



LOCAL SCHOOL ACCOUNTING POLICIES AND PROCEDURES

LEGAL COMPLIANCE & OPERATING GUIDELINES

**Gadsden City Board of Education
1026 Chestnut Street
Gadsden, Alabama 35901**

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PREFACE

The following policies and procedures are designed for the use of the local schools within the Gadsden City school system. They have been prepared to correlate with and incorporate the [*Financial Procedures for Local School Accounting*](#), issued by the Alabama State Department of Education. Gadsden City Board of Education must follow, at minimum, guidelines set by the ALSDE and reserves the right to implement additional guidelines for internal controls.

The financial accounting records and reports of all Gadsden City Schools will be prepared using the *Local School Accounting Software System, NEXTGEN*. NextGen is a computerized accounting system designed to record the receipts and disbursements of each school and to establish control measures over cash and other assets.

The transactions of the school are compiled in its records, which serve as the source of information necessary for the principals to properly manage the schools. The records are the basis of the reports to the Board; therefore, it is essential that the **records are accurate, current and represent the true financial position of the school funds.**

The position of principal carries with it the full responsibility for all financial matters relating to the school. The principal must be familiar with the following guidelines so that he or she will not permit practices contrary to the policies. The principal is ultimately responsible for **any shortages resulting from the failure to follow, or failure to require others to follow, the financial procedures for the handling of school funds.**

Per the School Fiscal Accountability Act, the Chief Financial Officer is required to submit written notification to Gadsden City School Board members when state guidelines are not followed by local schools.

The guidelines are to be followed completely and will be subject to continual audit by the Chief Financial Officer, Local School Accounting Coordinator, and auditors contracted by the Gadsden City Board of Education.

PUBLIC AND NON-PUBLIC FUNDS

[ALSDE Accounting Manual Section 1](#)

The funds maintained at the local schools can generally be divided into two major categories:
public (Fund 12) and non-public (Fund 32).

Public Funds - restricted to the same legal requirements as Board funds. Two criteria determine whether local school funds are public funds: source of funds and use of funds.

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
- Funds received from public (tax) sources or used for public purposes
- Fundraisers held during the school day, on school grounds, or sold to students

Examples of public funds at the local school level include:

- Funds from Legislative, City or County appropriations
- Funds from athletic events
- Funds from course fees
- Funds for general operation of the school (from any source)-donations, interest, vending machines, school store, fundraisers on campus during school day

Allowable expenditures from public funds include:

1. Expenditures for school landscaping, maintenance, furnishings and decorations
2. Refreshments expended for an open house where the public would attend
3. Expenditures from athletic gate receipts for pre-game meals for the athletic participants and coaches (principal and parents are not included) (**NOT POSTGAME unless travel**)
4. Student transportation to events related to a school sport or a school sponsored activity
5. Academic incentives for students
6. Professional development training
7. Membership in professional organizations
8. Constitutional Amendment #558 allows for recognition of significant contributions to education and to promote educational excellence by students, faculty, staff, and the public. Recognitions shall be in the form of trophies, plaques, academic banquets, and other honors that promote academic excellence and recognize special deeds that strengthen public education.

Unallowable expenditures from public funds include:

1. Food and drink items for teachers (and spouses), including luncheons.
2. Flowers for sickness, death, secretary week, etc.
3. Late fees or finance charges
4. Scholarships for students
5. Faculty appreciation gifts
6. Championship rings
7. Prom entertainment
8. Food for afterschool staff meetings

PUBLIC FUNDS MAY BE USED AT THE DISCRETION OF THE PRINCIPAL. Accounts should contribute to the general fund on an annual basis to help cover cost of checks, purchase orders, etc.

WHEN IN DOUBT, CONSIDER FUNDS PUBLIC

Non-Public Funds - are for a “select group” or private purpose. (ex: clubs, parent-teacher organizations, booster organizations)

Non-public activities are never funded with public funds. No public funds can be transferred to a non-public account. (ex: an athletic account cannot purchase items for an athletic club; fee money cannot be used to cover expenses of a club trip; cheerleaders cannot purchase spirit items from a public account and deposit the proceeds into a non-public account.)

*Some donations from private sources are non-public if the donor specifically states in writing the donation is for a select group or activity which is non-public.

The principal does not direct the use of these funds; however, expenditures must be approved by the principal and follow purchasing procedures.

Non-public activities/accounts are not allowed to have deficit balances. The principal and/or Bookkeeper should ensure money is available for a non-public expenditure prior to authorizing a purchase order.

Examples of Non-Public Funds:

- Clubs and Classes - These funds normally consist of self-imposed fees and not school required fees. Most common are DECA, Student Government, Science Club, Spanish Club, Beta Club, National Honor Society, and Key Club.
- Faculty Vending
- Faculty Accommodations
- Parent/Teacher & Booster

Some expenditures that are not allowable from public funds may be allowable expenditures from non-public funds.

