work, materials, equipment, supplies, other personal property or contracted services in emergency situations. Such situations shall be critical to the continued and efficient operation of the schools of the School System. In all cases, the Superintendent shall be required to apprise the Board at its next regular meeting of any such emergency purchases.

## BIDS

### *Bid Limits Materials, Supplies, Etc.*

The Board recognizes that expenditures of public school monies in excess of the current maximum amount set in State Bid Law (currently \$7,500) made by the Board for labor, services, work, or the purchase or lease of materials, equipment, supplies or any other personal property, with limited exception, shall be contracted by free and open competitive bidding with sealed bids and shall be awarded to the lowest responsible bidder meeting specifications. Except that,

1. bids are not required when purchasing certain goods and services as specified in *Code of Alabama*, Section 41-16-51, and
2. in emergency situations affecting public health, safety or convenience, purchases may be made without bids as specified in *Code of Alabama*, Section 41-16-53, and
3. items with a cost in excess of the current maximum amount set in State Bid Law (currently \$7,500) may be purchased from the State Bid List without bids.

### *Bid Limits Capital Purchases*

Bid limits (currently \$50,000) related to facility and other building projects (public works) shall be let in accordance with *Code of Alabama*, Title 39, Chapters 1, 2, 3, and 5 (Legislative Act 97-225).

### *Local Purchasing*

It shall be the option of the Board to give preference to local firms when purchasing goods and services from bids. Provided the quality of service or product is not sacrificed and the prices are competitive and in accordance with the Bid Law, bid items may be purchased locally provided the local bid is not in excess of three (3) percent for personal property and one (1) percent for construction projects. The Board defines "local firms" exclusively as those firms having home or branch offices/stores/outlets in Bibb County or in counties contiguous to Bibb County (see policy DJEE).

**Advertising Procedures**

The Board shall authorize advertisement of all proposed purchases in excess of the current legal base by posting notice thereof on a bulletin board maintained in the Central Office and in any other manner and for such lengths of time as may be determined; provided, however, that sealed bids shall also be solicited by sending notice by mail to all persons, firms, or corporations who have filed a request in writing that they be listed for solicitations on bids for such particular items as are set forth in such request. If any person, firm, or corporation whose name is listed fails to respond to three (3) solicitations, such listing may be canceled. If the purchase or contract involves an amount less than the current legal base, the purchases or contracts may be made upon the basis of sealed bids or in the open market. No purchase or contract involving an amount in excess of the current legal limit shall be divided into parts involving lesser amounts for the purpose of avoiding the requirements of this policy.

**Bid Specifications**

The Board or its designee(s) retains sole authority in determining written bid specifications.

Or Equivalent-- The term "or equivalent" may be used in bid specifications where deemed appropriate. When so specified as part of the written bid specification, the Board or its designee(s) shall be the sole determiner of what is equivalent

Sample Requirements-- The written bid specifications may include a requirement of providing a sample(s) of the product(s) under consideration for bid. In such cases, failure to provide such requested sample(s) may constitute grounds for bid rejection.

**Bid Openings**

All bids shall be opened at an official bid-opening meeting at the time and place specified in the bid specifications. They will be referred to the Board for final action. The Board will be guided by recommendation of the Superintendent.

**Bid Awards**

A record of all bid awards (to include the names of successful and unsuccessful bidders, bid amounts, and other pertinent information) shall be recorded in the minutes of the Board.

**Bid Opening Records**

All materials and records related to bid openings (i.e., a listing of all bids received, bid envelopes, associated materials, etc.) shall be kept of file for the required time period specified by *Code of Alabama*, Section 41-16-54 (currently seven (7) years).

**Emergency Purchase Declaration**

A written declaration setting forth the condition(s) that necessitated emergency purchase under provisions Title 41-16-53 of the *Code of Alabama* shall be drafted, approved by the Board, and recorded in the minutes of the Board in each such case.

**Bids Through the Central Office**

All bids made in behalf of the School System or local schools shall be handled through the Central Office.

**Bid Inspections**

Once bids are opened, they will be kept of file for public viewing.

LEGAL REF.: *Code of Alabama*, Sections 41-16-50; 41-16-51, Title 39, Chapters 1, 2, 3, and 5;  
Legislative Act 97-225; Act No. 1136 Regular Session, 1975.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **LOCAL PURCHASING**

It shall be the policy of the Board to give preference to local firms when purchasing goods and services through bid or quotes provided the quality of the service or product is not sacrificed and the price is competitive. In accordance with Alabama's Bid Law, a bid may be awarded to a local firm or business provided the local bid is not in excess of three percent (3%) of other bid prices. The Board defines "local firms" exclusively as those firms having home or branch offices/stores/outlets in Bibb County and in counties contiguous to Bibb County.

## PURCHASE ORDERS

### Central Office Funds

A Central Office purchase order is required for all purchases to be made with funds controlled by the Central Office. The purchase orders must be completed by the applicable Central Office supervisors, directors, etc. and/or principal/work site supervisor. All Central Office purchase orders/requisitions encumbering funds controlled through the Central Office shall be approved (signed) by principal/work site supervisor and Superintendent or designee prior to the purchase of any materials, goods, services, or equipment.

