

# Alamance-Burlington School System

## Financial Procedural Manual 2021-2022



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# Chapter 1- Introduction

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## 1.1 Overview

The purpose of this manual is to provide a reference tool for secretaries, directors, principals, and finance staff on how to deal with financial issues. In order to carry out the requirements of North Carolina Law, procedures of the North Carolina Local Government Commission, and the directions of the local board of education, it is necessary to have a standardized accounting system to record the various financial transactions.

The financial accounting system is invaluable in providing accurate financial information that provides comparable and useful data for the administration funds. It is the responsibility of each employee involved in the procurement process to understand the policies upon which these procedures are based.

A uniform system for fiscal management for all schools and central office will be achieved by using this manual. This is desirable for comparability and useful management reporting.

Employees of ABSS are expected to demonstrate and be dedicated to the highest ideals of honor and integrity in all public and personal relationships to merit the respect, trust and confidence of governing officials, other public officials, employees and the public. They are expected to abide by approved professional practices and recommended standards. Employees are expected to recognize and be accountable for their responsibilities as professionals in the public sector. They are expected to be sensitive and responsive to the rights of the public and its changing needs. They are expected to strive to provide the highest quality of performance and counsel. They are expected to exercise prudence and integrity in the management of funds in their custody and in all financial transactions.

Please feel free to contact Central Services Finance Department if you have a question about a specific transaction **before** the transaction is completed. To direct your call to the proper person the following pages contain a list finance staff and their phone extensions as well as the chart ***Who Do I Contact in Finance?***

**Alamance-Burlington School System**  
**Finance Staff**  
**336-438-4000**

## **1.2 Central Office Finance Staff**

Jeremy Teetor, Chief Business Officer, ext. 20031  
Kimberly McVey, Executive Director of Finance, ext. 20035  
Tammy Dove, Internal School Auditor, ext. 20033  
Lois McPherson, Risk Manager ext 20016  
Paige Bowden, Accounting Manager, ext 20040  
Marsha Hanford, Contracts Manager, ext 20047

### Payroll

Pam McNeely, Payroll Manager, ext. 20039  
Kelli Foley, ext. 20094  
Peggy Ramey, ext. 20037  
Teresa Kellam, ext. 20041  
Roberta Powell ext. 20141

### Benefits

Joann Taylor, ext. 20032

### Accounts Payable

Faye Roberts, ext. 20036  
CJ Bridges, ext. 20034

## **1.3 Who Do I Contact in Finance?**

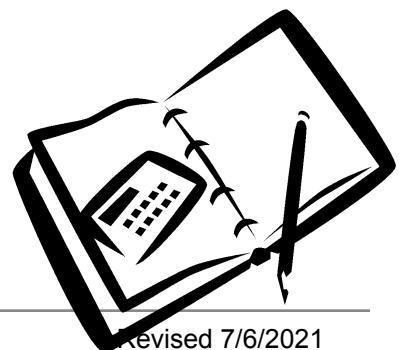
Please visit the below website for the most up to date information on who to contact in finance:

# Chapter 2 – Laws and Policies

<http://www.abss.k12.nc.us/Page/10936>

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- [2.1](#) Overview
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## 2.1 Overview

This section includes the NC State School Budget and Fiscal Control Act as well as board policies. All other procedures shall fall within the guidelines of the School Budget and Fiscal Control Act and ABSS School Board Policies.

## 2.2 State Laws

The sections of Article 31, "The School Budget and Fiscal Control Act" of the Public School Laws of North Carolina:

### § 115C-423. Definitions.

The words and phrases defined in this section have the meanings indicated when used in this Article, unless the context clearly requires another meaning:

- (1) "Budget" is a plan proposed by a board of education for raising and spending money for specified school programs, functions, activities, or objectives during a fiscal year.
- (2) "Budget resolution" is a resolution adopted by a board of education that appropriates revenues for specified school programs, functions, activities, or objectives during a fiscal year.
- (3) "Budget year" is the fiscal year for which a budget is proposed and a budget resolution is adopted.
- (4) "Fiscal year" is the annual period for the compilation of fiscal operations. The fiscal year begins on July 1 and ends on June 30.
- (5) "Fund" is an independent fiscal and accounting entity consisting of cash and other resources together with all related liabilities, obligations, reserves, and equities which are segregated by appropriate accounting techniques for the purpose of carrying on specific activities or attaining certain objectives in accordance with established legal regulations, restrictions or limitations.
- (6) "Vending facilities" has the same meaning as it does in G.S. 111-42(d), but also means any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1983 (Reg. Sess., 1984), c. 1034, s. 167; 2006-203, s. 34.)

### § 115C-424. Uniform system; conflicting laws and local acts superseded.

It is the intent of the General Assembly by enactment of this Article to prescribe for the public schools a uniform system of budgeting and fiscal control. To this end, all provisions of general laws and local acts in effect as of July 1, 1976, and in conflict with the provisions of this Article are repealed except local acts providing for the levy or for the levy and collection of school supplemental taxes. No local act enacted or taking effect after July 1, 1976, may be construed to modify, amend, or repeal any portion of this Article unless it expressly so provides by specific reference to the appropriate section. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-425. Annual balanced budget resolution.**

(a) Each local school administrative unit shall operate under an annual balanced budget resolution adopted and administered in accordance with this Article. A budget resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. The budget resolution shall cover one fiscal year.

(b) It is the intent of this Article that all moneys received and expended by a local school administrative unit should be included in the school budget resolution. Therefore, notwithstanding any other provisions of law, after July 1, 1976, no local school administrative unit may expend any moneys, regardless of their source (including moneys derived from federal, State, or private sources), except in accordance with a budget resolution adopted pursuant to this Article.

(c) Subsection (b) of this section does not apply to funds of individual schools, as defined in G.S. 115C-448. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1993, c. 179, s. 1.)

#### **§ 115C-426. Uniform budget format.**

(a) The State Board of Education, in cooperation with the Local Government Commission, shall cause to be prepared and promulgated a standard budget format for use by local school administrative units throughout the State.

(b) The uniform budget format shall be organized so as to facilitate accomplishment of the following objectives: (i) to enable the board of education and the board of county commissioners to make the local educational and local fiscal policies embodied therein; (ii) to control and facilitate the fiscal management of the local school administrative unit during the fiscal year; and (iii) to facilitate the gathering of accurate and reliable fiscal data on the operation of the public school system throughout the State.

(c) The uniform budget format shall require the following funds:

- (1) The State Public School Fund.
- (2) The local current expense fund.
- (3) The capital outlay fund.

In addition, other funds may be used to account for reimbursements, including indirect costs, fees for actual costs, tuition, sales tax revenues distributed using the ad valorem method pursuant to G.S. 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal appropriations made directly to local school administrative units, and funds received for prekindergarten programs. In addition, the appropriation or use of fund balance or interest income by a local school administrative unit shall not be construed as a local current expense appropriation included as a part of the local current expense fund.

Each local school administrative unit shall maintain those funds shown in the uniform budget format that are applicable to its operations.

(d) The State Public School Fund shall include appropriations for the current operating expenses of the public school system from moneys made available to the local school administrative unit by the State Board of Education.

(e) The local current expense fund shall include appropriations sufficient, when added to appropriations from the State Public School Fund, for the current operating expense of the public school system in conformity with the educational goals and policies of the State and



the local board of education, within the financial resources and consistent with the fiscal policies of the board of county commissioners. These appropriations shall be funded by revenues accruing to the local school administrative unit by virtue of Article IX, Sec. 7 of the Constitution, moneys made available to the local school administrative unit by the board of county commissioners,

supplemental taxes levied by or on behalf of the local school administrative unit pursuant to a local act or G.S. 115C-501 to 115C-511, State money disbursed directly to the local school administrative unit, and other moneys made available or accruing to the local school administrative unit for the current operating expenses of the public school system.

- (f) The capital outlay fund shall include appropriations for:
  - (1) The acquisition of real property for school purposes, including but not limited to school sites, playgrounds, athletic fields, administrative headquarters, and garages.
  - (2) The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including but not limited to buildings for classrooms and laboratories, physical and vocational educational purposes, libraries, auditoriums, gymnasiums, administrative offices, storage, and vehicle maintenance.
  - (3) The acquisition or replacement of furniture and furnishings, instructional apparatus, data-processing equipment, business machines, and similar items of furnishings and equipment.
  - (4) The acquisition of school buses as additions to the fleet.
  - (5) The acquisition of activity buses and other motor vehicles.
  - (6) Such other objects of expenditure as may be assigned to the capital outlay fund by the uniform budget format.

The cost of acquiring or constructing a new building, or reconstructing, enlarging, or renovating an existing building, shall include the cost of all real property and interests in real property, and all plants, works, appurtenances, structures, facilities, furnishings, machinery, and equipment necessary or useful in connection therewith; financing charges; the cost of plans, specifications, studies, reports, and surveys; legal expenses; and all other costs necessary or incidental to the construction, reconstruction, enlargement, or renovation.

No contract for the purchase of a site shall be executed nor any funds expended therefor without the approval of the board of county commissioners as to the amount to be spent for the site; and in case of a disagreement between a board of education and a board of county commissioners as to the amount to be spent for the site, the procedure provided in G.S. 115C-431 shall, insofar as the same may be applicable, be used to settle the disagreement.

Appropriations in the capital outlay fund shall be funded by revenues made available for capital outlay purposes by the State Board of Education and the board of county commissioners, supplemental taxes levied by or on behalf of the local school administrative unit pursuant to a local act or G.S. 115C-501 to 115C-511, the proceeds of the sale of capital assets, the proceeds of claims against fire and casualty insurance policies, and other sources.

(g) Other funds shall include appropriations for such purposes funded from such sources as may be prescribed by the uniform budget format. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 2010-31, s. 7.17(a); 2013-355, s. 2(a).)

### **§ 115C-426.1. Vending facilities.**

Moneys received by a local school administrative unit on account of operation of vending facilities shall be deposited, budgeted, appropriated, and expended in accordance with the

provisions of this Article. (1983 (Reg. Sess., 1984), c. 1034, s. 168.)

#### **§ 115C-426.2. Joint planning.**

In order to promote greater mutual understanding of immediate and long-term budgetary issues and constraints affecting public schools and county governments, local boards of education and boards of county commissioners are strongly encouraged to conduct periodic joint meetings during each fiscal year. In particular, the boards are encouraged to assess the school capital outlay needs, to develop and update a joint five-year plan for meeting those needs, and to consider this plan in the preparation and approval of each year's budget under this Article. (1995 (Reg. Sess., 1996), c. 666, s. 2.)