Examples:

- Funeral flowers for staff, students, or their families
- T-shirts for office staff
- Staff Christmas parties
- Christmas cards
- Donations to various organizations
- Dues to civic organizations
- Food items for teachers

Unallowable uses of Non-Public funds include:

1. Purchases for school employees or their families (Ethics Law)
2. Alcoholic beverages

NOTE: Non-public funds can become subject to the same expenditure restrictions as public funds if the accounting records do not maintain separate accounts for the nonpublic funds.

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RECEIPTING FUNDS

[ALSDE Accounting Manual Section 2](#)

All monies received from any source in or about the school, by any employee or group, are regarded as School Funds. The cooperation of teachers and other school personnel is essential to assure the proper receipting of school funds.

Gadsden City Schools utilizes the Harris School Solutions Online Receipt Module for receipting all incoming funds. All local school employees should only use this program to receipt funds (unless approved for a specific event – i.e. locker sales during open house).

Receipts should be issued only when money is received. Under no circumstances are receipts to be issued in advance. **Teachers collecting money from students for any purpose should issue a receipt as soon as the money is received.** If time does not permit proper receipting, money should not be accepted.

Funds should be delivered to the bookkeeper in a timely manner. At the principal's discretion, the teacher may hold small amounts collected until additional funds are collected. However, in no instance should a teacher hold funds in excess of \$50 beyond the date of collection. All funds should be remitted to the accounting office by the end of each week regardless of the amount. **The teacher is responsible for all monies collected until turned in to the office.**

Once funds are received, the bookkeeper verifies the receipt module balance matches the total money turned in, and closes the station. In the absence of the bookkeeper the principal, or designee, is responsible for accepting funds and placing in a secure safe for processing when the bookkeeper returns. Those receipting funds should verify that the close out was performed prior to receipting new funds.

Principals have 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 FIVE dollars** (\$5.00). School bookkeepers are provided an approved form to be issued to the teacher for this purpose by the accounting coordinator.

Receipts MUST always be written to a person. Receipts should never be written to general categories (i.e. "Picture Sales", "First Grade Field Trip", etc.) The person receipting the money must never write a receipt to him/herself.

ACCEPTANCE OF CHECKS

All checks payable to the school should be endorsed immediately "FOR DEPOSIT ONLY". Checks over \$300 are not guaranteed by Envision ([See Returned Checks](#)).

All checks issued to the school should have adequate information on the checks before being accepted in the school. This information is necessary should an insufficient funds check be issued to the school.

1. Name and address of issuer should appear on the front.
2. The check should display a current date. (postdated checks are not accepted)
3. The check should be made payable to the school.
4. A two party check should **never** be accepted.
5. The amount must be clearly written
6. The check must be signed.

The person accepting the check should write the activity number the money is being deposited into on the check.

RECEIPT BOOKS

Receipt books may be used for one-time mass receipting at the beginning of the school year (i.e. lockers). Receipt books may also be issued for non-employee sponsors of PTO, sports, extra-curricular and booster organizations.

The bookkeeper should maintain a log based on the receipt numbers and the person assigned to the receipt book. The receipt book is a permanent record of school financial transactions and should be maintained and secured in a proper manner.

Receipts must be prepared in duplicate with ink and should be completed with the following information.

1. Date monies are received
2. Name of student or person from whom received
3. Amount received
4. Method of payment (cash or check)
5. Purpose for which money is intended
6. Signature of teacher receiving monies and issuing the receipt.

The original receipt should be given to the student or person delivering the funds and the copy should be maintained in the receipt book.

Receipts are never to be destroyed or changed. If an error is made, write VOID on both copies and attach the original to the duplicate to be maintained in the receipt book. Correcting fluid or erasures on a receipt are not acceptable.

DEPOSIT POLICY

1. Do not cash checks with school funds. Deposit funds intact.
2. Faculty members should bring money to the office to be secured in the school safe overnight should for some reason it is not ready to be master receipted.
3. At the end of each day, all monies on hand should be deposited with the bank, to the extent possible.
4. A deposit slip should be prepared in duplicate.
5. Receipts should be totaled and should match the total of the deposit slip.
6. The original and the duplicate slip should accompany the deposit to the bank to be validated.
7. The bookkeeper should check the accuracy of the bank's validation **before** leaving the bank.
8. The duplicate deposit slip should be returned to the school and used to verify the entry made in Receipt Module.
9. **ONLY the bookkeeper and/or principal are bonded and authorized to make school deposits at the bank.** In the absence of the bookkeeper, the principal is responsible for securing funds in the safe. In an extended absence the principal should contact the Local School Accounting Coordinator.

REFUNDS

A copy of the receipt should accompany the written request for a refund. The school should issue a check made payable to the parent/guardian and the check should be mailed or the bookkeeper may choose to have the parent/guardian come to the office and sign the check stub to indicate the check has been received. Checks should not be given directly to students.