Purchase Orders/Requisitions from Central Office Departments and Local Schools shall contain the following information:

- a) Signature of principal/work site supervisor
- b) Listing of item(s) to be purchased
- c) Number of item(s) to be purchased
- d) Price of item(s) to be purchased
- e) Name of vendor and complete mailing address
- f) Name of person completing request
- g) Fund source (according to the budget from which to be paid)

### Local School Funds

A local school purchase order/requisition is required for all purchases to be made with funds controlled by local schools. All local school purchase orders/requisitions encumbering funds controlled by the school shall be approved by principal/ or designee prior to the purchase of any materials, goods, services, or equipment.

Local school purchase orders/requisitions shall contain the following information:

- a) Signature of principal or designee
- b) Listing of item(s) to be purchased
- c) Number of item(s) to be purchased
- d) Price of item(s) to be purchased
- e) Name of vendor and complete mailing address
- f) Name of person completing request
- g) Fund source

**Purchasing Liability**

Failure to complete and/or secure proper purchase order approval(s) prior to any purchase will result in the individual(s) making the invalid purchase, personally responsible for payment of such purchase. Any exceptions to this liability must be based on standards of reason that would be acceptable for consideration.

**General**

The following general guidelines are applicable to Central Office and local schools:

1. Blank purchase orders/requisitions shall not be approved.
2. "Open purchase orders" shall not be approved.
3. Purchase orders shall be prepared on all items or services with a separate purchase order for each vendor and/or purchase.
4. Purchases shall not be made from vendors who do not participate in the system's purchase order procedure.
5. Any single purchase or multiple purchases of a single item during the fiscal year which is equal to or exceeds the state bid law limit shall be bid and be approved by the board (see policy DJED for more information).
6. Purchases from reimbursable funds administered by state and/or federal agencies shall comply with the regulations of those agencies.

SOURCE: Bibb County Board of Education, Centreville, AL  
ADOPTED: January 22, 2001



## **VENDOR RELATIONS**

The School System shall always promote Vendor-School System relations through honest and fair business transactions. The Board and employees of the Board shall always seek to secure quality services and products in the most economical manner. Favoritism of certain vendors shall not be the policy of the Board.

No member of the Board, or employee of the Board, will accept gifts from any person, agency, or company doing, or desiring to do business with the School System. All business related gratuities are specifically prohibited.

LEGAL REF.: *Code of Alabama*, Sections 16-8-7, 16-8-9, 16-11-9, 16-12-3(a), 36-25-2(a), (b), (d),  
36-25-5(a) to 7.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## EQUIPMENT INVENTORIES

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

Procedures - Inventories shall be completed based on the following guidelines and procedures:

### **FIXED ASSETS - EQUIPMENT WITH A PER UNIT COST OF \$5,000.00 OR MORE**

Equipment with a per unit cost of \$5,000.00 or more shall be considered as a fixed asset and shall be assigned an inventory number and added to the inventory list. The local school principal or work site supervisor shall be responsible for completing a Fixed Asset sheet.

The major classifications of general fixed assets are:

1. Real Property
  - Land
  - Land Improvements
  - Building Improvements
2. Personal Property
  - Equipment
3. Construction in Progress

New fixed assets should have a fixed asset equipment form completed as soon as they are purchased/acquired – NOT AT THE END OF THE YEAR. All information on the form should be completed. Send the form to the central office as soon as possible. The item will be added to the inventory computer. The addition form will be returned with a bar code sticker to be added to the item. The school principal or work site supervisor shall be responsible for attaching the inventory number to the equipment in a permanent manner.

**EQUIPMENT WITH A PER UNIT COST LESS THAN \$5,000.00**

Equipment with a per unit cost less than \$5,000.00 shall be added to the school inventory equipment form by the school principal or work site supervisor. One copy shall remain on file at the school and one copy submitted to the central office as soon as possible after the item is purchased/acquired.

Equipment here shall be defined as any item with a per unit cost of less than \$5000.00 and meets the following criteria:

1. Retains its original shape and appearance with use.
2. Under normal conditions is expected to serve its intended purpose for longer than one year, and;
3. Is non-expendable; that is, if the item is damaged or some of its parts are worn out, it is more feasible to repair the item than to replace it with a new unit.

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

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

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

Disposal or Deletion Procedure - The following procedure shall be followed when equipment is to be disposed of and deleted from the equipment inventory:

1. The Superintendent or designee must be notified prior to the disposing of equipment owned by the School System (the sale of all School System owned property will be handled through the Central Office to ensure compliance with all legal requirements).

2. The disposal and deletion of equipment shall be recorded on the equipment inventory as one of the following: sale of equipment, trade-in on other equipment, removal due to obsolescence or wearing out, damaged beyond repair or loss due to disaster or theft.

Assignment

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

Each school shall receive a copy of its inventory at the first of May.

Any deletions or transfers must be on a form. Do not write on the computer sheet. No equipment should be removed, sold or transferred without first completing a form.

Stolen items must have a police report attached to the deletion form.

