

ACCOUNTING POLICY MANUAL
LAUDERDALE COUNTY BOARD OF EDUCATION

2004

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TO: Principals
School Bookkeepers

The following are some general rules regarding the financial affairs of the schools. These rules should be carefully followed. Compliance with these rules is subject to audit by the Superintendent of Education, the Custodian of Funds and the State Department of Examiners of Public Accounts on a continual basis.

The financial accounting records and reports for all Lauderdale County Schools will be prepared using the MCALEER LOCAL SCHOOL ACCOUNTING (LSA) system. No other accounting system may be used in the Lauderdale County Schools without the approval of the Board.

All money collected at the school for any purpose shall be receipted and deposited daily into the school's bank account. Deposits shall be entered and posted daily into the school's computerized local school accounting (LSA) cash receipts journal (cash receipts program). Cash receipts shall be summarized at the end of each month and the month-end cash receipts report shall be generated and kept on file at the school.

Expenditures shall be incurred only under the authorization of the principal. All expenditures must be paid by check and supported by a valid invoice based on a purchase order issued and signed by the principal before the purchase was made. The expenditures shall be posted and summarized at the end of each month and a month-end cash disbursement report shall be generated. One copy of this report shall be kept at the school and one copy shall be sent to the central office. All purchases must conform to the policies of the Board of Education and to the State Bid Law.

A monthly financial report shall be submitted to the Board of Education by the 15th of each month (for the previous month) containing a detail of transactions for all accounts handled in the school. (Example: January end of the month reports and diskette will be due into the central office by February 15th; February's will be due March 15th, etc.) In the event that a school cannot make this deadline; the Bookkeeper will notify the Custodian of Funds.

The following Reports will be due in the Central Office on the 15th of each Month:

- 1) Monthly Financial Statement
- 2) Monthly Principal's Report
- 3) Data Extraction Report and Diskette
- 4) Month To Date Accounts Payable Check Register
- 5) Copy of Bank Statement

Authority to enter into a contract or a lease for a subsequent year for debts beyond the current cash assets for a school requires written approval of the Superintendent of Education and the Board of Education. Copies of any contracts entered into must be on file at the Board of Education.

The principal should work with those members of the central office staff who have general supervision of particular functions. The Custodian of Funds or the Superintendent of Education should be consulted if accounting problems are encountered.

Adoption of new accounting policies, or revision of existing accounting policies, will proceed only upon review and input from the following: Board of Education, Superintendent of Education, Principals, School Bookkeepers, Secretary to Superintendent, Payroll Clerk, CNP Director and Custodian of Funds. Suggestions for the accounting system may be submitted to the Superintendent or Custodian of Funds.

The principal must remain familiar with all policies of the Board of Education so that he will not permit practices which are contrary to said policies. Any deviation from the accounting policies set forth herein shall require the written consent of the Superintendent.

Respectfully,

Jerry Fulmer
Superintendent of Education

Larry Vance, CPA
Custodian of Funds

ACCOUNTING POLICY MANUAL
LAUDERDALE COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS

POLICIES FOR LOCAL SCHOOL ACCOUNTING

State Accounting Manual	6
Master Receipt Book	6
Teacher Receipt Book	7
Receipting and Depositing Monies	8
Requisition - Purchase Order	8
Invoices	9
Expenditures	10
Posting	11
Transfers Between School Accounts (Activities) and Clearing of Deficits In Accounts (Activities)	11
Transfers Between School Accounts and Central Office	12
Accounts Payable	12
Banking	12
Returned Checks	14
Payments for Non-employee Services Contract Labor	14
Disposal of Equipment	15
Funds Collected for Lost or Damaged School Properties	15
Travel Expense Reimbursement	16
Travel Expense Form	17
Salary Supplements-Gifts	18
Obligations	18
Borrowings and Lease-Purchase Agreements	19
Bid Law	19
Sales Tax	19
Sales Tax Exemption Certificate	20
Financial Record Retention Schedule	21
Theft of School Funds	21
Athletic Ticket Sales	21
Field Trips	22
Fundraising Activities	22

ACCOUNTING POLICY MANUAL
LAUDERDALE COUNTY BOARD OF EDUCATION

TABLE OF CONTENTS

POLICIES FOR CENTRAL OFFICE ACCOUNTING

Reconciliation of Bank Statements	23
Payment of Invoices	25
Issuance of Purchase Orders	25
Cash Receipts	26
Preparation and Entry of Payroll	26
Changes in Withholdings and Other Personal Information	26
Salary Changes	27
New Hires	27
Substitutes	27
Principals Signature Page	28

LAUDERDALE COUNTY BOARD OF EDUCATION
POLICIES FOR LOCAL SCHOOL ACCOUNTING

STATE ACCOUNTING MANUAL

Every school must keep on hand for reference a copy of the State Department of Education's FINANCIAL PLANNING, BUDGETING AND REPORTING SYSTEM FOR ALABAMA PUBLIC SCHOOLS, issued and revised October 1, 1998. the accounting procedures outlined in this publication has been approved by the State Department of Education for use by local schools.