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BANKING

[ALSDE Accounting Manual Section 3](#)

BANK ACCOUNTS

One bank account per school should be maintained at a local bank. Principals are prohibited from establishing a bank account for school funds in a name other than that of the school. All school funds must be kept in a school bank account and accounted for in the official accounting records of the school. School funds must be maintained in a Qualified Public Depository (QPD).

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 which are submitted to the Central Office.

Parents and/or school employees must NEVER maintain a bank account outside the school for funds collected in or around the school for any purpose, unless specific criteria have been met for establishing a school related organization. [See School Related Organizations](#)

CHECK SIGNING AUTHORITY AND RESPONSIBILITY

The principal, CSFO, and designee will be listed as check signees on school bank accounts. No support personnel can serve as signees. Signature stamps are prohibited. Administrators who are authorized check signers are responsible for each check they sign. **The bookkeeper is responsible** for verifying the following documentation requirements **prior to submitting any check to an administrator to be signed:**

1. Pre-approval of purchase by the principal
2. Validity of the disbursement
3. Availability of funds
4. Proper support documentation, signatures, receipts, etc.
5. Compliance with disbursement procedures in the manual

An authorized check signer is responsible for reviewing the disbursement documents prior to signing a check.

Do not sign checks that do not contain the check recipient's name and amount of check

The school bookkeeper should never sign a check on behalf of the principal.

COUNTERFEIT MONEY

All schools should use a counterfeit detector pen for large bills. Contact the Local School Accounting Coordinator in the event the school is presented with counterfeit money.

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RETURNED CHECKS

Gadsden City Schools has contracted with *Envision* for the handling of all returned check recovery services. *Envision* instructions and directions are available to all bookkeepers and principals.

1. *Envision* does not guarantee payment for checks over \$300. The person receiving the funds should require more than one check be written if the amount owed is more than \$300.
2. *Envision* attempts to recover the face value amount of the returned check, **provided the name, address and phone numbers are listed on the check.**
3. Bookkeepers deposit all *Envision* payments, but do not post the payment as revenue; since the returned check is carried as an “other reconcilable item” until collection is made by *Envision*.
4. Until the collection of a returned check is made, the returned check remains on the school bank reconciliation as an “other reconcilable item”.
5. Monthly bank reconciliation reports should include a copy of the check stub from *Envision* when a returned check is marked “cleared” on the bank reconciliation.

END OF MONTH FINANCIALS

Bank statements are to be reconciled to the school’s records monthly. Any differences between the bank balance and the book balance should be investigated and documented immediately.

Monthly financial reports are due in the Central Office by the 15th of each month to provide adequate time for State Department deadlines to be met.

The bookkeeper at each school is responsible for month-end close procedures of the books. Upon receipt of the bank statement, the bookkeeper should reconcile school books to the statement promptly.

An “End of the Month” checklist is provided for bookkeepers by the Local School Accounting Coordinator. The school principal should review all financials at the close of each month. Reports include:

1. Bank Statement
2. Cash Report
3. Reconciliation Report
4. Activity Report
5. Monthly Check Register
6. Principal’s Report

Monthly financial reports and Fiscal Year-End reports should be filed in clearly labeled files and maintained for auditing purposes.

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SCHOOL INCOME

ALSDE Local School Financial Procedures Section 4

ADMISSION/REPORT OF TICKET SALES

Tickets must be sold at all events where admission is charged. Security practices, such as having one person selling tickets and another collecting and tearing tickets to avoid the re-use, should be in place as a part of internal controls as well as tearing the tickets in half to avoid the re-use of tickets.

All tickets must be pre-numbered sequentially, logged, and *ISSUED BY THE SCHOOL ACCOUNTING OFFICE* for audit purposes. The principal may approve an event sponsor purchasing professionally printed tickets that can be printed to include the date, time, place, etc. on the tickets. Generic tickets should use alternate colors per event.

All tickets must be accounted for, using a ticket reconciliation form issued by the bookkeeper. Gadsden City bookkeepers are provided samples of approved ticket sales forms. The bookkeeper will complete the top portion of the form, indicating the beginning ticket number, change cash issued, etc.

At the completion of the event, the money should be counted and reconciliation form should be completed by indicating the number of tickets sold, total cash collected, and signed by two gate workers. All unsold tickets must be returned to the bookkeeper with the money.

Under no circumstance should a check be cashed from a ticket sales box or from change cash issued. This includes school checks issued for officiating or security.

***COMPLIMENTARY PASSES**

An Attorney General Opinion stated the local school board could authorize complimentary passes to certain individuals provided the granting of the passes furthers and enhances school purposes. Complimentary passes cannot be issued without the express authority of the principal and/or local school board.