#### **§ 115C-427. Preparation and submission of budget and budget message.**

(a) Before the close of each fiscal year, the superintendent shall prepare a budget for the ensuing year for consideration by the board of education. The budget shall comply in all respects with the limitations imposed by G.S. 115C-432.

(b) The budget, together with a budget message, shall be submitted to the board of education not later than May 1. The budget and budget message should, but need not, be submitted at a formal meeting of the board. The budget message should contain a concise explanation of the educational goals fixed by the budget for the budget year, should set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, and should explain any major changes in educational or fiscal policy. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-428. Filing and publication of the budget; budget hearing.**

(a) On the same day that he submits the budget to the board of education, the superintendent shall file a copy of it in his office where it shall remain available for public inspection until the budget resolution is adopted. He may also publish a statement in a newspaper qualified under G.S. 1-597 to publish legal advertisements in the county that the budget has been submitted to the board of education, and is available for public inspection in the office of the superintendent of schools. The statement should also give notice of the time and place of the budget hearing authorized by subsection (b) of this section.

(b) Before submitting the budget to the board of county commissioners, the board of education may hold a public hearing at which time any persons who wish to be heard on the school budget may appear. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-429. Approval of budget; submission to county commissioners; commissioners' action on budget.**

(a) Upon receiving the budget from the superintendent and following the public hearing authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget, make such changes therein as it deems advisable, and submit the entire budget as approved by the board of education to the board of county commissioners not later than May 15, or such later date as may be fixed by the board of county commissioners.

(b) The board of county commissioners shall complete its action on the school budget on or before July 1, or such later date as may be agreeable to the board of education. The commissioners shall determine the amount of county revenues to be appropriated in the

county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project as defined in the uniform budget format.

(c) The board of county commissioners shall have full authority to call for, and the board of education shall have the duty to make available to the board of county commissioners, upon request, all books, records, audit reports, and other information bearing on the financial operation of the local school administrative unit.

(d) Nothing in this Article shall be construed to place a duty on the board of commissioners to fund a deficit incurred by a local school administrative unit through failure of the unit to comply with the provisions of this Article or rules and regulations issued pursuant hereto, or to provide moneys lost through misapplication of moneys by a bonded officer, employee or agent of the local school administrative unit when the amount of the fidelity bond required by the board of education was manifestly insufficient. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-430. Apportionment of county appropriations among local school administrative units.**

If there is more than one local school administrative unit in a county, all appropriations by the county to the local current expense funds of the units, except appropriations funded by supplemental taxes levied less than countywide pursuant to a local act of G.S. 115C-501 to 115C-511, must be apportioned according to the membership of each unit. County appropriations are properly apportioned when the dollar amount obtained by dividing the amount so appropriated to each unit by the total membership of the unit is the same for each unit. The total membership of the local school administrative unit is the unit's average daily membership for the budget year to be determined by and certified to the unit and the board of county commissioners by the State Board of Education. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1985 (Reg. Sess., 1986), c. 1014, s. 78.)

#### **§ 115C-431. Procedure for resolution of dispute between board of education and board of county commissioners.**

(a) If the board of education determines that the amount of money appropriated to the local current expense fund, or the capital outlay fund, or both, by the board of county commissioners is not sufficient to support a system of free public schools, the chairman of the board of education and the chairman of the board of county commissioners shall arrange a joint meeting of the two boards to be held within seven days after the day of the county commissioners' decision on the school appropriations.

Prior to the joint meeting, the Senior Resident Superior Court Judge shall appoint a mediator unless the boards agree to jointly select a mediator. The mediator shall preside at the joint meeting and shall act as a neutral facilitator of disclosures of factual information, statements of positions and contentions, and efforts to negotiate an agreement settling the boards' differences.

At the joint meeting, the entire school budget shall be considered carefully and judiciously, and the two boards shall make a good-faith attempt to resolve the differences that have arisen between them.

(b) If no agreement is reached at the joint meeting of the two boards, the mediator shall, at the request of either board, commence a mediation immediately or within a reasonable

period of time. The mediation shall be held in accordance with rules and standards of conduct adopted under Chapter 7A of the General Statutes governing mediated settlement conferences but modified as appropriate and suitable to the resolution of the particular issues in disagreement.

Unless otherwise agreed upon by both boards, the following individuals shall constitute the two working groups empowered to represent their respective boards during the mediation:

- (1) The chair of each board or the chair's designee;
- (2) The superintendent of the local school administrative unit and the county manager or either's designee;
- (3) The finance officer of each board; and
- (4) The attorney for each board.

Members of both boards, their chairs, and representatives shall cooperate with and respond to all reasonable requests of the mediator to participate in the mediation. Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation proceedings involving the two working groups shall be conducted in private. Evidence of statements made and conduct occurring in a mediation are not subject to discovery and are inadmissible in any court action. However, no evidence otherwise discoverable is inadmissible merely because it is presented or discussed in a mediation. The mediator shall not be compelled to testify or produce evidence concerning statements made and conduct occurring in a mediation in any civil proceeding for any purpose, except disciplinary hearings before the State Bar or any agency established to enforce standards of conduct for mediators. Reports by members of either working group to their respective boards shall be made in compliance with Article 33C of Chapter 143 of the General Statutes.

Unless both boards agree otherwise, or unless the boards have already resolved their dispute, the mediation shall end no later than August 1. The mediator shall have the authority to determine that an impasse exists and to discontinue the mediation. The mediation may continue beyond August 1 provided both boards agree. If both boards agree to continue the mediation beyond August 1, the board of county commissioners shall appropriate to the local school administrative unit for deposit in the local current expense fund a sum of money sufficient to equal the local contribution to this fund for the previous year.

If the working groups reach a proposed agreement, the terms and conditions must be approved by each board. If no agreement is reached, the mediator shall announce that fact to the chairs of both boards, the Senior Resident Superior Court Judge, and the public. The mediator shall not disclose any other information about the mediation. The mediator shall not make any recommendations or public statement of findings or conclusions.

The local board of education and the board of county commissioners shall share equally the mediator's compensation and expenses. The mediator's compensation shall be determined according to rules adopted under Chapter 7A of the General Statutes.

(c) Within five days after an announcement of no agreement by the mediator, the local board of education may file an action in the superior court division of the General Court of Justice. Either board has the right to have the issues of fact tried by a jury. When a jury trial is demanded, the cause shall be set for the first succeeding term of the superior court in the county, and shall take precedence over all other business of the court. However, if the judge presiding certifies to the Chief Justice of the Supreme Court, either before or during the term, that because of the accumulation of other business, the public interest will be best served by not trying the cause at the term next succeeding the filing of the action, the Chief Justice shall immediately call a special term of the superior court for the county, to convene as soon as possible, and assign a judge of the superior court or an emergency judge to hold the court, and the cause shall be tried at this special term. The judge shall find, or if the issue is submitted to

the jury, the jury shall find the facts as to the following in order to maintain a system of free public schools as defined by State law and State Board of Education policy: (i) the amount of money legally necessary

from all sources and (ii) the amount of money legally necessary from the board of county commissioners. In making the finding, the judge or the jury shall consider the educational goals and policies of the State and the local board of education, the budgetary request of the local board of education, the financial resources of the county and the local board of education, and the fiscal policies of the board of county commissioners and the local board of education.

All findings of fact in the superior court, whether found by the judge or a jury, shall be conclusive. When the facts have been found, the court shall give judgment ordering the board of county commissioners to appropriate a sum certain to the local school administrative unit, and to levy such taxes on property as may be necessary to make up this sum when added to other revenues available for the purpose.

(d) An appeal may be taken to the appellate division of the General Court of Justice, and notice of appeal shall be given in writing within 10 days after entry of the judgment. All papers and records relating to the case shall be considered a part of the record on appeal. The conclusion of the school or fiscal year shall not be deemed to resolve the question in controversy between the parties while an appeal is still pending. Any final judgment shall be legally binding on the parties at the conclusion of the appellate process. The payment of any final judgment by the county in favor of the local school administrative unit shall not be considered, or used in any manner, to deny or reduce appropriations to the local school administrative unit by the county in fiscal years subsequent to the one at issue to offset such payment of a final judgment.

(e) If, in an action filed under this section, the final judgment of the General Court of Justice is rendered after the due date prescribed by law for property taxes, the board of county commissioners is authorized to levy such supplementary taxes as may be required by the judgment, notwithstanding any other provisions of law with respect to the time for doing acts necessary to a property tax levy. Upon making a supplementary levy under this subsection, the board of county commissioners shall designate the person who is to compute and prepare the supplementary tax receipts and records for all such taxes. Upon delivering the supplementary tax receipts to the tax collector, the board of county commissioners shall proceed as provided in G.S. 105-321.

The due date of supplementary taxes levied under this subsection is the date of the levy, and the taxes may be paid at par or face amount at any time before the one hundred and twentieth day after the due date. On or after the one hundred and twentieth day and before the one hundred and fiftieth day from the due date there shall be added to the taxes interest at the rate of two percent (2%). On or after the one hundred and fiftieth day from the due date, there shall be added to the taxes, in addition to the two percent (2%) provided above, interest at the rate of three-fourths of one percent ( $\frac{3}{4}$  of 1%) per 30 days or fraction thereof until the taxes plus interest have been paid. No discounts for prepayment of supplementary taxes levied under this subsection shall be allowed. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1989, c. 493, s. 2; 1995 (Reg. Sess., 1996), c.

666, s. 3; 1997-222, s. 1; 2007-92, s. 1; 2013-141, s. 1.)

#### **§ 115C-432. The budget resolution; adoption; limitations; tax levy; filing.**

(a) After the board of county commissioners has made its appropriations to the local school administrative unit, or after the appeal procedure set out in G.S. 115C-431 has



been concluded, the board of education shall adopt a budget resolution making appropriations for the budget year in such sums as the board may deem sufficient and proper. The budget resolution shall conform to the uniform budget format established by the State Board of Education.

(b) The following directions and limitations shall bind the board of education in adopting the budget resolution:

(1) If the county budget ordinance allocates appropriations to the local school administrative unit pursuant to G.S. 115C-429(b), the school budget resolution shall conform to that allocation. The budget resolution may be amended to change allocated appropriations only in accordance with G.S. 115C-433.