LEGAL REF.: *Code of Alabama*, Sections 16-13-31 to 32, 16- 13-38(d), 41-5-14, 41-5-43.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

REVISED:

## **INSTRUCTIONAL MATERIALS AND SUPPLIES**

To ensure that the Board complies with the State of Alabama Act 97-934 regarding the allocation of state instructional materials and supplies funds, the following criteria shall be followed:

1. Each school in the School System shall have a five-member budget committee comprised of four teachers and the principal or the principal's designee. The teachers on the committee shall be elected annually by secret ballot by majority vote. The budget committee shall propose a budget for materials and supplies that shall outline common purchases and shall specify the common items that may be purchased. The proposed budget shall also specify the amount to be allotted for each teacher. The committee shall elect a chairperson and a secretary. The secretary shall be responsible for keeping minutes of the meetings of the budget committee and actions taken to approve the budget during the secret balloting process. The committee may form advisory subcommittees from teachers at the various grade and/or department levels.
2. The committee shall propose a budget and present it to the teachers prior to the ending of each school year. By a majority vote, the teachers shall have the opportunity to approve the proposed budget utilizing a secret balloting process. Teachers shall have at least two (2) work days to review the proposed budget before a vote is taken. Any proposed budget that does not receive approval shall be returned to the budget committee for reformulation, taking into consideration the teachers' recommendations. If the proposed budget is not approved, the budget committee shall submit another proposed budget for review and consideration by the teachers, and this procedure shall continue until such time as the teachers approve a budget. The budget must be reviewed, revised if necessary and ratified at the beginning of the subsequent school year by a majority vote using the secret ballot process.
3. Monies allocated for materials and supplies may be spent for classroom instructional purposes only. Instructional equipment and electrical equipment that are utilized with students in the teacher's classroom are permissible.
4. Instructional materials and supplies monies must be made available to the local school system by the State Department of Education before allocations can be made to teachers.
5. Instructional materials and supplies monies shall be encumbered no later than March 1 annually.

6. Each local school budget must contain a plan for the expenditure of unspent funds on balance by April 1 of the school year. The plan must be approved by secret ballot vote by a majority of the teachers at the school.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

LEGAL REF.: *Code of Alabama*, Section 16-36-29.1 amended, 16-1-8; Legislative Act, 97-934.

**LOCAL SCHOOL ACCOUNTING AND REPORTING  
(BOARD APPROVAL)**

All local school accounting and reporting systems must be approved by the Board prior to their use. The Board desires to keep the different types of accounting and reporting systems used by local schools to an absolute minimum in order to facilitate consistency. All accounting and reporting systems utilized in the schools must be approved by the State Department of Education.

Currently, the Board has approved for use in the schools of the School System, the Uniform Accounting System for Local Schools in Alabama Revised.

## **LOCAL SCHOOL ACCOUNTING AND REPORTING (GENERAL POLICIES)**

Local school principals shall be responsible for ensuring that the following financial guidelines are complied with in their respective schools:

1. The principal shall be responsible for the proper handling of all business affairs in the school. This includes the establishment of bank depository accounts, savings accounts, receipt and disbursement of funds, financial records and reports. The principal, as trustee, is responsible for replacement of student activity money improperly spent.
2. The school bookkeeper shall be responsible to the principal, and shall receive and account for all school funds in accordance with procedures prescribed by these policies.
3. Only authorized local school employees shall receive and disburse school funds and incur indebtedness on behalf of or in the name of the school.
4. All money collected from students on school premises and all money collected at school-sponsored activities, on or off the premises, shall be accounted for through the school accounting system. The principal may permit those organizations whose officers are comprised of parents and students to handle their own financial transactions.
5. All local school funds shall be deposited in one central bank account, with the exception of cafeteria funds that shall be in a separate school cafeteria account. All funds shall be deposited in a banking institution insured by the Federal Depositors Insurance Corporation and located in the County.
6. All money received by the school shall be deposited as promptly as possible, daily if feasible.
7. All checks received by the school should be endorsed for deposit immediately upon receipt.
8. The use of a petty cash account should be avoided if possible. If petty cash funds are established, they may be used only to initiate the daily operation of school stores and lunchrooms. Purchases may not be paid for from such funds.
9. School financial records shall not be destroyed without the authority of the Superintendent for the periods of time specified in Policy EIB. All personnel records, earnings records, student records, and the general ledger are considered permanent records and should be retained in the department permanently.