PUBLIC EMPLOYEES AND OFFICIALS AND THEIR FAMILY MEMBERS receiving a complimentary pass are responsible for compliance with the State Ethics Law. An employee with a valid Gadsden City Board of Education Identification badge will be admitted free of charge to athletic events sponsored by Gadsden City Schools.

CONCESSIONS - Athletic events, school stores, snacks

Concessions include event concessions, school concessions, school stores and snacks. Because all concessions involve cash, and neither cash receipt nor tickets are used to control the exchange of money, **proper accounting for the sale of products and income is essential.** The following procedures should be implemented:

1. Do not cash checks with concession funds. Deposit funds intact.
2. Do not make payments from cash collected. Payments must be made by check.
3. Funds should be deposited on a timely basis.
4. A reconciliation form should be completed and signed by two people verifying the amount of concessions funds collected.

Files should be maintained for audit purposes to document **items purchased, cost and a listing of items sold by sales price.**

CHANGE CASH

Change cash is permitted for ongoing activities. A check is issued to the school principal using the change cash procedure in NextGen. At the end of the activity the cash must be deposited back to CHANGE CASH, using the change cash G/L number in Receipt Module. At the end of the fiscal year, the principal and bookkeeper are responsible for verifying all change cash has been re-deposited.

FUNDRAISING

The principal must approve, in writing, 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. Elementary school students must not be involved in any door-to-door solicitations or sales. **No fundraisers may sell foods of minimal nutritional value during the school day.**

Fundraiser request forms are located online and in the accounting office. Forms should be completed and turned in to the accounting office with supporting documents attached. The form will be returned to the teacher/sponsor as approved or denied once the bookkeeper and principal have reviewed the documents. Fundraisers should not begin until the approval has been received.

Approved fundraising activities must comply with financial procedures for school funds.

- All fundraising expenses, including sales award to students, must be presented to the office of the principal for payment by check.
- A school employee CANNOT receive a gift or gratuity from the fundraising vendor.

Within a reasonable time after completion of the fundraising activity, a fundraising reconciliation should be completed. School bookkeepers are responsible for maintaining this documentation for audit purposes. The bookkeeper and principal should review all fundraisers and verify the profit earned is within reason based on items purchased and sold. Additional fundraisers should not be approved when an employee has not reconciled a completed fundraiser.

Purchasing items sold for fundraisers must follow the same procedures for submitting purchase orders ([see Purchasing](#)).

****Go Fund Me and other “like” fundraisers are not allowed.**

Attorney General’s Opinion 89-00168: The sale of raffle tickets is illegal as it is considered a form of gambling.

Commissions and Vending Machines

Many local schools contract with vendors for school pictures, class rings, yearbooks, book fairs, and vending machines. Although some local school boards have system-wide contracts for all of the schools, other school boards leave the decision to the principal of each school. The contract with the vendor allows the school to be paid by check for the activity and avoids the collecting, receipting, and depositing of cash and personal checks by the school. The contract should be written to provide the school with substantially the same net income as if the school handled all of the activity. A vending contract should require the vending company to furnish statements that identify the count of items stocked in the machines with each delivery. A school employee will verify the stocked items. The use of the statement of stocked items to calculate the expected profit from the machines will determine if the school is receiving the expected income from the vending company.

A school may have an area set aside for school employees that has one or more vending machines that are not assessable by students or the public. An Attorney General Opinion established conditions that would allow the vending machine proceeds to be non-public funds. The use of the non-public funds would have to be under the control of an employee organization (not under the direct control of the principal) and all expenses for the vending machines, including vending items, electricity, and rent would have to be paid from the vending machine proceeds.

DONATIONS FROM TAX-PAYER DOLLARS

All funds received by the school from any state or local official must be deposited into a public activity. If a school receives a check from an elected official, earmarked for an activity that is non-public on the school books, the funds cannot be posted to the nonpublic activity. A “Designated Donation” activity for public funds can be set up in the school financial records for tracking such donations.

DONATIONS and VOLUNTARY CONTRIBUTIONS

[ALSDE Local School Financial Procedures Section 8](#)

Donations made to Gadsden City Schools are deductible by the donors as provided under Section 170 of the Internal Revenue Service Code. Donations must be used as specified by the donor. Unspecified donations should be deposited into the General Fund. The school cannot place a dollar value on any donation that is not monetary. The school financial will issue a letter on school letterhead describing the donation. The value of the donation is not determined by school personnel.

Voluntary donations may be requested for various items purchased by the school that are used by students in academic courses, janitorial products, field trips, and other school related purposes. The voluntary nature of the contribution must be clearly stated in the request for the contributions. Principals should always review and approve classroom supply lists prior to distributing.

Donations made by parents to classrooms should be used during the school year the donation was made.

Teachers have no authority to request or accept student fees, contributions, or donations without the approval of the principal, unless directed by the local superintendent. The principal or the local superintendent should approve requests to collect school fees, contributions, and donations.