(2) Subject to the provisions of G.S. 115C-429(d), the full amount of any lawful deficit from the prior fiscal year shall be appropriated.

(3) Contingency appropriations in a fund may not exceed five percent (5%) of the total of all other appropriations in that fund. Each expenditure to be charged against a contingency appropriation shall be authorized by resolution of the board of education, which resolution shall be deemed an amendment to the budget resolution, not subject to G.S. 115C-429(b) and 115C-433(b), setting up or increasing an appropriation for the object of expenditure authorized. The board of education may authorize the superintendent to authorize expenditures from contingency appropriations subject to such limitations and procedures as it may prescribe. Any such expenditure shall be reported to the board of education at its next regular meeting and recorded in the minutes.

(4) Sufficient funds to meet the amounts to be paid during the fiscal year under continuing contracts previously entered into shall be appropriated.

(5) The sum of estimated net revenues and appropriated fund balances in each fund shall be equal to appropriations in that fund.

(6) No appropriation may be made that would require the levy of supplemental taxes pursuant to a local act or G.S. 115C-501 to 115C-511 in excess of the rate of tax approved by the voters, or the expenditure of revenues for purposes not permitted by law.

(7) In estimating revenues to be realized from the levy of school supplemental taxes pursuant to a local act or G.S. 115C-501 to 115C-511, the estimated percentage of collection may not exceed the percentage of that tax actually realized in cash during the preceding fiscal year, or if the tax was not levied in the preceding fiscal year, the percentage of the general county tax levy actually realized in cash during the preceding fiscal year.

(8) Amounts to be realized from collection of supplemental taxes levied in prior fiscal years shall be included in estimated revenues.

(9) No appropriation may be made to or from the capital outlay fund to or from any other fund, except as permitted by G.S. 115C-433(d).

(c) If the local school administrative unit levies its own supplemental taxes pursuant to a local act, the budget resolution shall make the appropriate tax levy in accordance with the local act, and the board of education shall notify the county or city that collects the levy in accordance with G.S. 159-14.

(d) The budget resolution shall be entered in the minutes of the board of education, and within five days after adoption, copies thereof shall be filed with the superintendent, the

school finance officer and the county finance officer. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1987 (Reg. Sess., 1988), c. 1025, s. 13; 1993, c. 57, s. 1.)

### **§ 115C-433. Amendments to the budget resolution; budget transfers.**

(a) Subject to the provisions of subsection (b) of this section, the board of education may amend the budget resolution at any time after its adoption, in any manner, so long as the resolution as amended continues to satisfy the requirements of G.S. 115C-425 and 115C-432.

(b) If the board of county commissioners allocates part or all of its appropriations pursuant to G.S. 115C-429(b), the board of education must obtain the approval of the board of county commissioners for an amendment to the budget that (i) increases or decreases expenditures from the capital outlay fund for projects listed in G.S. 115C-426(f)(1) or (2), or (ii) increases or decreases the amount of county appropriation allocated to a purpose or function by twenty-five percent (25%) or more from the amount contained in the budget ordinance adopted by the board of county commissioners: Provided, that at its discretion, the board may in its budget ordinance specify a lesser percentage, so long as such percentage is not less than ten percent (10%).

(c) The board of education may by appropriate resolution authorize the superintendent to transfer moneys from one appropriation to another within the same fund, subject to such limitations and procedures as may be prescribed by the board of education or State or federal law or regulations. Any such transfers shall be reported to the board of education at its next regular meeting and shall be entered in the minutes.

(d) The board of education may amend the budget to transfer money to or from the capital outlay fund to or from any other fund, with the approval of the board of county commissioners, to meet emergencies unforeseen and unforeseeable at the time the budget resolution was adopted. When such an emergency arises, the board of education may adopt a resolution requesting approval from the board of commissioners for the transfer of a specified amount of money to or from the capital outlay fund to or from some other fund. The resolution shall state the nature of the emergency, why the emergency was not foreseen and was not foreseeable when the budget resolution was adopted, what specific objects of expenditure will be added or increased as a result of the transfer, and what objects of expenditure will be eliminated or reduced as a result of the transfer. A certified copy of this resolution shall be transmitted to the board of county commissioners for (its) approval and to the boards of education of all other local school administrative units in the county for their information. The board of commissioners shall act upon the request within 30 days after it is received by the clerk to the board of commissioners or the chairman of the board of commissioners, after having afforded the boards of education of all other local school administrative units in the county an opportunity to comment on the request. The board of commissioners may either approve or disapprove the request as presented. Upon either approving or disapproving the request, the board of commissioners shall forthwith so notify the board of education making the request and any other board of education that exercised its right to comment thereon. Upon receiving such notification, the board of education may proceed to amend the budget resolution in the manner indicated in the request. Failure of the board of county commissioners to act within the time allowed for approval or disapproval shall be deemed approval of the request. The time limit for action by the board of county commissioners may be extended by mutual agreement of the board of county commissioners and the board of education making the request. A budget resolution amended in accordance with this subsection need not comply with G.S. 115C-430. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-434. Interim budget.**

In case the adoption of the budget resolution is delayed until after July 1, the board of education shall make interim appropriations for the purpose of paying salaries and the usual

ordinary expenses of the local school administrative unit for the interval between the beginning of the fiscal year and the adoption of the budget resolution. Interim appropriations so made and expended shall be charged to the proper appropriations in the budget resolution. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-435. School finance officer.**

### **Part 3. Fiscal Control.**

Each local school administrative unit shall have a school finance officer who shall be appointed or designated by the superintendent of schools and approved by the board of education, with the school finance officer serving at the pleasure of the superintendent. The duties of school finance officer may be conferred on any officer or employee of the local school administrative unit or, upon request of the superintendent, with approval by the board of education and the board of county commissioners, on the county finance officer. In counties where there is more than one local school administrative unit, the duties of the finance officer may be conferred on any one officer or employee of the several local school administrative units by agreement between the affected superintendents with the concurrence of the affected board of education and the board of county commissioners. The position of school finance officer is hereby declared to be an office that may be held concurrently with other appointive, but not elective, offices pursuant to Article VI, Sec. 9, of the Constitution. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-436. Duties of school finance officer.**

- (a) The school finance officer shall be responsible to the superintendent for:
  - (1) Keeping the accounts of the local school administrative unit in accordance with generally accepted principles of governmental accounting, the rules and regulations of the State Board of Education, and the rules and regulations of the Local Government Commission.
  - (2) Giving the pre-audit certificate required by G.S. 115C-441.
  - (3) Signing and issuing all checks, drafts, and State warrants by the local school administrative unit, investing idle cash, and receiving and depositing all moneys accruing to the local school administrative unit.
  - (4) Preparing and filing a statement of the financial condition of the local school administrative unit as often as requested by the superintendent, and when requested in writing, with copy to the superintendent, by the board of education or the board of county commissioners.



- (5) Performing such other duties as may be assigned to him by law, by the superintendent, or by rules and regulations of the State Board of Education and the Local Government Commission.

All references in other portions of the General Statutes or local acts to school treasurers, county treasurers, or other officials performing any of the duties conferred by this section on the school finance officer shall be deemed to refer to the school finance officer.

(b) The State Board of Education has authority to issue rules and regulations having the force of law governing procedures for the disbursement of money allocated to the local school administrative unit by or through the State. The Local Government Commission has authority to issue rules and regulations having the force of law governing procedures for the disbursement of all other moneys allocated or accruing to the local school administrative unit. The State Board of

Education and the Local Government Commission may inquire into and investigate the internal control procedures of a local school administrative unit with respect to moneys under their respective jurisdictions and may require any modifications in internal control procedures which may be necessary or desirable to prevent embezzlements or mishandling of public moneys. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

**§ 115C-437. Allocation of revenues to the local school administrative unit by the county.**

Revenues accruing to the local school administrative unit by virtue of Article IX, Sec. 7, of the Constitution and taxes levied by or on behalf of the local school administrative unit pursuant to a local act or G.S. 115C-501 to 115C-511 shall be remitted to the school finance officer by the officer having custody thereof within 10 days after the close of the calendar month in which the revenues were received or collected. The clear proceeds of all penalties and forfeitures and of all fines collected for any breach of the penal laws of the State, as referred to in Article IX, Sec. 7 of the Constitution, shall include the full amount of all penalties, forfeitures or fines collected under authority conferred by the State, diminished only by the actual costs of collection, not to exceed ten percent (10%) of the amount collected. Revenues appropriated to the local school administrative unit by the board of county commissioners from general county revenues shall be made available to the school finance officer by such procedures as may be mutually agreeable to the board of education and the board of county commissioners, but if no such agreement is reached, these funds shall be remitted to the school finance officer by the county finance officer in monthly installments sufficient to meet its lawful expenditures from the county appropriation until the county appropriation to the local school administrative unit is exhausted. Each installment shall be paid not later than 10 days after the close of each calendar month. When revenue has been appropriated to the local school administrative unit by the board of county commissioners from funds which carry specific restrictions binding upon the county as recipient, the board of commissioners must inform the local school administrative unit in writing of those restrictions. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1985, c. 779.)

**§ 115C-438. Provision for disbursement of State money.**

The deposit of money in the State treasury to the credit of local school administrative units shall be made in monthly installments, and additionally as necessary, at such time and in such a manner as may be most convenient for the operation of the public school system. Before an installment is credited, the school finance officer shall certify to the State Board of Education the

expenditures to be made by the local school administrative unit from the State Public School Fund during the month. This certification shall be filed on or before the fifth day following the end of the month preceding the period in which the expenditures will be made. The State Board of Education shall determine whether the moneys requisitioned are due the local school administrative unit, and upon determining the amount due, shall cause the requisite amount to be credited to the local school administrative unit. Upon receiving notice from the State Treasurer of the amount placed to the credit of the local school administrative unit, the finance officer may issue State warrants up to the amount so certified.

Upon notification by the Board of Trustees of the Teachers' and State Employees' Retirement System to the State Treasurer and the Office of State Budget and Management as to the default of the local school administrative unit, the State Board of Education shall withhold from any State appropriation due to the local school administrative unit an amount equal to the sum of all

delinquent contributions and payments due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division.