10. Funds shall not be transferred from one account to another by borrowing or otherwise, except as authorized in writing by the principal, faculty sponsor, and student representative if applicable. (See File DNB)
11. All school instructional fees, charges, contributions, and deposits shall be collected only as authorized by the principal and not contrary to the established policies of the Board.
12. Any funds excess to the school's immediate needs should be invested in a savings or interest-bearing check account that is insured by the FDIC.
13. A teacher/individual receipt should be given for all money collected in a school with the following exceptions:
  - a. money collected through the sale of tickets to be used as admission to a public performance,
  - b. money collected as an admission fee to a public performance,
  - c. money collected for lunches,
  - d. money collected through the sale of merchandise in a school store.
14. A master receipt shall be prepared for all money received in the school office.
15. All funds should be turned in to the school office as soon as possible after receipt.
16. All funds collected in a school shall be expended for the expressed purpose for which they were collected. All funds generated from continuing or recurring events, school store or athletic events should be used to support that activity and other purposes that will benefit the student body.
17. A local school purchase order approved by the principal shall be issued for all purchases requested by school employee or sponsor.
18. Supporting documents shall be on file for all expenditures. Supporting documents shall consist of a canceled check, approved local school purchase order and itemized invoice signed by an authorized representative of the school to verify receipt of the goods or services.
19. All checks shall be personally signed by the principal or in his/her absence, a designee.
20. Local school funds shall not be expended for personal long-distance telephone calls, personal loans, or for any other purpose other than a direct benefit of the school or student body.

21. Funds collected from students for lost, damaged or sold textbooks shall be accounted for by the schools and shall remain at the school until the end of the year. These funds must then be sent to the Board and “deposited” to the credit of the local textbook fund and shall be used for the repair, maintenance and replacement of textbooks.
22. Travel expenses reimbursed from local school funds shall be in accordance with State and Board policies. This applies to all local school personnel. An approved travel requisition for reimbursement must be on file to document expenditures. Only reimbursement for travel related to school business that has prior approval of the principal will be allowed.
23. Supplemental salaries or bonuses to regularly employed full-time (20 hours or more per week) school employees shall not be paid directly from local school funds. Such payments shall be made through the normal payroll procedures at the Central Office, and the school will reimburse the Central Office for the salary and applicable employment taxes.
24. Local school principals may contract on a short-term basis with individuals to perform temporary job tasks (example, students to clean football stadium, work in lunchroom, etc. and adults to mow grass or perform custodial-type functions, etc) and pay such individuals a contracted price directly from local school funds. Such individuals shall be considered as contracted personnel and shall not be considered as employees of the Board. Said individuals shall not be eligible for any benefits provided to regular full-time employees.
25. Local school principals shall be required to follow regular employment practices (recommendation of Superintendent, a majority vote of the Board, and action recorded in the Board's minutes) when securing the services of individuals to be paid from local school funds on a regular (more than 3 consecutive months) basis. In such cases, the salary or wages of such employed individuals shall be reimbursed to the Central Office by the local school principal from school funds and such individuals will be paid through normal payroll procedures from the Central Office.
26. The State Bid Law shall be complied with when purchasing goods and services. The Superintendent or designee must be contacted regarding procedure to be followed when letting bids. All bids in the name of the School System and local schools must be let through the Central Office.

27. Equipment with a per unit cost of \$5,000.00 or more shall be considered as a fixed asset, shall be assigned an inventory number, and added to the Equipment Inventory List. The inventory number assigned by the local school shall be permanently placed on all such items for identification purposes. Local school personnel must complete a Fixed Asset Inventory Form on all equipment purchases costing \$5,000.00 or more and send the form to the Central Office. All other equipment purchases costing less than \$5,000.00 must be added to the school's Supplemental Equipment Inventory Sheet. Equipment is defined as: Equipment items costing less than \$5,000.00 per unit will be classified as "materials and supplies", and will not be considered as fixed assets. Examples are small tables, electric pencil sharpeners, and file cabinets. However, a supplemental inventory of these items will have to be maintained for fire insurance and other purposes. You should also include on this supplemental inventory maps, globes, stop watches, microscopes, expensive instructional tapes or materials, and other items of value.
26. Each principal shall be responsible for the monthly financial report that shall show the financial status of his/her school. A copy shall be sent to the Superintendent by the 10<sup>th</sup> of each month. Send a copy of the bank statement with the diskette.
27. An accounts payable report for the general fund shall be prepared and sent to the Central Office at the end of each school year. Accounts with repayment schedules extending beyond the next scholastic year should be identified. An explanation of the proposed repayment schedule should be included in with the year-end accounts payable report. (See 6(i), page 10)
28. Receipts and expenditures shall be classified in accordance with guidelines stated in the policies of the Board.
29. No contributions to fund-raising drives for charitable organizations may be made from the school's general fund. However, funds may be collected for such a purpose and should be recorded (receipts and disbursements) in Special Activity Account Set-up.
30. All school fundraising projects must have a clearly stated purpose for raising the funds and a beginning and ending date for each project.

LEGAL REF.: *Code of Alabama*, Sections 16-13-32, 16-13-38(d), 41-5-23, State Department of Education, Bulletin Number 32, 1982.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001; REVISED: September 24, 2001

## **LOCAL SCHOOL ACCOUNTING AND REPORTING (CASH RECEIPTS)**

Extreme care must be taken when receiving and recording receipts of cash by the school. The school principal is responsible for safeguarding this money and maintaining accurate records indicating the purpose for which this money is received. All funds received should be accounted for by a pre-numbered receipt form.

