

COMPLIANCE WITH FUNDING RESTRICTIONS AT THE INDIVIDUAL SCHOOL LEVEL

Policy Code:

8260

Many of the revenue sources that the board uses to finance operations have restrictions on their use. These restrictions vary according to specific grants or categorical allotments. The specific grant or categorical allotment that supports an expenditure is identified by the first three-digit segment in the 19 digit account numbering system defined under the Uniform Chart of Accounts as promulgated by the North Carolina Department of the State Treasurer (NCDST) and the North Carolina Department of Public Instruction (NCDPI). This three-digit segment is called the Program Report Code (PRC). An index of what grant funding source or categorical allotment is identified by each three-digit PRC used in the State Public School Fund and the Federal Grants Fund is maintained on the NCDPI website. That listing also specifies certain PRC numbers that are required for use in other funds as well. Additional PRC's may be established by each school district under general guidelines from NCDPI to identify unique local funding sources that are also restricted as to use.

The revenue sources referenced above are budgeted and controlled centrally; transactions related to them are accounted for in district-wide financial software systems. These monies are distinct from the funds of the individual schools that are accounted for in each school's own bookkeeping software and that are deposited in and expended from each individual school's depository.

It is the duty of all school-based personnel involved in spending monies accounted for using the 19 digit account numbers on purchase orders or warehouse requisitions to identify the funding source supporting each individual purchase and to comply with all restrictions applicable to that funding source. Principals have a special obligation to not delegate decision-making authority for expenditures that use a 19 digit account code without also making sure that the individuals to whom spending authority is delegated understand both how to read the account code to determine the funding source and how important it is to identify and comply with restrictions relevant to specific funding sources. School-based personnel who need information about what is a permissible expenditure from a specific 19 digit account may contact the central finance staff for clarification or for a referral to an appropriate contact within another central office department. For example, the Federal Programs Director who oversees the Title I program would be the best source to opine on whether or not a proposed expenditure would qualify to be paid from the parental involvement set-aside in the Title I program.

All school-based personnel involved in spending monies that are accessed using a 19 digit account number need to understand that the account code is not just a sequence of numbers that serve to access funding. Instead account code segments describe, using specific definitions assigned to combinations of digits rather than words, what is being purchased (the object of expenditure), the purpose to which that item will be put (the purpose/function/subfunction code), and the location at which the item will be used (the location code). Employees shall be held accountable for making a true statement every time they submit a warehouse requisition or purchase order about what is being purchased and why. Toward this end, school-based personnel involved in making purchases from centrally-controlled funds must also understand the meaning of the other segments of the 19 digit account code in order to assure that the product or service

being purchased is being adequately and accurately described via the account number.

Principals also have a unique responsibility in terms of assigning tasks to personnel who may be paid from restricted funding sources. Although in many cases, principals may have wide latitude to allocate personnel such as classroom teachers as needed to best satisfy the needs of the instructional program, in other cases, principals are restricted in terms of the duties and responsibilities they can assign to personnel who are funded from specific grants or categorical allotments. It is the responsibility of each principal to know what source of funding is being used to pay the salary/wages of each of the individuals assigned to his or her school and to comply with any and all restrictions on the use of personnel paid from a specific funding source.

Principals who have questions about what restrictions relate to individual employees, based on the account code from which they are paid, may contact the central finance staff for clarification or for a referral to an appropriate contact within another central office department. Typical examples of funding sources that place restrictions on how staff can be used are the State Public School Fund categorical allotments as well as most federal grants. For example, teacher positions funded through the At Risk State-funded categorical allotment cannot simply be folded in with the overall allocation of classroom teachers for a school to reduce class sizes across the board or to offer classes that could otherwise not be offered – instead they but must serve specific populations of students defined to be at risk in a manner that attempts to ameliorate the at risk factor(s).

Principals also have an obligation to make sure that the tasks assigned to all individuals working at their school are adequately and accurately described by the other segments of the 19 digit account code. For example, an individual described via segments of their account code as being an instructional assistant working the regular education program cannot be re-assigned to drive a bus – even in an emergency situation – without a different account code being used to pay for the bus driving time.

Legal References:

Cross References:

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