Revisions are made to the FINANCIAL PLANNING, BUDGETING AND REPORTING SYSTEM FOR ALABAMA PUBLIC SCHOOLS occasionally; and are found on the State of Alabama Department of Education website; www.alsde.edu. This website should be checked periodically by School Bookkeepers and Custodian of Funds for any changes to manual. This is found under Sections/LEA Financial Assistance/Publications. It is the responsibility of all bookkeeping personnel to stay abreast of any changes to the manual.

MASTER RECEIPT BOOK

All monies must be receipted in receipt books that are pre-numbered. Each school principal is responsible for obtaining and furnishing receipt books for use in the school office and pre-numbered receipt books for individual teachers.

If computerized receipts are used, they must be pre-numbered and the duplicate copy of each receipt must be filed in numerical order and retained as part of the school's accounting records along with the LSA Cash Receipts Journal.

Receipts written in the Master Receipt Book must be recorded in the school ledger and all funds deposited on the day received, if possible. Schools may establish a daily cut off time after which funds will not be received and receipted. This receipt book must be handled with the utmost accuracy.

Receipts are never to be destroyed or changed. If a mistake is made, write VOID on both copies and staple the original to the duplicate.

Receipts are to be issued only when money is received. Under no circumstances are receipts to be issued in advance. If time does not permit proper receipting, money should not be accepted.

Interest earned on bank accounts does not constitute "money received" in the school office, therefore, a receipt is not necessary. The amount of interest earned must be entered into the school's LSA Cash Receipts Journal at the end of each month.

Receipts written MUST state source of funds. Receipts must always be written to the person remitting the funds. Receipts must never be written to such things as “Picture Sales”, “Coke Machine”, “Candy Sales”, “School Supply Store”, “Junior Class”, “First Grade Field Trip”.

Receipts must be completely filled out including the date, to whom received, source of the funds, amount received, and then signed by the person receiving the funds. The original copy of the receipt must be detached and given to the person turning in the monies.

The Principal is ultimately responsible for the maintenance and handling of the master receipt book and for all monies received.

THE PRINCIPAL IS RESPONSIBLE FOR ANY SHORTAGES RESULTING FROM ERRORS OR OMMISSIONS IN THE HANDLING OF SCHOOL MONIES.

TEACHER RECEIPT BOOKS

Each teacher will be issued by the Principal an individual receipt book to record all funds collected in his/her class. (This includes funds derived from the selling of pictures, fund-raising items, tickets, etc.) A teacher is not to have more than one receipt book at a time. The receipt books must be pre-numbered. The receipts must be written in the same manner as described in the instructions above under Master Receipt Book.

Each principal has the option of waiving the requirement to write a receipt to each student in a class when the amount being collected from each person does not exceed two dollars \$2.00. If this option is used, the teacher may write one receipt to one student in the class for the entire amount collected and the teacher must attach a list of the students and the amount paid by each to the copy of the receipt in the teacher’s receipt book.

A permanent record must be kept by the principal of each numbered receipt book issued, this record must be retained with the school’s accounting records. The principal is responsible for checking these books. Any major errors or mistakes must be reported to the Superintendent or Custodian of Funds immediately.

Funds should be remitted to the principal’s office no more than once a day. However, a teacher is never to hold funds in excess of \$10.00 beyond the date of collection. All collections should be remitted to the principal’s office each week.

The principal must issue a Master Receipt to each teacher for all money brought into the office. Teachers should take money and their receipt book to the office personally. All receipt books must be checked by the principal periodically.

RECEIPTING AND DEPOSITING MONIES

1. A school master receipt must be issued in the office for all funds turned-in to the office. A master receipt must not be issued in the office for funds collected unless the teacher receipt book is submitted to the office at the same time the money is turned in to the office.
2. The master receipt must show the numbers (inclusive) of the teacher receipts from the teacher's book which covers the total amount collected and submitted.
3. The amount, date, and master receipt number must be written on the carbon copy of the last teacher receipt comprising the total remittance. The person receiving the funds must also sign or initial the last receipt in the teacher receipt book.
4. The bank deposits must be made in such an orderly manner that each deposit will reflect the total daily receipts (in the master receipt book) that comprise the deposit.
5. Monies receipted should be deposited intact, in total.
6. The Principal must check the procedures as often as necessary to assure compliance and correctness.

REQUISITION – PURCHASE ORDER

A Requisition – Purchase Order must be completed and signed by the Principal before a purchase is made. The form must be numbered in the upper right-hand corner. The State approved Form LA-5 may be used or a form that contains the same information plus additional information.

The Purchase Order should adequately describe the items to be purchased. Do not order by item number alone—identify items. Avoid using “per attached list” except for things like a list of food items for the Child Nutrition Program that may be prepared by a salesman at the time he calls on the manager on the school campus.

A purchase order register must be maintained at the school for school purchases. The purchase order should contain the following information:

Date
Vendor
P.O. Number
Teacher/Class Account
Amount
Club / Department
G/L Distribution

The purchase order must be completed and signed by the person making the purchase. The purpose for the purchase of such items as foods, meats, beverages, etc. for banquets, dinners, etc must be explained on the purchase order.