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

INTEREST INCOME

Interest income is considered discretionary funds and can be used by the principal in accordance with public accounting guidelines.

STUDENT FEES [*ALSDE Local School Financial Procedures Section 8*](#)

Academic fees during the regular school term (excluding driver education) may only be charged for materials and equipment used in instructional courses, and that the fees collected may only be used in the course for which the fee was collected.

Fees charged to students are board approved. Required fees are to be uniform throughout the system. Therefore, a principal or teacher has no authority to deem a fee unnecessary or to implement an additional fee, without approval of the Superintendent and Board of Education. (Examples: A science teacher cannot determine he/she no longer wants to charge lab fees; a principal cannot determine he/she will require all students to pay a fee at the beginning of the school year to assist in covering material and supplies.)

Due to accountability guidelines regarding funds earned from fundraising events, teachers cannot apply profit earned from fundraising to required 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: No fee shall be collected for courses required for graduation. Reasonable fees may be set for courses requiring laboratory and shop materials and equipment. Fees should be waived for students who cannot afford to pay the fee.

Alabama Code § 16-10-6: No fees of any kind are allowed in elementary schools (K-5th grade).

AAR 290-3-1-02: Driver Education. 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.

State laws governing textbooks may require the withholding of additional textbooks for a student due to unpaid lost or damaged textbook fines. (See Alabama Code § 16-3669).

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PURCHASING

PURCHASE ORDERS *ALSDE Financial Procedures Section 5*

The principal should approve ALL expenditures that will be paid from school funds by way of purchase orders. Purchase orders allow the principal to approve expenditures prior to purchases being made and provides protection to the vendor for not charging Alabama sales tax on the school's purchases.

No employee has authorization to purchase or order any goods or services without prior approval from the principal in the form of a purchase order. The principal may choose not to pay an expenditure made without approval, thus the employee would be personally responsible for payment. All regular vendors should be notified that purchases will not be paid without properly approved purchase orders.

All expenditures must be documented properly to indicate purpose of expenditure and participants involved. Purchase Orders should always include who (vendor) / what (items or services) / when (if applicable – date of event in which purchase is being made) / why (purpose of expenditure) and the signature of the person requesting the purchase. Quote should be attached to the request.

Purchase orders are not to be prepared without all items listed. **Items should not be added to approved purchase orders.** Another purchase order is required for additional items to be added. Items purchased should be adequately described – avoid the use of “per attached list” to the extent possible.

There must be adequate funds available before a purchase is made. Bookkeepers and principals should review account balances prior to approving purchase orders to avoid deficit balances.

A NextGen generated purchase order should always be attached to the purchase order request and filed in an open PO file until the PO is ready to be paid. The NextGen PO indicates the General Ledger number and activity used for the PO and is used for auditing purposes.

When goods or services are delivered, the person receiving the order should verify that the order received agrees with the purchase order. Items not delivered should be indicated on the purchase order.

Items purchased with school funds should be shipped to the school address. **Deliveries to the home of an employee are strictly prohibited.**

Reimbursements should not be common practice. Should the need arise, purchase order procedures will need to be followed.

SALES TAX

The school system does not pay sales tax. The only exception is lodging and tax on meals when a sponsor/teacher is traveling for the school or district.

W9'S/1099 REPORTING

A W9 must be completed by any individual or company prior to any payment being issued. Obtaining form ensures that all necessary information is available for the proper filing of a form 1099 for the individual or company, if applicable.

Any company operating by a company name, but does not have an EIN #, must be issued a 1099. A company using a Social Security number must provide the name of the person whose SS # is being used and the vendor will be set up in the name of that person.

School employees cannot be paid for services through the school books. **Payment to a school employee for services rendered must be paid through payroll.**

The W9 should be attached to the vendor file in NextGen.

ALABAMA BID LAW

State law requires that certain expenditures are subject to competitive bidding. "Like" items totaling more than \$40,000 are subject to competitive bidding. Expenditures for labor, services, work, and the purchase or lease of materials, supplies, equipment, or other property involving \$40,000 or more are subject to competitive bidding. Principals and bookkeepers should request assistance from the Gadsden City CFO regarding bidding procedures and requirements. Purchases by individual schools from funds **OTHER THAN THOSE RAISED BY TAXATION OR RECEIVED THROUGH STATE OR GOVERNMENT SOURCES/BOARD FUNDS ARE EXEMPT FROM THE BID LAW.** Example: Funds raised by non-public fundraising activities.

When in doubt, the principal should contact the CFO.

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EXPENDITURES

ALSDE Financial Procedures Section 6

DEFICIT BALANCES

Principals and bookkeepers should monitor school account activity balances closely. All deficit balances should be brought to zero by fiscal year end. Non-public accounts should never have deficit balances.