### **Teacher/Individual Receipt**

1. Pre-numbered receipt books should be used to record receipts of cash by a school teacher or other individual. A class receipt record may be used to record small collections from students. Such a form could be made by listing each student and the amount collected from him/her. This form should be totaled and signed by the teacher, and then turned in to the school office with the money collected. For this, the teacher/individual will receive a master receipt.
2. Teacher/individual receipt books should be distributed and assigned by the principal. The receipt book should be signed for by the individual responsible for it, and shall be accounted for by the book number and receipt number. All receipts in a book should be used before a new book is requested.
3. The person preparing a receipt should carefully prepare each receipt in a way that all copies are legible.
4. Each receipt shall be issued in duplicate:
  - a. The original shall be given to the pupil or individual from whom the money is collected.
  - b. The duplicate shall remain in the receipt book and shall not be removed.
5. Each receipt shall be carefully completed with date, payee, amount purpose, and name of the person receiving funds.
6. The total amount of cash received daily should be turned in to the school office. The amount turned in should be supported by the duplicate teacher/individual receipt; the total of the duplicate receipts should be the same as the total amount of cash being turned in.

7. If it becomes necessary to void a receipt, the teacher/ individual shall mark all copies "VOID" and shall leave the original and duplicate copies in the receipt book. Do not destroy the original copy of the receipt.
8. If a receipt book is lost, the principal should be notified immediately.
9. When a receipt book is turned in, the bookkeeper shall reconcile the total of the duplicate copies of the teacher/ individual receipts to the master receipt book. The total of the duplicate copies must equal the total of the money received in the master receipt book. Any difference must be reconciled.
10. Any shortage of money should be reported in writing immediately to the principal.

**Report on Sale of Tickets**

1. Pre-numbered tickets shall be sold for admission to athletic events and other events selected by the principal such as concerts, plays, etc.
2. When pre-numbered tickets are used, the Report on Sale of Tickets form shall be completed and turned in to the principal. (Form 6-A)
3. The bookkeeper should verify this report after it is turned in. Any differences should be reconciled.

**Master Receipt Book**

1. The receipt book used for receiving and accounting for all cash received in the school office is the master receipt book. Only one master receipt book shall be used at a time for the general fund. Only pre-numbered receipt books should be used for this purpose.
2. Each master receipt is issued in duplicate and handled in the following manner:
  - (a) The original shall be given to the teacher, sponsor or individual that turns in the funds. The duplicate shall remain in the receipt book and shall not be removed.
3. When money is turned in to the office, it is verified against the duplicate teacher/individual receipt or other applicable report that accompanied the funds. The principal or his/her designated assistant shall then issue a master receipt for the total sum of the money turned in. The money should be carefully compared to the supporting documents so that the master receipt will be for the exact amount of funds received.

4. The receipt should be carefully prepared showing the amount, date, source, teacher/individual turning in the funds, and the receipt numbers of the teacher/individual receipts. The receipt should be properly signed by the principal or his/her designated assistant.
5. The original copy of the master receipt should then be given to the teacher/individual turning in the funds, and the duplicate copy should remain in the master receipt hook
6. All duplicate copies of the teacher/individual receipts and other supporting documents for cash receipts should be carefully handled in the school office each day so that none are lost. Each day the duplicate copies of the teacher/individual receipts and other documents should be added and the totals should be checked against the total of the master receipt copies for that day. The total cash received for the day should reconcile to the total of the master receipts prepared that day.
7. If it becomes necessary to void a master receipt, mark the receipt "VOID" and leave both the original and duplicate in the receipt book.
8. If an error is made in preparation of the receipt, do not erase. Draw a line through the incorrect information and insert the correct information above. The person making the correction should initial the correction.
9. The master receipt book should be safeguarded at all times. If the book cannot be located, the principal and the Superintendent must be notified immediately.

### **Bank Deposits and Care of Money**

1. All money received must be deposited in the school checking account. This checking account is to be established in a bank that is a member of FDIC and located in the County.
2. Money should never be kept in a school building overnight except petty cash funds established to initiate the daily operation of school stores and lunchrooms. The principal, bookkeeper, or other school personnel shall not carry money on his/her person or keep money at home until it is convenient to deposit it.
3. Unless otherwise authorized by the Superintendent deposits should be made daily. If it is not convenient to make deposits during the day, night depository procedures should be followed.

4. Bank deposits should be made using duplicate deposit slips furnished by the bank with the name of the school account and the account number pre-printed on the slip. The original of the slip should accompany the bank deposit to the bank and the duplicate copy should be retained by the school for possible future verification.
5. The deposit slip should show the numbers of the master receipts covered by the deposit. There should be no erasures or other alterations to a deposit slip.
6. All checks received should be endorsed "For Deposit Only" and the name of the school account and the account number. If there are many checks to be endorsed, a rubber stamp should be acquired and used for this purpose.

LEGAL REF.: *Code of Alabama*, Sections 16-13-32, 16-13-38(d), 41-5-23; State Department of Education, Bulletin Number 32, 1982.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **LOCAL SCHOOL ACCOUNTING AND REPORTING (PURCHASING AND PURCHASE ORDERS)**

The principal must ensure that good, sound business practices are followed regarding the purchase of goods and/or services from the school's general fund. In order to control the purchasing, the principal should determine the need for the goods and/or services and the availability of funds, and then approve or disapprove the proposed purchase. If he/she approves the purchase, he/she should sign a purchase order to document his/her approval, and then the purchase can be processed.