The State Board of Education may withhold money for payment of salaries for administrative officers of local school administrative units if any report required to be filed with State school authorities is more than 30 days overdue. The State Board of Education shall withhold money for payment of salaries for the superintendent, finance officer, and all other administrative officers charged with providing payroll information pursuant to G.S. 115C-12(18), if the local school administrative unit fails to provide the payroll information to the State Board in a timely fashion and substantially in accordance with the standards set by the State Board. The State Board of Education shall also withhold money used for payment of salaries for the superintendent, transportation director, and all other administrative officers or employees charged by the local board of education or the local superintendent with implementing the Transportation Information Management System, pursuant to G.S. 115C-240(d), if the State Board finds that a local school administrative unit is not progressing in good faith and is not using its best efforts to implement the Transportation Information Management System.

Money in the State Public School Fund and State bond moneys shall be released only on warrants drawn on the State Treasurer, signed by such local official as may be required by the State Board of Education. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1987, c. 414, s. 14; 1987 (Reg.

Sess., 1988), c. 1025, s. 15; 1989 (Reg. Sess., 1990), c. 1066, s. 106; 1991, c. 689, s. 39.2; 1991 (Reg. Sess., 1992), c. 900, s. 77(b); 2015-164, s. 6(c).)

#### **§ 115C-439. Facsimile signatures.**

The board of education may provide by appropriate resolution for the use of facsimile signature machines, signature stamps, or similar devices in signing checks and drafts and in signing the pre-audit certificate on contracts or purchase orders. The board shall charge the finance officer or some other bonded officer or employee with the custody of the necessary machines, stamps, plates, or other devices, and that person and the sureties on his official bond are liable for any illegal, improper, or unauthorized use of them. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-440. Accounting system.**

(a) System Required. – Each local school administrative unit shall establish and

maintain an accounting system designed to show in detail its assets, liabilities, equities, revenues, and expenditures. The system shall also be designed to show appropriations and estimated revenues as established in the budget resolution as originally adopted and subsequently amended.

(b) Basis of Accounting. – Local school administrative units shall use the modified accrual basis of accounting in recording transactions.

(c) Encumbrance Systems. – Except as otherwise provided in this subsection, no local school administrative unit is required to record or show encumbrances in its accounting system. The Local Government Commission, in consultation with the State Board of Education, shall establish regulations, based on total membership of the local school administrative unit or some other appropriate criterion, setting forth which units are required to maintain an accounting system that records and shows the encumbrances outstanding against each category of expenditure appropriated in the budget resolution. Any other local school administrative unit may record and show encumbrances in its accounting system.

(d) Commission Regulations. – The Local Government Commission, in consultation with the State Board of Education, may prescribe rules and regulations having the force of law as to:

(1) Features of accounting systems to be maintained by local school administrative units.

(2) Bases of accounting, including identifying in detail the characteristics of a modified accrual basis and identifying what revenues are susceptible to accrual.

(3) Definitions of terms not clearly defined in this Article.

These rules and regulations may be varied according to the size of the local school administrative unit, or according to any other criteria reasonably related to the purpose or complexity of the financial operations involved. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-440.1. Report on county spending on public capital outlay.**

(a) It is the purpose of Article 42 of Chapter 105 of the General Statutes for counties to appropriate funds generated under that Article to increase the level of county spending for public elementary and secondary school capital outlay (including retirement of indebtedness incurred by the county for this purpose) above and beyond the level of spending prior to the levy of the additional tax authorized under that Article.

(b) On or before May 1 of each year the Local Government Commission shall furnish to the General Assembly a report of the level of each county's appropriations for public school capital outlay, including appropriations to the public school capital outlay fund, funds expended by counties on behalf of and for the benefit of public schools for capital outlay, monies reserved for future years' retirement of debt incurred or capital outlay, and any other information the Local Government Commission considers relevant. For purposes of this subsection, the term "public schools" includes charter schools, if authorized. The Local Government Commission shall develop and implement by May 1, 1997, a uniform reporting system whereby counties are able to report all county expenditures under this subsection.

(c) Any local board of education may petition the Local Government Commission to make a finding that the funds provided by a county for public school capital outlay purposes are, within the financial resources available and consistent with the fiscal policies of the Board of County Commissioners, inadequate to meet the public school capital outlay needs within that county and that the Board of County Commissioners has not complied with the requirements or intent of this Article. The petition shall be in the form prescribed by the Commission. In making

its finding, the Commission shall consider the facts it is required to report under subsection (b) of this section, as well as any other information it deems necessary. The Commission shall report its findings on such petition, together with any recommendations it deems appropriate, to the Joint Legislative Commission on Governmental Operations. (1985 (Reg. Sess., 1986), c. 906, s. 1; 1995, c. 507, s. 17.5; 1995 (Reg. Sess., 1996), c. 666, ss. 4, 5.)

#### **§ 115C-441. Budgetary accounting for appropriations.**

(a) Incurring Obligations. – Except as set forth below, no obligation may be incurred by a local school administrative unit unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. Nothing in this section shall require a contract to be reduced to writing.

(a1) Pre-audit Requirement. – If an obligation is reduced to a written contract or written agreement requiring the payment of money, or is evidenced by a purchase order for supplies and materials, the written contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance with subsection (a) of this section. The certificate, which shall be signed by the finance officer, shall take substantially the following form:

"This instrument has been pre-audited in the manner required by the School Budget and Fiscal Control Act.

(Date)

(Signature of finance officer)"

(a2) Failure to Pre-audit. – An obligation incurred in violation of subsection (a) or (a1) of this section is invalid and may not be enforced. The finance officer shall establish procedures to assure compliance with this section, in accordance with any rules adopted by the Local Government Commission.

(b) When a bill, invoice, or other claim against a local school administrative unit is presented, the finance officer shall either approve or disapprove the necessary disbursement. The finance officer may approve the claim only if all of the following apply:

- (1) The amount claimed is determined to be payable.
- (2) The budget resolution includes an appropriation authorizing the expenditure.
- (3) Either (i) an encumbrance has been previously created for the transaction or  
(ii) an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed.

A bill, invoice, or other claim may not be paid unless it has been approved by the finance officer or, under subsection (c) of this section, by the board of education. The finance officer shall establish procedures to assure compliance with this subsection, in accordance with any rules adopted by the Local Government Commission.

(c) Board of Education Approval of Bills, Invoices, or Claims. – The board of education may, as permitted by this subsection, approve a bill, invoice, or other claim against the local school administrative unit that has been disapproved by the finance officer. The board of education may not approve a claim for which no appropriation appears in the budget resolution, or for which the appropriation contains no encumbrance and the unencumbered

balance is less than the amount to be paid. The board of education shall approve payment by formal resolution stating the board's reasons for allowing the bill, invoice, or other claim. The resolution shall be entered in the minutes together with the names of those voting in the affirmative. The chairman of the board, or some other member designated for this purpose, shall sign the certificate on the check or draft given in payment of the bill, invoice, or other claim. If payment results in a violation of law, each member of the board voting to allow payment is jointly and severally liable for the full amount of the check or draft given in payment.

(c1) Continuing Contracts for Capital Outlay. – A local school administrative unit may enter into a contract for capital outlay expenditures, some portion or all of which is to be performed or paid in ensuing fiscal years, without the budget resolution including an appropriation for the entire obligation, provided all of the following apply:

a. The budget resolution includes an appropriation authorizing the current fiscal year's portion of the obligation.

b. An unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

c. Contracts for capital outlay expenditures are approved by a resolution adopted by the board of county commissioners, which resolution when adopted shall bind the board of county commissioners to appropriate sufficient funds in ensuing fiscal years to meet the amounts to be paid under the contract in those years.

(d) Payment. – A local school administrative unit may not pay a bill, invoice, salary, or other claim except by any of the following methods:

(1) Check or draft on an official depository.

(2) Bank wire transfer from an official depository.

(3) Electronic payment or an electronic funds transfer originated by the local school administrative unit through an official depository.

(4) Cash, if the local school administrative unit has adopted a policy authorizing the use of cash, and specifying the limits of the use of cash.

(5) Warrant on the State Treasurer.

(d1) Except as provided in subsection (d) of this section, each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or signed by the chairman or some other member of the board pursuant to subsection (c) of this section. The certificate shall take substantially the following form:

"This disbursement has been approved as required by the School Budget and Fiscal Control Act.

(Signature of finance officer)"

No certificate is required on payroll checks or drafts or on State warrants.

(d2) An electronic payment or electronic funds transfer shall be subject to the pre-audit process in accordance with this section and any rules adopted by the Local Government Commission. The rules so adopted shall address execution of electronic payment or electronic funds transfer and how to indicate that the finance officer has performed the pre-audit process in accordance with this section. A finance officer shall be presumed in compliance with this section if the finance officer complies with the rules adopted by the Local Government Commission.

(e) Penalties. – If an officer or employee of a local school administrative unit incurs an obligation or pays out or causes to be paid out any funds in violation of this section, that

officer or employee, and the sureties on any official bond for that officer or employee, are liable for any sums so committed or disbursed. If the finance officer gives a false certificate to any contract, agreement, purchase order, check, draft, or other document, the finance officer and the sureties on any official bond are liable for any sums illegally committed or disbursed thereby.

(f) The certifications required by subsections (a1) and (d1) of this section shall not apply to any of the following:

- (1) An obligation or a document related to the obligation has been approved by the Local Government Commission.
- (2) Payroll expenditures, including all benefits for employees of the local government.
- (3) Electronic payments, as specified in rules adopted by the Local Government Commission.

(g) As used in this section, the following terms shall have the following meanings:

- (1) Electronic funds transfer. – A transfer of funds initiated by using an electronic terminal, a telephone, a computer, or magnetic tape to instruct or authorize a financial institution or its agent to credit or debit an account.
- (2) Electronic payment. – Payment by charge card, credit card, debit card, gas card, procurement card, or electronic funds transfer. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1985, c. 783, ss. 1, 2; 1997-456, s. 27; 2015-246, s. 6(b).)

#### **§ 115C-441.1. Dependent care assistance program.**

The State Board of Education is authorized to provide eligible employees of local school administrative units a program of dependent care assistance as available under Section 129 and related sections of the Internal Revenue Code of 1986, as amended. The State Board may authorize local school administrative units to enter into annual agreements with employees who elect to participate in the program to provide for a reduction in salary. Should the State Board decide to contract with a third party to administer the terms and conditions of a program of dependent care assistance, it may select a contractor only upon a thorough and completely competitive procurement process. (1989, c. 458, s. 1; 1991 (Reg. Sess., 1992), c. 1044, s. 14(b);

1993, c. 561, s. 42; 1993 (Reg. Sess., 1994), c. 769, s. 7.28A; 1997-443, s. 33.20(a); 1999-237, s.