The invoice received for a given purchase order must be compared to the items listed on the purchase order. Items received must be checked off with notes made for items cancelled, no longer available or not received as well as notations regarding items received that were damaged.

Since Form LA-5 as printed by the State Department of Education does not have a materials receipt space on it, schools should obtain a rubber stamp or write appropriate information on the form to document materials receipt. A rubber stamp with the following information would meet this requirement:

REC'D BY _____ DATE _____

Schools that make numerous purchases at one or more given vendors during a month will be permitted to issue that vendor a purchase order number at the beginning of the month for use during that month. These "Blanket Purchase Orders" must be on a very limited basis. An example of this use would be when a school purchases many small items at a hardware store where obtaining a purchase order would delay the work of the janitor and others. The amount of the purchase order must be a reasonable estimate of the amount expected to be spent during the month. The hardware store must provide a sales ticket (invoice) which must have the purchase order number recorded on it. All such purchases must be approved by the Principal. Great care should be given to vendors where there are more than one account related to the school system (example: there is Board Account AND a school account) to ensure that the sales clerk charges the purchase to the correct account and indicates the correct purchase order.

Students should never be allowed to purchase items on such purchase orders.

The "blanket" purchase order must be completed each month and a new one issued at the beginning of the next month. If no purchases were made; void the purchase order and issue a new one anyway.

INVOICES

An invoice must be obtained for each purchase order before payment is made. Payments should never be made from a statement unless the statement also itemizes the items purchased with a price for each and NO invoice is available. The invoices must include the name and address of the vendor, quantity and description of the items purchased, unit price, extensions and the total. Every effort should be taken to obtain an invoice if the original is misplaced or lost. Most vendors will re-issue a copy of the invoice.

If a vendor provides work or materials but does not have an invoice, the school may furnish a Form LA-6 Invoice to the vendor to be completed or write the following information on a form:

The purchase order number
Date
Name and address of vendor
Social security or Employer I.D. number of vendor
Description of work done
Amount to be paid
Signature of Vendor

The invoice must be stapled to the purchase order with the invoice on top. Each month's paid invoices must be put in numerical order by check number and filed in "batch" order in an envelope or file folder plainly marked as "Invoices Paid for _____(Month/Year)". Each "Batch" of paid invoices must include the batch listing, merge listing and cash disbursement listing that is generated by the LSA system at the of posting.

EXPENDITURES

All obligations of the school are to be paid from the official checkbook. Only authorized school expenses are to be paid from this checkbook. A check is never to be destroyed. When an error is made, mark the check VOID and file it in numerical order with cancelled checks.

One person in the school (Principal) is authorized to sign checks. If for any reason the Principal is incapacitated, call the Superintendent. Prior approval must be obtained from the Superintendent before a bank account is changed.

A valid invoice must be secured to serve as a basis for issuing any check; statements are insufficient. The invoices must be itemized with prices listed for each item. Invoices must be signed by the person for whom the purchase is intended as well as the person who receives the goods at the school.

All invoices must be approved by the principal before payment is made. The principal must initial all invoices. A copy of the check written to pay the invoice must be attached on top of the invoice.

If for any reason a check is outstanding for two months, efforts must be made to ascertain that the check reached the proper party

The proper handling of the School Bank Account is the primary responsibility of the Principal. The Principal does not have the authority to issue a check unless an itemized invoice is secured beforehand.

POSTING

Each school must post all receipts and expenditures into the computerized McAleer Local School Accounting System. Entries into the accounting system are to be made in accordance with procedures prescribed in the McAleer Local School Accounting Manual.

The security of the computerized accounting system must be protected by the use of an access password. This password must be protected, and is the responsibility of the school's principal and bookkeeper.

The security of the accounting system must be further protected through regularly scheduled backup procedures.

1. At the end of each day, all "DATA FILES" must be backed up to a diskette. (Daily backup)
2. At the end of each week, a "FULL SYSTEM" backup must be made to diskette. (Weekly Backup)

These backup diskettes must be maintained at a location away from the school.

Changes, updates, or alterations of any type to the accounting system will be made by McAleer Computer Associates, Inc. and must be authorized by the Superintendent of Education or the Custodian of Funds.

It is recommended that each school use an uninterrupted power supply (UPS) surge protector to prevent loss of information during processing.

TRANSFERS BETWEEN SCHOOL ACCOUNTS (ACTIVITIES) AND CLEARING OF DEFICITS IN ACCOUNTS (ACTIVITIES)

Revenues may be transferred from one account (activity) to another by following the procedures for the transfer of funds included in the LSA manual. (This will be a transfer-out from one activity and transfer-in to another activity) This prevents overstatement of total revenues. Generally, these transfers would be made at or near the end of the school's fiscal year. All such transfers must first be approved by the Principal on a TRANSFER VOUCHER. Copies of the Transfer Voucher must be retained in the financial records of the school.