1. The principal will be responsible for approving all purchases made on behalf of the school.
2. A local school purchase order (Form LA-5) shall be issued for every local school purchase of goods and services except for recurring expenditures such as school telephone, school utilities, bank service charges, and other expenditures not requested by a local school employee or sponsor. The purchase order number and account name (general, lunchroom, etc.) shall be written in the upper corner of each purchase order.
3. The individual making the purchase shall be responsible for preparing a local school purchase order prior to making the purchase.
4. Only purchase order forms approved by the Board (LA-5) and (SAS) shall be used by local schools.
5. A student body organization shall not be obligated for purchases made by students, sponsors, faculty, and others unless supported by a local school purchase order signed by an authorized person.
6. The following procedure shall be used when preparing a local school purchase order:
  - a. The Requisition - Purchase Order Form (LA-5) should be filled out completely by the individual wishing to make the purchases: officer, sponsor, or other responsible person.
  - b. The completed purchase order should be checked for accuracy by the school secretary or bookkeeper. The account from which the purchase is to be made should have funds adequate to cover the cost of the purchase.
  - c. Final approval for a purchase made with local school funds rests with the school principal.



- d. After the purchase order has been completed and approved by the principal, a purchase order number is assigned. Numbers shall be given in chronological order.
- e. A purchase order register should be maintained recording date, vendor, purchase order number, account classification and total order.
- f. The copies of the purchase order are distributed as follows:
  - (1) Original (white) is submitted to the vendor for the purchase. (2) The duplicate (pink) copy should be maintained in the principal's office. (3) The triplicate (yellow) copy should be returned to the organization requesting the order.
- g. When the goods or services ordered are received, the invoice shall be checked against the purchase order and the person receiving the goods or services shall sign and date the invoice indicating that the goods or services have been received. The invoice and packing slip shall then be attached to the duplicate copy of the purchase order and placed in the accounts payable file to be paid.
- h. As invoices are received, or incurred expenditures become measurable, they should be posted to the respective vendor. This provides an accounting for all unpaid obligations of the General Fund.
- i. A year-end summary or report of all accounts payable is to be made at the end of the school year. All account payable for goods or services received (including debts to the School Board or other schools) must be listed regardless of the date when payment is due. If payment of an obligation will not be completed in the next school session, a written explanation should be attached to the report explaining the circumstances and stating the payments that will be made. If the exact amount of the payable is not known when this report is due, an approximate charge is to be reported with an indication that the figure is estimated. A payable does not exist unless the goods or services have been received.

LEGAL REF.: *Code of Alabama*, Sections 16-13-32, 16-13-38(d), 41-5-23 State Department of Education, Bulletin Number 32, 1982.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

REVISED: September 24, 2001

## **LOCAL SCHOOL ACCOUNTING AND REPORTING (CASH DISBURSEMENTS)**

The principal must ensure that all disbursements from the schools general fund are adequately documented and are made only by check. No petty cash funds shall be maintained, except those established to initiate the daily operations of school stores and lunchrooms. No other payments should be made by cash.

1. All cash disbursements shall be made by check to a specific payee. No checks shall be made payable to CASH.
2. Schools are to require their banks to issue monthly checking account statements with the closing date being the last business day of the month.
3. Schools shall use printed checks obtained from the bank. The checks shall be consecutively pre-numbered. The school's name or account name and address should be printed on the checks.
4. The school principal shall sign all checks drawn on the school's accounts.
5. Each check issued must have the following supporting documentation:
  - a. Invoice from the payee; or if invoices are not furnished by the vendor, a form prepared by the school with complete information regarding; the date, the name of the vendor, quantity and description of the items purchased, unit price, extensions, and total.
  - b. Copy of the local school purchase order signed by the principal.
6. Checks shall be carefully written and the stub correctly completed with the information identical to that recorded on the checks.
7. When writing checks, the following guidelines should be followed:
  - a. All checks should be written in ink or typewritten.
  - b. No erasures or other alterations should be made.
  - c. No important part of the check should be written over or changed.
  - d. Handwritten checks should be legible.
  - e. All spaces on a check should be filled in to prevent additions by anyone finding the check.

- f. All checks should be personally signed by the principal or in his/her absence, A designee after he/she has examined the supporting documentation. This Responsibility should not be assigned to anyone else since the principal is solely responsible for all cash transactions of the funds under his/her control.
  - g. Blank checks should never be signed. This action makes the signer personally liable for anything recorded over his/her signature.
8. If an error is found on a check stub at some later time, make the adjustment on the most current stub rather than erasing or crossing out amounts. Make a notation referring to the stub on which the error originated. Also make a notation on the stub containing the error to the effect that the correction was made on a subsequent stub.
  9. If an error is made on a check at the time it is prepared or after it has been signed, write the word "VOID" across the face of the check and across the signature block of the voided check.
  10. If a check is voided after it has been recorded in the ledger, draw a line through the entry, correct the total column, and adjust the balance in the checkbook.
  11. Do not destroy voided checks - attach them to their respective stub or keep them in a void check file to be made available during audits.
  12. If checks issued by the school are still outstanding after being carried on the books for a year, it is recommended that such checks be canceled. A canceled check should not be added back to the balance as a receipt as this will overstate the total receipts for that period.
  13. If a blank school check or a check that has been written is lost or stolen, the bank shall be notified and a "Stop Payment Order" should be issued by the bank for that check.
  14. If a "Stop Payment Order" is issued for a check that has been written, the amount of the check shall be added to the last check stub, with a notation being made on the stub of the check involved.