PAYMENT OF EXPENDITURES

When the invoice is received in the accounting office, it should be matched with the related purchase order. No invoices should be processed for payment until the goods or services have been received.

Payments should never be made from a statement. An original, faxed or emailed invoice must be secured to serve as a basis for issuing any check. The invoice should include the name and address of the vendor, quantity and description of the items purchased, unit price, extensions, and the total. Invoices are to be signed by the person for whom the purchase was made.

If the vendor does not have an invoice, the school bookkeeper is allowed to create an invoice form to be used. This form should include the purchase order number, date, name and address of the vendor, description of the work performed, the amount to be paid, and should be signed by the vendor.

All payments for school expenditures are to be paid from the school's checking account. A check is never to be destroyed when an error is made; the check should be voided in NextGen, marked VOID, stapled to the voided check reports, and filed in the end of month reports.

Check stubs and supporting documentation for all school checks issued should be maintained in alphabetical files by vendor name. The following documentation, at a minimum, **should be stapled together on this order:**

1. School check stub
2. The NextGen PO indicating the activity and account number charged
3. Approved and signed purchase order and/or check request
4. Any documentation related to the purchase (bids, quotes)
5. Additional documentation (packing slips, list of participants, etc.)
6. Invoice (NEVER PAY FROM A STATEMENT)

OUTSTANDING / LOST CHECKS

If a check is issued and as not cleared the school bank account within six months, the school bookkeeper should notify the payee and try to resolve the issue. At the end of the fiscal year, any outstanding check that has not cleared the bank within six months should be voided. The transaction should be thoroughly documented.

If a vendor does not receive a check and it becomes necessary to reissue a check, the bookkeeper must request a stop-payment on the check at the bank, prior to issuing another check.

ACADEMIC INCENTIVES FOR STUDENTS

Amendment 558 of the Alabama Constitution permits the use of public funds to promote educational excellence **by students**. Requirements to receive the incentive should be determined prior to the determination of the incentive recipient(s). These requirements 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, banquet, etc.).
- 4) Value of planned incentives, if known.
- 5) Process for determining the incentive recipient(s).

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. (Scholarships and tuition for programs outside of the schools' academic program are not permitted unless non-public funds are used.)

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 should also sign and date the form. This form should be retained by the school bookkeeper for audit purposes.

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SCHOOL RELATED ORGANIZATIONS

ALSDE Financial Procedures Section 7

All activities run on school property are considered public funds and must be receipted to a public activity in the school's accounting records.

The policy of Gadsden City Schools is to include school related organization as an activity within the school books. The Superintendent and Board of Education may allow a parent-teacher organization and/or booster club to be separate from the school. A support organization must receive written approval from the Superintendent before establishing the organization outside the school.

All collecting, receipting, or selling of goods, must be done by the organization's members and/or officers if the funds are posted to a non-public account. Funds cannot be posted as revenue to a non-public account, if a school employee is implementing the fundraiser.

Any fundraising that involves students, taking place during the school day on school premises must be deposited into a public account for the activity for which the funds are raised.

PARENT-TEACHER & BOOSTER ORGANIZATIONS

Parent-Teacher and Booster Organizations help promote, support, and improve the extracurricular activities of the schools in the Gadsden City School System. Each principal is responsible for the relationship between the school and its Booster Clubs and other parent groups.

In working with organizations, coaches and other employees are required to comply fully with all ethical and legal requirements and to avoid even the appearance of a violation. Organizations should be knowledgeable of these provisions and should avoid placing employees in a situation where allegations of ethical violations might be made. If such allegations are made, the principal and school district will investigate and take appropriate action with regard to the employees involved.

The school district reserves the right to terminate the relationship between the school and the organization if it is determined that the group bears a responsibility for a violation.

Within School Financials

Organizations within the school financials will be set up as non-public accounts. Parents and supporters within the organizations will establish guidelines for:

1. Qualifications for membership
2. Officers of the Club
3. Duties and terms of officers
4. Time and place of meetings

Funds within these organizations are subject to the intent and authorization of the organization's members, officers, and sponsors.

Funds within these accounts are not expended by school employees. Expenditures must be approved by club officers.

The principal does not have direct use of these funds but does have authority to prohibit expenditures he/she deems as inappropriate.

Organizations will follow local school guidelines regarding receipts and expenditures. Receipt books will be issued by the school financial office for receipting funds collected.

Separate from School Financials

The Superintendent and Board of Education may allow parent-teacher and booster organizations to be separate from the school. An outside organization must receive written approval from the Superintendent to establish the organization outside the school.

Parent organizations and booster organizations that maintain financial operations outside the control of the school could create a negative image for the school by failing to maintain proper accounting controls.