The utmost caution should be taken to prevent any account from ending in a deficit on June 30th each year. **IT IS THE RESPONSIBILITY OF THE ACTIVITY DIRECTOR TO WORK WITH THE BOOKKEEPER AND PRINCIPAL.** In the event an activity ends the year with a deficit; a TRANSFER VOUCHER must be prepared, signed by the Principal authorizing transfer and the Bookkeeper will follow the steps in the Transfer Program of McAleer Accounting System.

NOTE: PUBLIC FUNDS MAY NOT BE TRANSFERRED TO NON-PUBLIC FUND ACTIVITIES

BOOKKEEPERS: WHEN POSTING A TRANSFER BETWEEN SCHOOL ACTIVITIES; USE FUNCTION / OBJECT 9910 – 920 AND THE TRANSFER IN WILL BE REVENUE 4-9210

TRANSFERS BETWEEN SCHOOL ACCOUNTS AND CENTRAL OFFICE

From time to time it will be necessary for schools to transfer monies to the central office to cover payroll, transportation costs, or portions of a purchase order that is being paid with school funds but will be processed at the central office. When the Central Office is making the expenditure the School will send a check made payable to Lauderdale County Board of Education. The Bookkeeper will process the check as she does all other checks through the McAleer Invoice Processing System BUT will code the expense as an Operating Transfer Out – School Sources....USE EXPENDITURE 5-9910-923 FOR THIS EXPENSE. The Central Office will record the check as a TRANSFER IN using Revenue 4-9230.

Occasionally the Central Office will transfer monies to local schools (on behalf of legislators for example). In this case the Custodian of Funds will cut a check to the school and record the expense as Operating Transfer Out – School Source (5-9910-923)

THE SCHOOL WILL RECORD THE TRANSFER IN FROM THE CENTRAL OFFICE WITH REVENUE 4-9230.

Please utilize caution when posting transfers so that the System’s Books Balance. All transfers in and out between activities at the school should equal. All transfers Between Schools and Central Office should also equal. Using the appropriate codes will eliminate unnecessary hours of reconciling at the end of the fiscal year.

ACCOUNTS PAYABLE

Unpaid items of any nature at September 30th of each year should be recorded in the school’s LSA system and an Accounts Payable Register will be attached to the monthly financial report and submitted to the Central Office.

BANKING

Money received by the school must be deposited DAILY. If funds are received after regular banking hours, a deposit must be made the next banking day. Under no circumstances will funds be left in the school overnight unless the school has a safe. While it is advantageous to have a safe or vault in the school, that does not negate the requirement of making a daily deposit.

Principals may establish a cut-off time to receive funds from teachers/staff each day but such time must not be earlier than 1:00 p.m. Funds may be received after that time if allowed by the Principal.

The total deposit made each day must coincide with total receipts. The date and amount of the deposit must be written on the last Master Receipt comprising each respective deposit. All checks payable to the school or department should be endorsed immediately “FOR DEPOSIT ONLY _____ SCHOOL”.

The funds in all deposits must be counted and a deposit ticket prepared before being taken to the bank for deposit. The school must keep a copy of all deposit tickets while the deposit is in transit to the bank. The school principal must have an employee of the school present when the bank counts the funds in a deposit and a copy of the deposit ticket must be obtained at the time of deposit. If a deposit is left at the bank near closing time or left in a night deposit receptacle, it is recommended that the deposit bag be locked with the school officials holding the only keys and then someone from the school must be present to unlock the bag and be present when the funds are counted.

Principals must assess all areas of receipting and depositing funds in order to develop the internal control measures needed to safeguard funds. In order to ensure the proper segregation of duties, at least two (2) Board employees should be involved in all cash collection, cash receipting, and cash disbursement functions.

Each school principal must set up a system of internal control to assure that all deposits reach the 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 school bank accounts and accounted for in the official accounting records of the school

EXTREME CAUTION SHOULD BE TAKEN TO PREVENT THE THEFT OF BLANK CHECKS!

The use of school funds for the personal use of any member of the school is prohibited.

School funds must be deposited only in banks and financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC). Effective January 1, 2001 the Security for Alabama Funds Enhancement Program or SAFE Program became law. The SAFE Program eliminated the need for school boards to individually collateralize deposits. Under this program, banks designated by the State Treasurer as a qualified public depository (QPD) will pledge securities to the SAFE collateral pool. The pool will insure all public depositors with deposits held in a QPD.

Where permissible and feasible, school funds should be placed in interest earning checking accounts. When schools have sufficient funds available for a period of time, the

principal may purchase certificates of deposit provided that so doing will result in increased interest earnings.

RETURNED CHECKS

Wherever a check is returned, the school (CNP bookkeeper for CNP returned checks) must notify the person who issued the check to bring cash to the school to cover the check. Do not charge the returned non-paid check off in the ledger. Write a new receipt for the cash received and mark it “re-deposited” with a notation of the earlier receipt number issued, a copy of the notice received from the bank and a copy of the returned check attached to the master receipt. The returned check may be returned to the person who wrote the check after cash has been received to cover the amount. Returned checks not promptly redeemed by cash must be collected by legal means. Assistance should be obtained from the District Attorney’s office in the Lauderdale County Courthouse.