LEGAL REF.: State Department of Education, Bulletin Number 32, 1982.  
SOURCE: Bibb County Board of Education, Centreville, AL  
ADOPTED: January 22, 2001

## **LOCAL SCHOOL ACCOUNTING AND REPORTING (ACCOUNT CLASSIFICATIONS)**

The accounts needed by an individual school will vary according to the needs of that school and the wishes of the principal. In order to have a consistent classification among all schools receipts and disbursements should be classified using the following categories as a guide.

- A. Fees - This category shall contain all revenue from approved instructional and material fees, and the expenditure of these fees for instructional supplies and materials.
- B. General - This category shall contain all receipts and disbursements for office supplies, miscellaneous items used directly in the office or in the school as a whole.
- C. Clubs - This category shall contain the receipts and disbursements from any clubs in the school.
- D. Classes - This category shall contain all receipts and disbursements from any organized classes in the school.
- E. Accommodation - This account is used by all schools for the receipt and disbursement of funds collected for certain charitable drives such as United Fund, or other special drives or collections.
- F. Athletics - This category shall contain all receipts and disbursements relating to athletics.
- G. Student Activities - This category shall be used for organizations or groups that receive and disburse funds from certain projects.
- H. Other - This category shall contain receipts and disbursements from activities that are not covered in one of the other categories. This category may contain individual accounts such as a coke fund, school pictures, school store, school insurance, or various other activities.

LEGAL REF.: State Department of Education Bulletin, Number 32, 1982.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **FINANCIAL ACCOUNTING FOR SCHOOL CLUBS AND ORGANIZATIONS**

The Board endorses and supports rules and regulations by the Alabama State Department of Education and the Southern Association of Colleges and Schools pertaining to fund raising activities by school related clubs and/or organizations.

This regulation is stated as follows:

"Permanent, accurate records must be kept of all fees collected by or through the school, and of all funds received and expended by the school or its agencies, such as athletic associations, club and class organizations, band-parent organizations, and others. An accounting shall be completed for each year showing cash balances, accounts receivable, and accounts payable. This summary used in the Revised Uniform System of Local Accounting shall be drawn at the end of each calendar month and a report of the same shall be sent to the local superintendent of education. Purchases should be made by purchase orders and receipts should be issued for all monies received."

### **In-School Clubs and Organizations**

All in school student clubs, organizations, etc., must follow the regulations as stated. In-school organizations maintaining financial accounting through the school may take advantage of the school's tax exempt status by purchasing school supplies, materials and equipment through the school.

All drafts for the expenditure of funds from the club and/or organization account shall be authorized by said club and/or organization, the club sponsor, and the school principal. The check shall be signed by the principal. The principal shall maintain a separate subsidiary account for each club and/or organization.

### **School Related Clubs and/or Organizations**

The Board recognizes the value of certain clubs and/or organizations that support the school's purposes and desires to work with such groups as the PTA, PTO, Band Parents, Athletic organizations, etc., for continued school improvement.

The organizations may maintain separate financial accounts and records if they so desire. However, if such club and/or organization wish to maintain separate financial identity from the school, then any and all activities of the club and/or organization must be separate. If the club and/or organization use school personnel or resources to assist them in their financial activity, then it is necessary that the club and/or organization be required to maintain financial records and accounts through the school or present an annual financial report to the school principal. All such clubs and/or organizations using schools of the School System's name to collect or solicit funds must have prior approval of the Board.

Clubs and/or organizations maintaining separate financial entity from the school may not take advantage of the tax-exempt status of the school.

**Donations by Clubs and/or Organizations to the Schools**

In the event a club and/or organization wants to purchase goods or services for the school or make a donation to the school, the organization's treasurer should make a check payable to the school for the donation or the cost of the item(s) to be purchased. The principal should, in turn, give the treasurer of the organization a receipt for the amount of money received from the organization. The principal shall deposit and send all monies through the school's uniform local accounting system. A separate subsidiary account shall be maintained for each such club and/or organization.

**Concession Sales at School Activities**

Concession sales at school activities shall be operated by the school, student groups, or parent groups as approved by the principal.

All income from school activities and concession sales operated by school or student groups shall be deposited in the appropriate school account and shall be disbursed in accordance with Board policy, standards of the Southern Association of Colleges and Schools, and State Department of Education regulations. All such funds shall be subject to audit by the Board. Income from such activities and sales by parent groups shall be handled in accordance with the guidelines outlined in the above section related to clubs and/or organizations.