28.27(a).)

#### **§ 115C-442. Fidelity bonds.**

(a) The finance officer shall give a true accounting and faithful performance bond with sufficient sureties in an amount to be fixed by the board of education, not less than fifty thousand dollars (\$50,000). This bond shall cover the faithful performance of all duties placed on the finance officer by or pursuant to law and the faithful accounting for all funds in his custody except State funds placed to the credit of the local school administrative unit by the State Treasurer. The premium on the bond shall be paid by the local school administrative unit.

(b) The State Board of Education shall provide for adequate and appropriate



bonding of school finance officers and such other employees as it deems appropriate with respect to the disbursement of State funds. When it requires such bonds, the State Board of Education is authorized to place the bonds and pay the premiums thereon.

(c) The treasurer of each individual school and all other officers, employees and agents of each local school administrative unit who have custody of public school money in the normal course of their employment or agency shall give a true accounting bond with sufficient sureties in an amount to be fixed by the board of education. The premiums on these bonds shall be paid by the local school administrative unit. Instead of individual bonds, a local school administrative unit may provide for a blanket bond to cover all officers, employees, and agents of the local school administrative unit required to be bonded, except the finance officer. The finance officer may be included within the blanket bond if the blanket bond protects against risks not protected against by the individual bond. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 2007-85, s. 1.)

#### **§ 115C-443. Investment of idle cash.**

(a) A local school administrative unit may deposit at interest or invest all or part of the cash balance of any fund. The finance officer shall manage investments subject to whatever restrictions and directions the board of education may impose. The finance officer shall have the power to purchase, sell, and exchange securities on behalf of the board of education. The

investment program shall be so managed that investments and deposits can be converted into cash when needed.

(b) Moneys may be deposited at interest at any bank, savings and loan association, or trust company in this State in the form of certificates of deposit or such other forms of time deposit as the Local Government Commission may approve. Investment deposits shall be secured as provided in G.S. 115C-444(b).

(c) Moneys may be invested in the following classes of securities, and no others:

- (1) Obligations of the United States of America.
- (2) Obligations of any agency or instrumentality of the United States of America if the payment of interest and principal of such obligations is fully guaranteed by the United States of America.
- (3) Obligations of the State of North Carolina.
- (4) Bonds and notes of any North Carolina local government or public authority, subject to such restrictions as the Secretary of the Local Government Commission may impose.
- (5) Shares of any savings and loan association organized under the laws of this State and shares of any federal savings and loan association having its principal office in this State, to the extent that the investment in such shares is fully insured by the United States of America or an agency thereof or by any mutual deposit guaranty association authorized by the Commissioner of Insurance of North Carolina to do business in North Carolina pursuant to Article 7A of Chapter 54 of the General Statutes.
- (6) Obligations maturing no later than 18 months after the date of purchase of the Federal Intermediate Credit Banks, the Federal Home Loan Banks, Fannie Mae, the Banks for Cooperatives, and the Federal Land Banks.
- (7) Any form of investment allowed by law to the State Treasurer.

(8) Any form of investment allowed by G.S. 159-30 to local governments and public authorities.

(d) Investment securities may be bought, sold, and traded by private negotiation, and local school administrative units may pay all incidental costs thereof and all reasonable cost of administering the investment and deposit program. Securities and deposit certificates shall be in the custody of the finance officer who shall be responsible for their safekeeping and for keeping accurate investment accounts and records.

(e) Interest earned on deposits and investments shall be credited to the fund whose cash is deposited or invested. Cash of several funds may be combined for deposit or investment if not otherwise prohibited by law; and when such joint deposits or investments are made, interest earned shall be prorated and credited to the various funds on the basis of the amounts thereof invested, figured according to an average periodic balance or some other sound accounting principle. Interest earned on the deposit or investment of bond funds shall be deemed a part of the bond proceeds.

(f) Registered securities acquired for investment may be released from registration and transferred by signature of the finance officer.

(g) It is the intent of this Article that the foregoing provisions of this section shall apply only to those funds received by the local school administrative unit as required by G.S. 115C-437. The county finance officer shall be responsible for the investment of all county funds allocated to the local school administrative unit prior to such county funds actually being

remitted to the school finance officer as provided by G.S. 115C-437. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1985, c. 246, s. 1; 2001-487, s. 14(h).)

#### **§ 115C-444. Selection of depository; deposits to be secured.**

(a) Each board of education shall designate as the official depositories of the local school administrative unit one or more banks, savings and loan associations, or trust companies in this State. It shall be unlawful for any money belonging to a local school administrative unit or an individual school to be deposited in any place, bank, or trust company other than an official depository, except as permitted by G.S. 115C-443(b); however, moneys belonging to an administrative unit or an individual school may be deposited in official depositories in Negotiable Order of Withdrawal (NOW) accounts.

(b) Money on deposit in an official depository or deposited at interest pursuant to G.S. 115C-443(b) shall be secured by deposit insurance, surety bonds, or investment securities of such nature, in a sufficient amount to protect the administrative unit or an individual school on account of deposit of moneys made therein, and in such manner, as may be prescribed by rule or regulation of the Local Government Commission. When deposits are secured in accordance with this subsection, no public officer or employee may be held liable for any losses sustained by a local school administrative unit because of the default or insolvency of the depository. (1975, c. 437, s. 1; 1981, c. 423, s. 1; c. 682, s. 23; c. 866, ss. 1, 2; 1985, c. 246, s. 2.)

#### **§ 115C-445. Daily deposits.**

Except as otherwise provided by law, all moneys collected or received by an officer, employee or agent of a local school administrative unit or an individual school shall be deposited in accordance with this section. Each officer, employee and agent of a local school



administrative unit or individual school whose duty it is to collect or receive any taxes or other moneys shall deposit his collections and receipts daily. If the board of education gives its approval, deposits shall be required only when the moneys on hand amount to as much as two hundred fifty dollars (\$250.00), but in any event a deposit shall be made on the last business day of the month. All deposits shall be made with the finance officer or in an official depository. Deposits in an official depository shall be immediately reported to the finance officer or individual school treasurer by means of a duplicate deposit ticket. The finance officer may at any time audit the accounts of any officer, employee or agent collecting or receiving any taxes or other moneys, and may prescribe the form and detail of these accounts. The accounts of such an officer, employee or agent shall be audited at least annually. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-446. Semiannual reports on status of deposits and investments.**

Each school finance officer shall report to the Secretary of the Local Government Commission on January 1 and July 1 of each year, or such other dates as the Secretary may prescribe, the amounts of money then in his custody and in the custody of treasurers of individual schools within the local school administrative unit, the amount of deposits of such money in depositories, a list of all investment securities and time deposits held by the local school administrative unit and individual schools therein. In like manner, each bank or trust company acting as the official depository of any administrative unit or individual school may be required to report to the Secretary a description of the surety bonds or investment securities securing such public deposits. If the Secretary finds at any time that any moneys of a local school

administrative unit or an individual school are not properly deposited or secured, or are invested in securities not eligible for investment, he shall notify the officer in charge of the moneys of the failure to comply with law. Upon such notification, the officer shall comply with the law within 30 days, except as to the sale of securities not eligible for investment which shall be sold within nine months at a price to be approved by the Secretary. The Local Government Commission may extend the time for sale of ineligible securities, but no one extension may cover a period of more than one year. (1975, c. 437, s. 1; 1981, c. 423, s. 1; c. 866, s. 3.)

#### **§ 115C-447. Annual independent audit.**

(a) Each local school administrative unit shall have its accounts and the accounts of individual schools therein audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Local Government Commission as qualified to audit local government accounts. The auditor who audits the accounts of a local school administrative unit shall also audit the accounts of its individual schools. The auditor shall be selected by and shall report directly to the board of education. The audit contract shall be in writing, shall include all its terms and conditions, and shall be submitted to the Secretary of the Local Government Commission for his approval as to form, terms and conditions. The terms and conditions of the audit contract shall include the scope of the audit, and the requirement that upon completion of the examination the auditor shall prepare a typewritten or printed report embodying financial statements and his opinion and comments relating thereto. The financial statements accompanying the auditor's report shall be prepared in conformity with generally accepted accounting principles. The auditor shall file a copy of the audit report with the Secretary of the Local Government Commission, the State Board of Education, the board of

education and the board of county commissioners, and shall submit all bills or claims for audit fees and costs to the Secretary of the Local Government Commission for his approval. It shall be unlawful for any local school administrative unit to pay or permit the payment of such bills or claims without this approval. Each officer, employee and agent of the local school administrative unit having custody of public money or responsibility for keeping records of public financial or fiscal affairs shall produce all books and records requested by the auditor and shall divulge such information relating to fiscal affairs as he may request. If any member of a board of education or any other public officer, employee or agent shall conceal, falsify, or refuse to deliver or divulge any books, records, or information, with an intent thereby to mislead the auditor or impede or interfere with the audit, he is guilty of a Class 1 misdemeanor.

The State Auditor shall have authority to prescribe the manner in which funds disbursed by administrative units by warrants on the State Treasurer shall be audited.

(b) When the State Board of Education finds that incidents of fraud, embezzlement, theft, or management failures in a local school administrative unit make it appropriate to review the internal control procedures of the unit, the State Board of Education shall so notify the unit. If the incidents were discovered by the firm performing the audit under subsection (a) of this section, the board of the local school administrative unit shall submit the audit together with a plan for any corrective actions relative to its internal control procedures to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit. Where the firm preparing the audit under subsection (a) of this section identifies significant problems with internal control procedures the local school administrative unit shall submit the audit together with a plan for any corrective actions relative to its internal control procedures to the State Board of Education and the Local

Government Commission for approval and shall implement the approved changes prior to the next annual audit.