The school will recover any bank fees charged to the school account in the event of an overdrawn check.

If the returned check is not collected by the MONTH END, it must be shown as an “OTHER RECONCILING ITEM” (debit) in the bank reconciliation file each month until it is collected.

If a returned check is collected prior to the end of the month in which it is returned, NO ENTRY is needed in the LSA system.

In the event a returned check is not collected by the school or the District Attorney, a school must request permission from the Superintendent of Education before writing off the check. A returned check should be written off by reducing the revenue and cash. A journal entry must be made to reduce (Debit) revenue for the appropriate activity account and reduce (Credit) cash. All documentation, including District Attorney’s statement and the written permission from the Superintendent of Education to write off the item must be retained with the school’s accounting records for the period in which the item is written off the school’s books.

PAYMENTS FOR NON-EMPLOYEE SERVICES CONTRACT LABOR

Local schools must comply with the Internal Revenue Service requirements for the reporting of payments to non-employees (such as athletic officials, plumbers, electricians, etc) for services rendered. Records must be maintained to account for any payments for any service rendered by any individual or organization that is not an employee of the Board, and is not incorporated. The school shall obtain the social security number or employer I.D. number and address of the vendor before payment is made for services rendered. Any unincorporated vendor using a social security number as his taxpayer I.D. should be flagged “Yes” to receive a 1099 in the Vendor Maintenance File in the McAleer Accounting System. The school will provide a vendor file to the central office at the end of the calendar year in order for 1099-Miscellaneous forms to be issued.

DISPOSAL OF EQUIPMENT

The requirements for the recording of the fixed assets of the Lauderdale County Board of Education shall be the same as that of the State of Alabama. That requirement is that items that are not consumable with an acquisition cost of \$5,000.00 or more must be recorded as CAPITALIZED FIXED ASSETS. (Any item purchased meeting this definition will be coded with a “541 – 589” object code when paying the invoice – refer to latest update of the Alabama State Department of Education Accounting Manual for the appropriate code

In addition, the Lauderdale County Board of Education requires that a supplementary inventory be kept by each school for items that are not consumable with an acquisition cost of \$100.00 or more for electronic items and \$500.00 or more for non-electronic items and will be recorded as NON-CAPITALIZED EQUIPMENT. (Any item purchased meeting this definition will be coded with a “491 – 499” object code when paying the invoice – refer to the latest update of the Alabama State Department of Education Accounting Manual for the appropriate code.

The removal of worn out, obsolete or lost general fixed assets from the fixed asset accounting system must be reviewed and authorized either by the Superintendent or Assistant Superintendent of Education.

One of the individuals listed above must sign and date the school’s copy of the fixed asset inventory card (Inventory Additions / Deletions Form) before it is sent to the central office bookkeeping department for processing. The school should retain a copy.

A copy of the police report for stolen or destroyed fixed assets must be attached to the school’s copy of the fixed asset inventory card and sent to the central office bookkeeping department. The school should retain a copy of this information.

All equipment and furniture purchased with Federal Funds must be marked as being purchased with Federal Funds and indicate which Fund (ex: Title I, Title VI, IDEA-Part B, Federal Vocation, etc.)

Insert Memo Regarding Capitalized Equipment from SDE

FUNDS COLLECTED FOR LOST OR DAMAGED SCHOOL PROPERTIES

TEXTBOOKS – Funds collected from students for lost or damaged textbooks that are property of the Board of Education must be receipted and accounted for in the local school and remitted by the school to the Board of Education at the end of each school year. The funds will be used by the Board to purchase textbooks. These transactions will be monitored by the Assistant Superintendent of Education.

LIBRARY BOOKS, EQUIPMENT, AND MATERIALS - Funds collected from students for lost or damaged library books, equipment and/or materials must be receipted and accounted for in the local school and expended for library items. These funds may not be expended for any other purpose.

OTHER BOOKS, EQUIPMENT AND MATERIALS – Funds collected from students for lost or damaged books, equipment, and/or materials purchased with funds collected by a specific class, club or other “Activity” must be expended to purchase books, equipment and/or materials for that specific “Activity”.

TRAVEL EXPENSE REIMBURSEMENT

School principals are permitted to reimburse school employees for actual travel expenses while such employees are conducting school business. Such payment must be on a reimbursement basis. The rate of reimbursement for travel shall be the Board of Education approved and supported by paid receipts (copies of credit card charges will be acceptable when accompanied by an invoice for lodging and when “meal” is stated on the ticket). Receipts for registration charges for attending conferences, etc. must be submitted. All such requests for travel reimbursement must be made in accordance with the Board Policy for travel.

All travel reimbursement must be based on a statement from the employee that includes the date of the travel, points of travel, miles traveled, and the purpose of the travel.

Reimbursement for mileage, meals and lodging must be claimed by the employee making a statement and signing the request under a statement that reads “I hereby certify that the travel and expense indicated hereon was accomplished in the performance of official duties pursuant to travel authority granted me.”