GUIDELINES FOR THE FORMATION OF AN OUTSIDE ORGANIZATION:

1. The supporters must meet with the school principal to discuss the formation of the organization and obtain approval to proceed.
2. The organization will obtain all necessary policies and guidelines.
3. The supporters must develop and submit to the school administrator a constitution, by-laws or other governing document approved by the membership which states:
 - a. Purpose
 - b. Qualifications for membership
 - c. Officers; Duties and terms of officers
 - d. Procedure on accounting for revenues and expenditures

Following approval of the formation, the organization must:

1. Obtain its own employer identification number (EIN) from the Internal Revenue Service
2. Maintain a separate mailing address
3. Maintain separate records and accounts outside of the school (including financial reports, bank accounts, etc.) - Personal checking accounts cannot be used
4. Make its financial records available to the school's auditors and authorized school employees upon request
5. Be responsible for their own tax filings and accounting
6. Provide a report of an annual audit of the organization to the school and board
7. Provide proof of a fidelity bond of the treasurer

The outside organization should not:

1. Provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law – **Payments to school employees MUST go through payroll** www.ethics.alabama.gov.
2. Have school employees holding a leadership position or office in the organization, appear on a signature card for the bank account, or sign checks for the organization
3. Have school employees leading fundraising activities or maintain the accounting records of the organization
4. Operate any training camp that includes students or uses school facilities (such camps would be considered a public fund event and should be handled through the school financial office)
5. Operate a competition that includes students of the activity it supports
6. **Use the school's tax ID number**
7. Raffles and/or the selling of raffle tickets may not occur on any School Board Property.

Any violation of the guidelines may require the organization to submit funds to the school and/or dissolve.

Specific Requirements

Relationship with the school:

1. The principal or a designee should be invited to all meetings.
2. All activities must be authorized by and coordinated with the school principal.
3. Organizations do not have the authority to direct the duties of a school system employee nor do organizations have the authority to spend money for the school's benefit without the knowledge and approval of the principal or designee.
4. All decisions concerning personnel employed by the Board of Education shall be strictly reserved as an internal matter and shall not be the prerogative of any organization.
5. The board has the authority to dissolve the relationship between the school and the organization at any time.
6. Any person paid solely by a citizen group must be approved by the Board of Education prior to being permitted to work with students in the local schools.
7. Minutes should be taken at each meeting and kept on file with the organization.
8. Periodic financial statements itemizing all receipts and expenditures should be made available to the general membership and to the local school administration and athletic director or Superintendent at their request.
9. All expenditures should be maintained as financial documentation.
10. Any funds remaining in the treasury of a dissolved organization should be spent to support the particular program the organization was established to support.
11. Certified and support employees, including coaches, are subject to all policies of the Board of Education, the rules of the Alabama High School Association, and Alabama State Code of Ethics.
12. Organizations may donate funds to a school or to the school district. When these funds are deposited in a school or school district account, the organization relinquishes all control over these funds.
13. Any financial obligation incurred by an organization shall be solely that of the responsible group.
14. Head coaches or individuals who direct an activity should serve in an advisory capacity to the organization and should not have control or signature authority over the group's funds, including petty cash or miscellaneous discretionary funds.

FACULTY ACCOMMODATION ACCOUNTS

A faculty accommodation account can be established as a non-public account.

Guidelines:

1. Funds deposited are voluntary donations made by the faculty.
2. Donations from other sources must provide documentation, in writing, that the funds are specifically being donated for the school faculty as a whole.
3. Revenue from vending machines must be located in “faculty only” areas that are not accessible by students.
4. A faculty committee establishes guidelines for use of the funds.

STUDENT ORGANIZATIONS

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

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

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ATHLETICS

School athletics are extra-curricular activities that must be under the control of the school principal and must follow accounting policies and procedures. 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 principal.

ATHLETIC CAMPS

Camps are defined as any activity, involving students, where skills are taught and developed under the direction of a Gadsden City School employee, coach or other adult leader. **Camps held on school property are considered public events and all funds must be deposited into a public account.**

Camp fees and expenditures fall under Gadsden City School's accounting guidelines.

****Compensation to Gadsden City Employees**

Gadsden City employees acting as staff for a camp may be provided compensation from the camp's proceeds provided:

1. The camp is not held during the employee's regular working hours
2. The school principal approves such compensation prior to the camp being held
3. The compensation is paid through the payroll system of Gadsden City Schools.
Schools cannot issue compensation payments to employees

****Payment to a Non-School Employee**

1. No payment will be issued until a W9 has been completed by the individual/company prior to any payment being made.
2. A background check is required for any coach or staff personnel who is not employed by Gadsden City Schools and is working in a camp.

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MISCELLANEOUS

CREDIT CARD POLICY

THE PRINCIPAL IS RESPONSIBLE FOR CREDIT CARD ACCOUNTABILITY

The CSFO must be notified prior to establishing a credit card in the school's name. The principal's name must be on the account and application with his/her signature indicating **he/she is personally responsible** for all transactions to the credit card or cards. Use of the credit card **MUST** follow normal accounting procedures for purchasing.