If the incidents were not discovered by the firm performing the audit under subsection (a) of this section, the State Board of Education and the Local Government Commission shall employ an audit firm to review the internal control procedures of that local school administrative unit. Upon completion of this review, the audit firm shall report publicly to the State Board of Education, the Local Government Commission, and the board of the local school administrative unit. If the State Board of Education determines that significant changes are needed in the internal control procedures of the local school administrative unit, the local board shall submit a plan of corrective actions to the State Board of Education and the Local Government Commission for approval and shall implement the approved changes prior to the next annual audit. The local school administrative unit shall pay the cost of this audit. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1983, c. 913, s. 17; 1987 (Reg. Sess., 1988), c. 1025, s. 14; 1993, c. 539, s.

891; 1994, Ex. Sess., c. 24, s. 14(c); 2005-276, s. 7.58.)

#### **§ 115C-448. Special funds of individual schools.**

(a) The board of education shall appoint a treasurer for each school within the local school administrative unit that handles special funds. The treasurer shall keep a complete record of all moneys in his charge in such form and detail as may be prescribed by the finance officer of the local school administrative unit, and shall make such reports to the superintendent and finance officer of the local school administrative unit as they or the board of education may prescribe. Special funds of individual schools shall be deposited in an official depository of the local school administrative unit in special accounts to the credit of the individual school, and shall be paid only on checks or drafts signed by the principal of the school and the treasurer. The board of education may, in its discretion, waive the requirements of this section for any

school which handles less than three hundred dollars (\$300.00) in any school year.

(b) Nothing in this section shall prevent the board of education from requiring that all funds of individual schools be deposited with and accounted for by the school finance officer. If this is done, these moneys shall be disbursed and accounted for in the same manner as other school funds except that the check or draft shall not bear the certificate of pre-audit.

(c) For the purposes of this section, "special funds of individual schools" includes by way of illustration and not limitation funds realized from gate receipts of interscholastic athletic competition, sale of school annuals and newspapers, and dues of student organizations.

(d) Special funds of individual schools shall not be included as part of the local current expense fund of a local school administrative unit for the purposes of determining the per pupil share of the local current expense fund transferred to a charter school pursuant to G.S. 115C-218.105(c). (1975, c. 437, s. 1; 1981, c. 423, s. 1; 2013-355, s. 2(b); 2014-101, s. 7.)

#### **§ 115C-449. Proceeds of insurance claims.**

Moneys paid to a local school administrative unit pursuant to contracts of insurance against loss of capital assets through fire or casualty shall be used to repair or replace the damaged asset, or if the asset is not repaired or replaced, placed to the credit of the capital outlay fund for appropriation at some future time. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

#### **§ 115C-450. School food services.**

(a) School food services shall be included in the budget of each local school administrative unit and the State Board of Education shall provide for school food services in the uniform budget format required by G.S. 115C-426.

(b) No local school administrative unit shall assess indirect costs to a child nutrition program unless the program has a minimum of one month's operating balance. One month's operating balance shall be derived from net cash resources divided by one month's operating costs. "Net cash resources" means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities. When calculating the average month's operating balance, the Department of Public Instruction shall use the complete and final figures obtained from the annual financial report from each child nutrition program's operation. An average month's operating balance shall be calculated and published by the Department of Public Instruction for each child nutrition program and shall be equal to the average of the three prior fiscal years' monthly operating balances. If complete and final financial reports for a given year are not yet available for a child nutrition program, the Department of Public Instruction may use projected figures but shall update the published average month's operating balance once complete and final financial reports become available. As used in this subsection, the term "indirect costs" is as defined in the United States Office of Budget and Management Circular A-87, as revised, and the term "net cash resources" is as defined in 7 C.F.R. § 210.2. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 2013-235, s. 1.)

#### **§ 115C-451. Reports to State Board of Education; failure to comply with School Budget Act.**

(a) The State Board of Education shall have authority to require local school

administrative units to make such reports as it may deem advisable with respect to the financial operation of the public schools.

(b) The State Board of Education shall be responsible for assuring that local boards of education comply with State laws and regulations regarding the budgeting, management, and expenditure of funds. When a local board of education willfully or negligently fails or refuses to comply with these laws and regulations, the State Board of Education shall issue a warning to the local board of education and direct it to take remedial action. In addition, the State Board may suspend the flexibility given to the local board under G.S. 115C-105.21A and may require the local board to use funds during the term of suspension only for the purposes for which they were allotted or for other purposes with the specific approval from the State Board.

(c) If the local board of education, after warning, persists in willfully or negligently failing or refusing to comply with these laws and regulations, the State Board of Education shall by resolution assume control of the financial affairs of the local board of education and shall appoint an administrator to exercise the powers assumed. The adoption of a resolution shall have the effect of divesting the local board of education of its powers as to the adoption of budgets, expenditure of money, and all other financial powers conferred upon the local board of education by law. (1975, c. 437, s. 1; 1981, c. 423, s. 1; 1991, c. 529, s. 5; 1997-443, s. 8.7.)

### **§ 115C-452. Fines and forfeitures.**

The clear proceeds of all penalties and forfeitures and of all fines collected in the General Court of Justice in each county shall be remitted by the clerk of the superior court to the county finance officer, who shall forthwith determine what portion of the total is due to each local school administrative unit in the county and remit the appropriate portion of the amount to the finance officer of each local school administrative unit. Fines and forfeitures shall be apportioned according to the projected average daily membership of each local school administrative unit as determined by and certified to the local school administrative units and the board of county commissioners by the State Board of Education pursuant to G.S. 115C-430. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

## **2.3 Local Board Policies**

### **7000 Financial Operations**

The Alamance-Burlington Board of Education, in recognition of its accountability to the people of Alamance County, hereby instructs all employees to use district funds and other assets in the most cost-effective manner possible, consistent with the primary educational mission of the school district.

Responsibility for management of the financial affairs of the school system shall be vested in the superintendent of schools and may be delegated by the superintendent to members of his/her staff.

The finance division functioning under the direct supervision of the finance officer shall be responsible for collecting and disbursing public funds in accordance with applicable state and federal laws and regulations.

The budgeting, accounting and auditing procedures shall be such that records of appropriations,

revenues, and expenditures are readily available to enable the Board and administrators to evaluate the financial operation of all aspects of the school system.

In the conduct of its financial operations, the school system is committed to high standards of performance, and its records are available for public inspection.

LEGAL REF: G.S. 115C-36

ADOPTED: January 24, 2011

## **7010 School Finance Officer**

There shall be a school finance officer appointed or designated by the Superintendent and approved by the Board, in accordance with the provisions of state law. The school finance officer shall serve at the pleasure of the Superintendent. The duties of the school finance officer shall be as prescribed by law and Board policy and as assigned by the Superintendent.

The school finance officer shall be responsible to the Superintendent for:

A. Keeping the accounts of the school system in accordance with generally accepted principles of governmental accounting, the rules and regulations of the State Board of Education, and the rules and regulations of the Local Government Commission;

B. Giving the pre-audit certificate required by law;

C. Signing and issuing all checks, drafts, and state warrants by the school system, investing idle cash, and receiving and depositing all monies accruing to the school system;

D. Preparing and filing a statement of the financial condition of the school system as often as requested by the Superintendent or the Board, and when requested in writing, with a copy to the Superintendent, by the Board of County Commissioners; and

E. Performing such other duties as may be assigned by law, by the Superintendent, or by rules and regulations of the State Board of Education and the Local Government Commission.

LEGAL REF: G.S. 115C-435, -436, and -441

ADOPTED: January 24, 2011

## **7020 Fidelity Bonds**

The finance officer shall give a true accounting and faithful performance bond with sufficient sureties in an amount to be fixed by the board, not less than fifty thousand dollars (\$50,000.00). The Superintendent shall ensure that the finance officer, the treasurer of each school, and all other officers, employees and agents of the school system who are required to be bonded are bonded in accordance with state law. It is the duty of the finance officer to assist the Superintendent in implementing this policy.

LEGAL REF: G.S. 115C-442

ADOPTED: January 24, 2011

## **7100 Annual Budget**

The Superintendent shall prepare an annual budget and submit it with his budget message to the Board not later than May 1. The budget shall comply in all respects with the limitations imposed by law.

The Superintendent's budget message shall contain a concise explanation of the educational goals fixed by the budget for the budget year, set forth the reasons for stated changes from the

previous year in program goals, programs, and appropriation levels, and shall explain any major changes in educational or fiscal policy.

On the same day that he submits the budget to the Board, the Superintendent shall file a copy of it in his office, where it shall remain available for public inspection until the budget resolution is adopted.

Upon receiving the budget from the Superintendent, the Board shall consider the budget, make such changes therein as it deems advisable, and submit the entire budget as approved by the Board to the Board of County Commissioners not later than May 15, or such later date as may be fixed by the Board of County Commissioners. The Board may hold a public hearing on the proposed budget prior to final action.

LEGAL REF: G.S. 115C-427, -428, -429

ADOPTED: January 24, 2011

### **7110 Adoption of Budget Resolution**

After the Board of County Commissioners has made its appropriations to the school system, or after the budget appeal procedure set out in state law, the Board shall adopt a budget resolution making appropriations for the budget year in such sums as the Board deems sufficient and proper. The budget resolution shall be adopted in accordance with the provisions of state law. The budget resolution shall conform to the uniform budget format established by the State Board of Education. The budget resolution shall be entered in the Board minutes, and within five (5) days after adoption, copies of the resolution shall be filed with the Superintendent, the school finance officer and the county finance officer.

LEGAL REF: G.S. 115C-431 and -432

ADOPTED: January 24, 2011

### **7120 Budget Transfers and Amendments**

The Board has the right to make budget transfers or amendments to the budget resolution for the reasons prescribed by state law and in accordance with the adopted budget resolution and state law.

The Superintendent is authorized to transfer moneys from one appropriation to another within the same fund, so long as the transfer does not increase or decrease the amount within an appropriation by more than ten percent (10%). Any such transfers shall be reported to the Board at its next regular meeting and entered into the minutes.

LEGAL REF: G.S. 115C-433

ADOPTED: January 24, 2011

### **7130 Interim Budget**

In case the adoption of the budget resolution is delayed until after July 1, the Board shall make interim appropriations for the purpose of paying salaries and the usual expenses of the school



system for the interval between the beginning of the fiscal year and the adoption of the budget resolution. Interim appropriations so made and expended shall be charged to the proper appropriations in the adopted budget resolution.