See following page for a sample travel claim form.

Insert Travel Claim Form

SALARY SUPPLEMENTS-GIFTS

No school is authorized to make supplemental payments to personnel for any services rendered in connection with the normal and customary duties associated with the employee's job description. ANY supplemental payment for extra work "above and beyond" the normal duties of a specific job must be submitted to the Payroll Department for compensation with the "Monthly Payroll to the Superintendent" (Principal's Service Report). Such payments will be made on the regular monthly personnel payroll to ensure that all deductions are properly handled. The local school is responsible for covering such payments and should submit a transfer check to the central office with the payroll requesting additional pay for the employee. Contact Payroll Clerk or Custodian of Funds for instructions on calculation of fringe benefits.

Schools are expressly prohibited from making loans to employees.

Gifts of money or school property to any individual or organization are prohibited. This includes floral arrangements. A flower fund may be operated by the school provided complete and accurate records are kept to verify that all such purchases are paid for by contributions from employees and/or students. The school will not be permitted to contribute to this fund. An exception to this regulation will be made when a class, organization, or the school purchases floral arrangements for such school-related events as proms, beauty contests, graduation exercises, etc.

It shall be permissible for a student club, organization or class to expend Non –Public Funds collected from fundraising activities and membership dues for such things as:

- 1) sending flowers to a funeral or hospital for a student, teacher or someone else,
- 2) food or clothing for a needy family or individual
- 3) contributing to the state or national student organization foundation, and
- 4) to pay state and national dues for such organizations.

OBLIGATIONS

All obligations of the school must be paid in full by the tenth of the month following purchase unless a written contract is made setting forth definite time payments. Written contracts for time payments must be approved by the Superintendent of Education before a purchase is made. Any contract entered into by the Principal may be cancelled by the Superintendent and the Principal held personally responsible unless written permission is secured beforehand.

Obligations made for delayed billings must be included in the listing of "Accounts Payable" submitted at the end of each month to the Superintendent / Custodian of Funds. If such obligations remain outstanding at fiscal year end, the amounts MUST be included in the YEAR-END financial report as an obligation of the school.

BORROWINGS AND LEASE-PURCHASE AGREEMENTS

The Lauderdale County Board of Education expressly prohibits the Principal and/or any employee at a school from borrowing any funds from any source in the name of the school or the Board of Education without first obtaining the written approval of the Superintendent of Education and the Board of Education.

Employees and agents of the Lauderdale County Board of Education are prohibited from entering into any contract or lease-purchase agreement without first obtaining the written permission of the Superintendent of Education and the Board of Education.

The Alabama Code, Section 41-16-57(e) states that “contracts for the purchase of personal property or contractual services shall be let for periods of not greater than three years.”

BID LAW

Board policy, Section 4C, State Bid Law, must be followed for any purchase which meets the requirements of the State Bid Law. An up-to-date copy of the State Bid Law is available online at www.examiners.state.al.us.

SALES TAX

Principals are required to follow the Alabama Department of Revenue’s Sales and Use Tax Rules (Code of Alabama 1975, Sections 40-23-31 and 40-23-83).

Schools are not required to pay sales taxes on purchases, or generally, collect sales taxes on sales at the school with the exception of the following:

- 1) sales of class rings to students, either directly to the students or through a teacher or school organization,
- 2) sales of school photographs either directly to students or to students through a teacher or school organization, and
- 3) sales of sweaters and jackets to students either directly to students or to students through a teacher or school organization.

Such property listed in the three items above is not school property and is not used for school purposes, but becomes solely the property of the student who ultimately pays for the item.

On the following page please find a copy of July 10, 2000 letter from State of Alabama Department of Revenue concerning exemption from sales tax.

insert tax exemption certificate here.

FINANCIAL RECORD RETENTION SCHEDULE

All records of the school must be filed and retained in compliance with the requirements of the STATE OF ALABAMA, BOARD OF EDUCATION RECORDS DISPOSITION SCHEDULE, Sections LG-6-2-14 and LG-6-2-15, LOCAL BOARDS OF EDUCATION GENERAL RECORDS SCHEDULES as revised October, 1994. Additionally, records being audited or that are the subject of unresolved audit questions must be kept until such time as all audit questions are satisfied.

The following records must be maintained permanently:

- 1) General Ledger / Trial Balance
- 2) Inventory Record

An up-to-date copy of the Local School Records Disposition Authority is available online at www.archives.state.al.us.

THEFT OF SCHOOL FUNDS

If a theft or loss of school funds occurs, notify the police and the Superintendent or Assistant Superintendent of Education immediately.

ATHLETIC TICKET SALES

All funds collected for the sale of athletic tickets must be supported by a "Report of Sales of Tickets", Form LA-4. This form should be signed by the person or persons in charge of ticket sales. Any exceptions or problems should be noted on this form. Gate receipts should always be counted by more than one person.

ATHLETIC MEALS, LODGING, AND TRAVEL

Meals provided to athletic team members incident to athletic events shall be allowed at the discretion of the school principal.