The principal is responsible for reconciliation and timely payment of credit card transactions.

Original receipts must be maintained with the monthly statement, along with documentation clearly indicating the purpose of the purchase. Packing slips and receipts should be attached as documentation for materials ordered by phone or internet.

MISUSE OF CREDIT CARD INCLUDES:

1. Using the card for personal purchases
2. Purchase of unauthorized items
3. Tax being charged

In the case of misuse, the individual responsible will pay all transactions and forfeit further use of the credit card. Bookkeepers should notify the Chief Financial Officer and/or LSA Coordinator of any compliance issues.

Employees who are allowed to use a card should sign for the card and documentation should indicate the date of issue and return.

Fees and late charges cannot be paid from public funds.

In the event the employee cannot provide receipts, invoices, packing slips, etc. the charge will be considered unauthorized and the principal is either personally responsible or should collect payment from the employee.

DEBIT CARDS AND/OR AUTOMATIC PAYMENT DEDUCTIONS ARE PROHIBITED.

PROFESSIONAL LEAVE and TRAVEL REIMBURSEMENT

Request for Professional Leave should be submitted in Droplet for approval at least two weeks prior to travel. Employees should estimate the entire cost of the meeting/event and attach proper documentation. Approval must be received prior to registration (employee may pay out-of-pocket due to an immediate deadline; however, reimbursement is not guaranteed should request be denied)

Documentation includes:

1. Official notification of the event (flyer, email, etc.)
2. Agenda
3. Conference or event lodging rate (usually listed on-line)
4. Google map printout to document total miles traveled to event. If the event destination is listed in the Droplet approved list of common locations no printout is required.
 - a. Mileage – Mileage paid by board funds is calculated from the Central Office location, 1026 Chestnut Street.
 - b. Mileage reimbursement is only for travel expenses that are personally incurred to and from the event.

Schools are permitted to reimburse school employees for actual travel expenses while such employees are conducting school business. Reimbursements must be preapproved and a travel reimbursement form must be completed in Droplet by the employee at the conclusion of the event.

The rate of reimbursement for travel shall be the Gadsden City Board of Education approved rate per mile, payable only to the person who drives a vehicle and provides the transportation for the travel. Charges for entertainment expenses are excluded. Receipts for registration charges, hotel expenses, parking, etc. for attending conferences must accompany the travel reimbursement form. Meals are reimbursed based on per diem. **ALL RECEIPTS MUST BE ORIGINAL. Copies of receipts are not acceptable.**

FIELD TRIPS

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. Also, a non-refundable statement should be stated on the field trip permission form.

Field trips during the school day **SHOULD NOT 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.

A Field Trip Request for Approval form should be completed and approved by superintendent prior to obligating any funds for the trip (30 to 45 days). Specific timelines for submissions are located on the request form. Reimbursements are not paid to sponsors for field trips out of professional development or local school funding. Expenses for sponsors should be included in the cost of the field trip (i.e.: meals, admissions, transportation, subs, overnight accommodations, etc.). Detailed documentation (flyer/invitation/email), copy of a permission slip, and initial list of students, sponsors, and chaperones attending **MUST** be attached to the request.

Sponsor must **receive** field trip approval signed by the superintendent **prior** to transporting students off school campus.

UNCOLLECTED MEAL CHARGES

Gadsden City Schools' program regulations allow up to three lunch charges. It is the responsibility of the principal to ensure students are provided a meal. The principal and the CNP director of each school should develop a plan to provide nominal meals for students when they have reached the limit of three lunch charges.

Principals will be provided a list of unpaid lunch charges at the end of each semester. Any unpaid student balances at the end of the school year will be the responsibility of the principal. A **NON-PUBLIC** source of funds will need to be utilized for these balances. **PUBLIC FUNDS CANNOT be used for this purpose.**

Charges for adult meals or ala carte items are not allowed.

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OTHER

1. Do not write checks to “Cash”.
2. Checks should be used in numerical order.
3. Checks must be secured at all times.
4. School employees may not use the school’s tax exemption for personal purchases.
5. **Requesting "cash only" when money is being collected from students is not an option.** Acceptance of credit/debit cards is an alternative option to accepting checks. Please contact the LSA Coordinator for this option.
6. **Professional development is not allowed to be paid from required fee collections.**
7. Cash Advances are not allowed due to audit issues.
8. **Alterations to School Property:** Any alteration to school property by any organization must be approved by the Superintendent and Board of Education.
9. **Amazon Purchasing:** GCS has a business account with Amazon. Bookkeepers will assist individual teachers with obtaining an individual account under the districts umbrella. Normal purchasing procedures should be followed to place orders. Once an approved PO has been received, the teacher can then place an order to be approved by the school bookkeeper.

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