LEGAL REF: G.S. 115C-434  
ADOPTED: January 24, 2011

## **7200 Accounting System**

The administration shall establish and maintain a financial accounting and reporting system designed to show the school system's assets, liabilities, equities, revenues, and expenditures. The system shall be designed to show appropriations and estimated revenues as established in the budget resolution as originally adopted and subsequently amended. The administration shall use the modified accrual basis of accounting in recording transactions.

LEGAL REF: G.S. 115C-440  
ADOPTED: February 28, 2011

## **7210 Financial Reports and Statements**

The administration shall prepare a comprehensive annual financial report that encompasses all the funds and account groups of the school system. The comprehensive annual financial report shall contain the general purpose financial statements as well as combining statements by fund type and individual fund statements.

The school finance officer shall report to the Secretary of the Local Government Commission on January 1 and July 1 each year, or such other dates as the secretary may prescribe, the amount of money then in his or her custody and in the custody of treasurers of individual schools within the system, the amount of deposits of such money in depositories, and a list of all investment securities and time deposits held by the school system and individual schools therein.

The finance officer shall prepare other statements of financial condition of the school system and other such financial information as may be necessary or desirable by the Superintendent and the Board.

LEGAL REF: G.S. 115C-436, -446  
ADOPTED: February 28, 2011

## **7220 Individual School Accounts**

The Board authorizes the maintenance of appropriate individual school accounts. The Board shall appoint a treasurer for each school upon recommendation of the Superintendent. The school treasurer must be bonded in accordance with Policy 7020. The principal shall be responsible for proper administration of financial activities of the school in accordance with law and appropriate accounting practices and procedures. The Finance Officer is responsible for developing and maintaining an accounting manual setting forth accounting procedures for individual school funds.

Only the principal may give final approval to purchase materials, equipment, and services which the school is authorized by Board policy to purchase from the individual school funds. No obligations shall be made by a principal if the total exceeds the amount of funds in the appropriate account of the individual school. Obligations incurred by the principal in excess of funds on hand will be considered to be the personal obligation of the principal and the principal may be held personally liable for payment of the obligation.

Each payment made at the individual school level shall be made on a check signed by both the principal and school treasurer or assistant treasurer. Neither signature may be a stamp or facsimile. Purchases made using district-issued credit cards must be accompanied by a purchase order approved by the principal. Monies raised by a student organization shall be expended for the benefit of students.

Principals shall file with the Board the name of the bank in which their school funds are deposited and the name of the local school treasurer. A monthly financial statement of all funds shall be filed with the Superintendent.

No funds may be transferred from one account to another without the written approval of the finance officer. Requests for transfer of funds shall be made in writing by the principals.

Individual staff members shall issue a receipt for all money they collect and provide the collected funds to the school treasurer on a daily basis. All money collected by the school treasurer shall be deposited in the local school fund, properly carried through regular bookkeeping channels, and disbursed as required by law and Board policy. Disbursements shall be made by check only and must be substantiated by proper invoices. Reserves from dormant and general fundraising accounts within a school that have remained inactive for more than one year may be transferred to that school's general fund with approval of the finance officer.

#### Gate Receipts and Admissions

Admission receipts of school events shall be adequately controlled. The principal is responsible for the administration and supervision of all phases of school events for which an admission is charged. Admission to those school events for which an admission is charged shall be by serially-numbered tickets only. However, persons presenting season, faculty or special passes will be admitted to all events. Adequate records shall be maintained to provide chronological and accounting data for subsequent review and analysis.

LEGAL REF: G.S. 115C-47, -288, -440, -441, -442, -444, -445, -448

CROSS REF: Policy 7020 (Bonded Personnel); Policy 7450 (Purchasing).

ADOPTED: February 28, 2011

## **7225 Collections, Solicitations and Fundraising**

The Alamance-Burlington School System Board of Education believes funds for basic school



programs are the responsibility of the board. The board recognizes and appreciates that many special activities and resources are made available with the assistance from parents and community members. The superintendent shall develop regulations governing school-sponsored fundraising activities.

The purpose of fundraising projects and activities is to contribute to the educational and extracurricular experiences of students. Fundraising activities may not conflict with the instructional program or cause disruption to instructional time.

1. Outside organizations and/or sales representatives may not solicit to individual employees or students during working hours or the school day unless prior written approval is granted by the superintendent or designee.
2. Students, school organizations, teachers and/or other school employees may not sell commercial products during the instructional day. This does not include the sale of school pictures, yearbooks, book fairs, school newspapers, or any merchandise sold in the course of an approved school activity.
3. One school-wide fundraiser is permitted per year.
4. All fundraisers must have written principal approval prior to any activity.
5. All social media or crowd funding campaigns (ie. GoFundMe, Donors Choose) that use ABSS, school names, or information regarding individuals schools must secure advance written approval from the principal. Each campaign is limited to 60 days.
  - a. All non-monetary items obtained are the property of ABSS and all inventory procedures apply including Policy 7300 Receiving and Inspecting and Policy 7310 Maintenance of Inventory and Fixed Assets.
  - b. All monetary donations must be recorded by the school treasurer, and are subject to Policy 7220 Individual School Accounts.
6. Financial reports of fundraising activities must be filed and maintained in accordance with procedures established by the superintendent.
7. Fundraising cannot impact a student's course grade.
8. Students are not permitted to sell any food or beverage items during the instructional day. Any food or beverage items sold must meet applicable health and wellness criteria as defined by current federal and state law and the North Carolina Eat Smart Nutrition Standards.
9. Door-to-door fundraising is prohibited.
10. Fundraising activities for the benefit of charitable groups and not for the direct benefit of the

school must be clearly advertised as a non-school charity and must be approved in advance by the principal.

LEGAL REF: G.S. 14-238

Approved: August 22, 2016

## **7230 School-Related Organizations Funds Management**

School-related organizations or organizations which engage in public fund-raising activities in the name of the school or for the purpose of supporting school programs and extracurricular activities must be properly accountable to the public which contributes to such efforts and the school. These groups shall adopt a constitution or set of rules/by-laws which are approved by the membership prior to acting for or on behalf of the school. As part of the rules/by-laws providing for duly-elected officers, one officer shall be designated as organization treasurer charged with maintaining accurate and current financial records. These records shall be shared regularly at meetings of the membership or executive committee in a written financial report. The principal shall be apprised of the financial reports and share these reports with the school system's finance officer.

An audit of the organization's financial records shall be conducted annually by a committee from within the membership and may include community business/finance leaders as well as personnel from the school system. All disbursements from organizational funds should be approved by the executive committee and shall require two signatures (generally the president/chief officer and treasurer) on all checks for payment, if funds are to be maintained in the organization's bank account.

All funds for school-related organizations should be deposited in one of the following ways:

A. Funds of the organization may be deposited with the bonded school treasurer and held in the school's general financial account with disbursement made upon direction of the organization's executive committee. The principal and school treasurer will sign all checks.

B. Funds of the organization may be deposited in a separate organization banking account provided that all checks for disbursements require the signatures of both the president and treasurer.

For the purpose of this policy, the term "school-related organization" includes school yearbooks, newspapers, student organizations, and other organizations that operate under the supervision of the principal or other school officials.

LEGAL REF: G.S. 115C-47, -448

ADOPTED: February 28, 2011

## **7240 Accounting Requirements for Fee-Based Programs**

To the extent individual schools operate fee-based after-school or daycare programs, such programs must follow uniform accounting procedures developed by the Finance Officer. Any fee

charged must be submitted to the Superintendent as provided in Policy 3570, and all money received in fees must be accounted for in regular written reports to the Finance Officer.

CROSS REF: Policy 3570, Cost of School Activities

ADOPTED: February 24, 2014

### **7300 Receiving and Inspecting**

The Finance Officer shall establish and maintain a receiving procedure for all supplies, materials, and equipment as appropriate. Persons signing to acknowledge receipt of goods and services must personally inspect the items and verify all relevant data such as item number, part number, description, quantity and quality, against the original purchase order. The person signing to acknowledge receipt must then follow the procedures established by the Finance Officer for documenting the delivery and returning that documentation to the Finance Office. Personnel responsible for receiving shall be responsible for taking appropriate action with respect to complaints on deficiencies concerning the received items.

LEGAL REF: G.S. 115C-47

ADOPTED: February 28, 2011

### **7310 Maintenance of Inventory and Fixed Assets**

The Finance Officer will ensure that an inventory of fixed assets at all sites, including a physical count of each item, is taken at least once per year.

- This inventory shall be entered on the inventory record accounts for appropriate accounting.
- Items whose purchase/donation price is five thousand dollars (\$5,000.00) or more (including shipping, taxes, etc.), when such items have a useful and non-expendable life of one year or more and are not primarily used to repair or maintain other fixed assets, shall be identified as fixed assets and shall be accounted for as required by the State, in accordance with administrative procedures approved by the superintendent.

The three minimum cost thresholds are \$5,000 for equipment, \$20,000 for buildings, and \$100,000 or higher for infrastructure. Identified fixed assets shall be accounted for as required by GASB statement No. 34 and in accordance with administrative procedures approved by the superintendent.

- Items whose purchase/donation price is between \$500.00 and \$5,000.00 will be tracked for inventory control purchases. Each school site or department is responsible for the record keeping of items in their location in accordance with state and local accountability procedures approved by the superintendent.

LEGAL REF: G.S. 115C-36, -47

ADOPTED: February 28, 2011

## **7400 System Contract Administration**

Except as otherwise provided by Board policy, all system-level contracts made on behalf of the Board of Education involving expenditures exceeding one hundred thousand dollars (\$100,000) must receive prior approval from the Board. Unless otherwise prohibited by statute, state regulation, or other Board policy, the Superintendent or his/her designee is authorized to enter into purchase, service, construction and repair contracts involving amounts up to one hundred thousand dollars (\$100,000), as long as the purchase is within the remaining funds in the allocated budget for the current fiscal year. The Superintendent is authorized to enter into contracts for the purchase of textbooks, fuel, gasoline and oil in any amount, as long as the purchase is within the remaining funds in the allocated budget for the current fiscal year.

The Superintendent must report all contracts between twenty-five thousand dollars (\$25,000) and one hundred thousand dollars (\$100,000) to the Board quarterly. Contracts for unanticipated expenditures exceeding one hundred thousand dollars (\$100,000) for direct or related services to exceptional children may be undertaken by the Superintendent conditioned on final approval by the Board at its next scheduled meeting. Where feasible, the Superintendent or his/her designee shall seek informal bids for contracts.