Lodging for out-of-town athletic events shall be arranged prior to the event and reservations for such lodging shall be secured by purchased order or prepaid by check.

The school principal may issue an advance travel check, payable to the head coach, to cover the reasonable costs of athlete meals. Under no circumstances shall a check be made payable to "CASH". On the next work day following the athletic event for which funds were advanced, the head coach shall submit to the school principal's office all remaining travel advance funds along with receipts for all outlays from those funds. Remaining funds plus receipts shall equal the amount of the original advance. Any advanced funds returned shall be deposited and credited to the travel advance expense account.

FIELD TRIPS

Monies collected from pupils for Field Trips must be receipted, deposited and expended through the school's Financial Records. FIELD TRIPS ARE NOT TO BE CONDUCTED FOR A PROFIT.

Field trips must comply with the Lauderdale County Board of Education policies.

FUNDRAISING ACTIVITIES

An accounting **MUST BE MADE** of the total revenues and expenditures for each fundraising event. The Master Receipt issued must identify the source of funds or activity conducted (the notation "class project", "senior class", etc. is not acceptable). Fund raising activities held during class time, activity periods, before or after school must be reported. This includes school organizations, classes or clubs.

LAUDERDALE COUNTY BOARD OF EDUCATION
POLICIES FOR CENTRAL OFFICE ACCOUNTING

RECONCILIATION OF BANK STATEMENTS

ALL BANK ACCOUNTS of the Lauderdale County Board of Education will be reconciled between the BANK STATEMENT, CHECK REGISTER/BOOK and the GENERAL LEDGER CASH ACCOUNT on a MONTHLY BASIS. This reconciliation will be prepared as soon as is practicable after the end of each month. This reconciliation shall be performed in the following manner:

1. Bank statements received from the Board approved bank shall be delivered UNOPENED to the Custodian of Funds who will open and inspect the statement, cancelled checks and deposit tickets. Local school account statements will be opened and inspected by the school principal.
2. Custodian of Funds or School Bookkeeper will also verify that the interest rate posted by the bank is the agreed upon rate. Cancelled checks will be scanned for vendor, endorsement, alteration or any other discrepancy. Any error, discrepancy or unusual circumstance will be noted and brought to the attention of the principal, Custodian of Funds and/or the Superintendent of Education immediately.
3. After inspecting the statement, the Custodian of Funds / School Bookkeeper will reconcile the bank statement or give it to the bookkeeper responsible for performing the bank reconciliation.
4. The custodian of funds / school bookkeeper will reconcile all bank statements to the check register/book and to the General Ledger Cash Accounts. The bank accounts held by the Lauderdale County Board of Education Central Office are:

General Fund
Child Nutrition Program
Accounts Payable Clearing
Payroll Clearing

Other bank accounts include an account for each school:

Anderson
Brooks High
Brooks Elementary
Central
Cloverdale
Lauderdale County High School
Lexington

Rogers
 Underwood
 Waterloo
 Wilson
 Allen Thornton

The cash account is designated by the function code 1-0111. Cash may be held in the following Fund/Sources of Funds.

General Fund

Fund	Fund Source
11	1110
11	1130
11	1220
11	1230
11	1240
11	1250
11	1310
11	1320
11	1410
11	1520
11	6001
14	2120
14	6001

Federal Fund

12	3210
12	3210-1
12	3220
12	3220-1
12	3310
12	4001
12	4510
12	4510-1
12	4600
12	4600-1
12	4700
12	4700-1
12	4750
12	4751
12	4801
12	4801-1

Warrant Debt Service

Fund	Fund Source
13	6001

Local Schools

12	7101
32	7501

Payroll

38

Accounts Payable

39

Child Nutrition

12 5101

Effective January 1, 2001, the Board's deposits are covered under the SAFE Program (Security for Alabama Funds Enhancement Program encompassed in Title 41, Chapter 14A, Code of Alabama 1975, as amended). (See attachment "Public Deposit Identification Form")

PAYMENT OF INVOICES

Purchases made under the authority of a purchase order issued by the Lauderdale County Board of Education should be invoiced to the Lauderdale County Board of Education Central Office. Either the invoice or a corresponding materials receipt must be signed by the person receiving materials. Materials receipts should be signed ONLY after ALL materials have been received and the purchase order is complete. Lauderdale County Board of Education will not make payment on any item it has not received. Items invoiced as "backordered" will not be paid and should be canceled. The Custodian of Funds will prepare the board invoices for payment. The board invoices will be entered by the Custodian of Funds or his designee. The invoices will be proofed and processed for payment by the Custodian of Funds or his designee. The Child Nutrition Program Director will prepare CNP invoices and the CNP bookkeeper or her designee will enter and process the invoices for payment.