LEGAL REF.: *Code of Alabama*, 16-8-7; Attorney General's Opinions, June 27, 1972 and October 22, 1980. State Department of Education Statement, Dr. Teague's Letter, Sep. 16, 1977.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **LOCAL SCHOOL AUDITS**

As required by the State Board of Education, local school funds and accounts shall be audited by State Examiners of Public Accounts. Such audits shall be conducted in accordance with the Alabama State Department of Education Audit Manual, AUDIT STANDARDS FOR ALABAMA SCHOOL BOARDS.

LEGAL REF.: Alabama State Department of Education Audit Manual, AUDIT STANDARDS FOR ALABAMA SCHOOL BOARDS.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

## **ADMISSIONS AND CONCESSION CHARGES**

The Board desires that admission charges be kept to a minimum. The admission charges shall be fixed at amounts permitting the maximum number of students to attend while covering the cost of providing such activities.

Concession sales at school activities shall be operated by the school, student groups, or parent groups as approved by the principal.

All income from school operated activities and concession sales shall be deposited in the appropriate school account and shall be disbursed in accordance with Board policy, standards of the Southern Association of Colleges and Schools, and State Department of Education regulations. All such funds shall be subject to audit by the Board.



## **LOCAL SCHOOL STORES**

The Board authorizes the Superintendent to grant permission for the operation of stores selling merchandise that is needed by students to facilitate classroom instruction. School stores shall operate as a convenience to the students and shall not in any way interfere with the educational process or cause any student to be in class less than minimum number of hours required by State and Board policies.

A subsidiary account, to include adequate profit loss data, shall be kept for school stores, subject to audit. Profits derived from sales shall be used for general items supporting the school as a whole. School stores shall not operate on a deficit basis.

**CASH ADVANCES FOR STUDENT PARTICIPATION IN  
EXTRACURRICULAR ACTIVITIES/FIELD TRIPS**

NOTE: In every instance attempts shall be made to determine costs associated with such activities and a check made directly to the vendor when possible.

Cash advances to teachers/coaches/sponsors to defray costs associated with student\* participation in extracurricular activities/field trips, etc. shall be held to an absolute minimum. However, in situations where costs associated with student participation in extracurricular activities/field trips are not known and cannot be known prior to such events, cash advances may be made based on the following provisions:

1. The person responsible for the budget from which such funds are to be drawn must give written approval based on a written request outlining specific cash needs and amounts; principal for local school funds, Superintendent for Central Office funds.
2. The funds shall be disbursed in the form of a check made out to the teacher/coach/sponsor in charge of the event.
3. The teacher/coach/sponsor will endorse and cash the check and pay appropriate costs associated with the event to applicable vendors.
4. The teacher/coach/sponsor will secure and keep documented receipts for each respective expenditure (e.g., one receipt would suffice to document the total amount paid for class/team meals; not a receipt for each meal. One receipt would suffice to document the total amount paid for admission of a class to a museum; not a receipt for each student's admission, etc.).
5. The teacher/coach/sponsor will promptly complete a School System Cash Advance Accounting Form (filed ECCHD-F1) upon return from the event. The documented receipts will be totaled and subtracted from the amount of the cash advance. Unused funds will be returned to the school or School System, with any expenditure in excess of the cash advanced paid to the teacher/coach/sponsor. Receipts and cash returns must reconcile with cash advance prior to the activity.
6. Any unreconciled amount not returned to the funding source shall be charged back to the individual receiving the cash advance. If an appropriate reimbursement cannot be determined, then the individual receiving the cash advance shall have such amount deducted from his/her paycheck.

\*Cash advances for employees to travel to meetings, conventions, etc. are covered by provisions outlined in policy GALE, Travel Expenses for Personnel.

SOURCE: Bibb County Board of Education, Centreville, AL

ADOPTED: January 22, 2001

REVISED: November 8, 2016

SCHOOL SYSTEM CASH ADVANCE ACCOUNTING FORM

BIBB COUNTY BOARD OF EDUCATION
Centreville, Alabama

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NOTE: This form should be completed immediately by the teacher/coach/sponsor upon return from travel/trip supporting a student activity(ies) if a cash advance has been made in accordance with policy ECCHD.

Name of Employee Receiving Cash Advance: \_\_\_\_\_

Purpose of Travel/Trip: \_\_\_\_\_

Travel/Trip Approved by: \_\_\_\_\_

Source of Funds: \_\_\_\_\_

Amount of Cash Advance: \$ \_\_\_\_\_

Expenditure\* \$ \_\_\_\_\_

Expenditure\* \$ \_\_\_\_\_

Expenditure\* \$ \_\_\_\_\_

Expenditure\* \$ \_\_\_\_\_

Total Amount of Expenditure(s) \$ \_\_\_\_\_

Total Expenditure(s) minus Advance \$ \_\_\_\_\_

Reimbursement Am.: School or Individual \$ \_\_\_\_\_

\* All expenditures claimed must be supported by a documented receipt. Please attach all receipts to this form.

Signature of Employee Receiving Cash Advance: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Bookkeeper: \_\_\_\_\_ Date: \_\_\_\_\_