ISSUANCE OF PURCHASE ORDERS

The purchase orders used by the Lauderdale County Board of Education are sequentially numbered when using MCAI Budgetary Accounting System. A purchase order is a binding agreement with a vendor that monies are available for payment when materials are received and/or services have been rendered. Thus it is imperative that all persons making purchases to be paid by the Lauderdale County Board of Education will follow the purchase order procedure. All purchases will require a purchase order to initiate the process with the exception of utilities and travel reimbursements. Any purchase made not utilizing this process will require approval of the Superintendent of Education before payment will be made and the school or employee making the purchase is subject to reimbursing the Board of Education for the unauthorized purchase.

1. One person at each school (school bookkeeper, secretary, or the principal's designee) will receive all requisitions and obtain all purchase order numbers.
2. This person will obtain the principal's authorizing signature on all requisitions before forwarding them to the county office.
3. At the county office, the requisitions are reviewed and approved by the appropriate administrator. Each approved requisition is then entered into the MCAI Budgetary Accounting System and a corresponding, sequentially number

purchase order is produced. The purchase order must then be authorized by signature of the Superintendent or his designated assistant.

4. After the purchase order is authorized it is returned to the requisitioner so that a purchase can be made. The pink copy is retained in the accounting department and is matched to the materials receipt and invoice when they are received.

CASH RECEIPTS

Disposition of all checks and/or cash items received by the receptionist (who is the SECRETARY to the SUPERINTENDENT OF EDUCATION) shall be as follows:

1. Receptionist sorts the mail and distributes it to the proper recipient.
2. Checks are delivered to the Payroll / CNP Clerk in order to be receipted into the master receipt book.
3. A receipt is written for ALL cash and all checks received from all sources.
4. After receipted, copies are made of all checks, dated and initialized by the one receipting (Payroll Clerk) and are filed in the Revenue Expandable File by Month.
5. The Custodian of Funds determines into which bank account the item should be deposited, and the Payroll Clerk prepares the deposit ticket and takes the deposit to the bank. Items received should be deposited in the bank on the date received.
6. The Custodian of Funds will assign the proper General Ledger code to each item on the deposit ticket and enters the deposit through the journal entry procedure for cash receipts.

The Custodian of Funds keeps copies of all receipts entered into the system, and retains them in a file labeled with the applicable month and year. These files are maintained to facilitate end-of-month cash reconciliation and audit procedures.

PREPARATION AND ENTRY OF PAYROLL

The payroll for the employees of the Lauderdale County Board of Education is processed on the MCAI PAYROLL SYSTEM on the computer. All information regarding the payment of any employee is given to the payroll clerk who checks and prepares it for entering into the payroll system. All employees of the Board are paid on a monthly payroll. Payroll is issued on the last business day of each month.

CHANGES IN WITHHOLDINGS AND OTHER PERSONAL INFORMATION

Any and all payroll information changes for taxes, deductions, insurance, addresses, etc., must be supported by the written authorization of the employee. A copy of the written authorization is to be placed in a file in the office of the Payroll Clerk.

SALARY CHANGE

Any change in an employee's salary must be documented with a complete written calculation by the payroll clerk, and approved by the Superintendent and Custodian of Funds. A copy of the calculation is to be placed in the file in the Payroll Clerk's office.

NEW HIRES

Documentation of the hiring of an employee by the Lauderdale County Board of Education **MUST** be furnished to the payroll clerk. The Secretary to the Board shall give to the payroll clerk a copy of the minutes of each Board meeting as soon as possible after the meeting has been concluded. Documentation shall show the employee's name, hire date, a description of the position for which the employee is hired, the salary that the employee is to receive, and a detailed work schedule for the position.

SUBSTITUTES

Any person who substitute teaches for an employee of the Board of Education must hold a valid **SUBSTITUTE TEACHER'S CERTIFICATE** from the State of Alabama Department of Education. This certificate is obtained by submitting an application along with a money order or cashier's check made payable to the State of Alabama Department of Education.

The person in charge of fingerprinting (currently either Assistant Superintendent of Education, Transportation Director, or Secretary to the Superintendent) must obtain an application, the appropriate fees, fingerprints, background checks and a Determination of Eligibility (Form I-9) from any individual proposing to substitute **BEFORE** allowing the individual to work. A copy of the individual's social security card and driver's license or other appropriate identification as specified on the I-9 must accompany the I-9 when submitted to the payroll clerk. **THE PAYROLL CLERK WILL NOT ENTER AN INDIVIDUAL INTO THE PAYROLL SYSTEM UNTIL ALL OF THESE DOCUMENTS HAVE BEEN PROPERLY OBTAINED.**

Any employee who has instructed the bookkeeping department to hold his or her check to be picked up must come into the office in person to pick up the check. If an employee is sending a spouse or someone else to pick up his or her check, the employee must notify the payroll clerk or bookkeeping department and that person will be required to sign for the check when picking it up.

School

Date

I have read the accounting policies as contained in the Accounting Policy Manual of the Lauderdale County Board of Education. I will follow these policies and will explain them to my bookkeeper and /or secretary, Child Nutrition Program employees, and all other Board of Education employees at my school. I will monitor their actions to assure compliance with the policies of the Lauderdale County Board of Education.

Principal

Please sign and return to the Central Office.

Keep a copy for your file.