The Superintendent shall develop administrative procedures for implementation of this policy.

7400.1 All system-level contracts must be pre-audited by the Finance Officer before they are awarded.

7400.2 All contracts involving construction or repair work or purchase of apparatus, supplies, materials or equipment must be undertaken in compliance with Chapter 143 of the North Carolina General Statutes and Board policies.

### **7400.3 School Principal Contracting Authority**

School principals may enter into contracts for:

- A. School pictures;
- B. Yearbooks and school newspapers (all other contracts for printing of reports, forms, etc., should be handled through the finance officer);
- C. Fund-raising activities undertaken in compliance with Board policies;
- D. Disc jockeys/bands and facilities for dances to be paid for with school funds;
- E. Athletic officials and other persons working at athletic events to be paid from athletic funds derived from gate receipts;
- F. Class rings;
- G. Caps and gowns; and
- H. Senior supplies (i.e., invitations, notecards, class keys, etc.).

School principals may enter into other contracts for goods or services in amounts up to \$500.00 without prior approval, provided there are sufficient funds in the local school account to cover the contract and the contract is executed during the current fiscal year and in compliance with the requirements of Policy 7400. Principals shall submit semi-annual reports to the school system's finance officer of all school contracts.

## **7450 Purchase Contract Administration**

All purchases of equipment, materials and supplies will be made in accordance with all applicable laws and regulations, including Chapter 143 Article 8 of the North Carolina General Statutes, Board policy and any purchasing regulations and procedures. All employees involved in purchasing are expected to be familiar with these requirements.

The superintendent, or his designee, will ensure that written specifications for desired products are descriptive, clear and incorporate the quality requirements and service needs of the Board. While there is no minimum number of bids, proposals or quotes required for the purchase of apparatus, goods, supplies and equipment, whether formally or informally bid, the superintendent is encouraged to obtain at least two quotes when feasible.

Except as otherwise required by law, the Board delegates to the superintendent the authority to award contracts for the purchase of equipment, material and supplies in an amount up to \$100,000, as long as the purchase is within the remaining funds in the allocated budget for the current fiscal year. Notwithstanding this, the Superintendent is authorized to enter into contracts for the purchase of textbooks, fuel, gasoline and oil in any amount, as long as the purchase is within the remaining funds in the allocated budget for the current fiscal year. The superintendent may seek Board approval for certain expenditures. The finance officer and any additional staff deemed appropriate by the superintendent will review submissions of bids, proposals or quotes to determine if they are responsive to the district's specifications, and will make recommendations to the superintendent. The superintendent or designee will award the contract based upon such recommendations or will make a recommendation to the Board for award of the contract by the Board in accordance with this policy.

Equipment, materials and supplies must be purchased in accordance with the following requirements. Purchases shall not be divided for the purpose of evading any of the requirements of this policy, state law or any regulations adopted by the superintendent for the implementation of this policy.

### **1. Formal Bidding**

The purchase of apparatus, supplies, materials or equipment for expenditures of \$90,000 or more must be secured through the competitive bid process governed by G.S. 143-129.

The superintendent, in consultation with the finance officer, is authorized by the Board to determine the best method for formally bidding a product or, as appropriate, utilizing one of the exceptions to formal bidding as provided below. The finance officer will oversee the use of any

purchasing method and will ensure that all statutory requirements are met, including advertisement, sealed bids, maintaining records and public opening of bids. The finance officer shall have the authority to determine if bid bonds are required. The Board authorizes the use of newspaper advertisement, electronic advertisement or both for formal bids; however, the superintendent has the authority to determine which method will be used for a specific purchase or categories of purchases.

Awards will be made to the lowest responsible bidder(s) whose bid/proposal meets the requirements and criteria set forth by the Board, taking into consideration quality, performance and the time specified in the proposal for the performance of the contract. All contracts awarded must be in writing.

The Board permits the use of the following processes for contracts that require formal bidding.

1. Competitive Sealed Bids – A competitive sealed bid (or invitation to bid) may be used to request the cost of particular goods by providing detailed specifications in advance.
2. Reverse Auction - Pursuant to G.S. 143-129.9(a)(1), the Board may use reverse auctions as an alternative to sealed bid procedures. For purposes of this policy, reverse auction means a real-time purchasing process in which bidders compete to provide goods at the lowest selling price in an open and interactive environment. The superintendent, in consultation with the finance officer, will determine whether reverse auctions are appropriate for a specific purchase or category of purchases. To conduct a reverse auction, the finance officer may use a third party, may use the state's electronic procurement system or, if appropriate equipment is available, may conduct the auction via school district equipment.
3. Exceptions to Formal Bids – Any of the processes outlined below can be used in lieu of formal bidding, as long as all requirements of state law are met.

## 2. Informal Bidding

The purchase of apparatus, supplies, materials or equipment for expenditures of \$5,000 to \$90,000 must be secured through or with the written approval of the finance officer using the informal bidding process governed by G.S. 143-131.

The superintendent, in consultation with the finance officer, is authorized by the Board to determine the best method for informally bidding a product. The finance officer will oversee the use of any purchasing method and will ensure that all state requirements are met, including maintaining records of all bids submitted. Awards will be made to the lowest responsible bidder(s) whose bid or proposal meets the requirements and criteria set forth by the school district, taking into consideration quality, performance and the time specified in the proposal for the performance of the contract. In the case of identical low bids among two or more responsive and responsible bidders, the finance officer shall, in his or her discretion, make the award believed to be in the best interest of the school system.

1. Competitive Sealed Bids – Informal bid requirements may be met by the use of sealed bids.

The finance officer may determine appropriate methods for soliciting sealed bids. The bid specifications will include the time, date and place for opening bids. No advertisement for bids is necessary (unless the formal bid process is used); however, the finance officer may advertise for bids as he/she deems appropriate.

2. Quotations – Informal bid requirements may be met by the solicitation of quotes from prospective vendors. Quotations may be solicited and submitted via fax, email or telephone. Telephone quotes must be placed in writing before a final contract will be awarded. Written quotations must be on the vendor's letterhead or an official quotation form, and must include an authorized signature.

3. Reverse Auction – A reverse auction may be used to solicit informal bids, consistent with the process provided in formal bidding section.

4. Exceptions to Informal Bids – Any of the processes outlined below as exceptions may be used in lieu of informal bidding, as long as all requirements of state law are met.

#### PURCHASES BELOW THE INFORMAL BIDDING RANGE

Purchases for equipment, materials and supplies costing less than \$5,000 will be awarded under conditions which foster competition among vendors. Purchase decisions should be made after considering price, quality, suitability for specific need and timeliness of delivery and performance. Two written quotes should be received for each purchase when feasible. Relevant state and school system contracts should be reviewed in assessing whether the Board is receiving the best value. Compliance with this policy shall be documented for purchases between \$2,500 and \$5,000. The Board reserves the right not to enter into a contract with any supplier or contractor when performance on any previous contract has been found to be unsatisfactory by the superintendent or the Board.

#### 3. Procurement Cards

School system procurement cards (charge cards) may be used by designated school officials to purchase equipment, materials and supplies costing less than \$2,500. All requirements of state law and Board policy which are applicable to purchases made below the informal bidding range shall be applicable to purchases made with school system procurement cards. Purchases shall not be divided for the purpose of evading any requirements of this policy, state law or any regulations adopted by the superintendent for the use of procurement cards. Any purchase with a school system charge card must be accompanied by an approved purchase order.

The superintendent, with the approval of the Board, shall designate those department heads and other school officials who will be issued a school system procurement card. Cards shall be used for approved school purposes only. Personal use or unauthorized use of a school system procurement card shall result in revocation of the card and may subject the employee to disciplinary action, legal action, and/or personal liability for purchases made in violation of this



policy or any regulations adopted by the superintendent.

#### 4. Electronic Bidding

Pursuant to G.S. 143-129.9(a)(2), the school system may receive bids electronically in addition to or instead of paper bids. If electronic bids are used for purchases that must be formally bid, procedures for receipt of electronic bids must be designed to ensure the security, authenticity and confidentiality of the bids to at least the same extent as provided with paper bids. The superintendent, in consultation with the finance officer, will determine whether electronic bidding is appropriate for a specific purchase or category of purchases.

#### 5. Exception to Formal and Informal Bidding Requirements

The school system may utilize the following purchasing options instead of pursuing competitive bidding. Formal or informal bidding is not required if any of these processes are used. The finance officer is responsible for gathering information to document the basis for the use of any exceptions to the competitive bidding requirements. The superintendent, in consultation with the finance officer, will determine whether using one of the following exceptions is appropriate for a specific purchase or group of purchases.

1. Purchases from Other Governmental Agencies – Pursuant to G.S. 143-129(e)(3), the school district may contract for the purchase, lease or other acquisition of apparatus, supplies, materials, or equipment from any other federal, state or local governmental agency.

2. Special Emergencies – Pursuant to G.S. 143-129(e)(2), competitive bidding is not required in cases of special emergencies involving the health and safety of people or their property. For an emergency to exist under the statute, the following factors must exist: (1) the emergency must be present, immediate and existing; (2) the harm cannot be averted through temporary measures; and (3) the emergency must not be self-created by the Board.

3. Competitive Group Purchasing – Pursuant to G.S. 143-129(e)(3), the school system may make purchases through a competitive bidding group purchasing program, through which another entity uses a competitive process to establish contracts on behalf of multiple entities at discount prices.

4. State Term Contract – Pursuant to G.S. 143-129(e)(9), the school system may purchase products included in state term contracts with the state vendor for the price stipulated in the state contract, if the vendor is willing to extend the school system the same or more favorable prices, terms and conditions as established in the state contract.

5. Sole Source Items – Pursuant to G.S. 143-129(e)(6), upon approval of the Board, the school system may purchase an item through a single/sole source contract under the following circumstances: (1) when performance or price competition is not available; (2) when a needed product is available from only one source of supply; or (3) when standardization or compatibility is the overriding consideration. When requesting a purchase under the sole source exception,



the finance officer will provide the Board with documentation that justifies the use of the exception.

6. “Piggybacking” or Previously Bid Contracts – Pursuant to G.S. 143-129(g), upon approval of the Board, the school system may purchase from any supplier that, within the previous 12 months, has contracted to furnish the needed item to the federal government, to any state government, or to any agency or political subdivision of the federal government or any state government. Before recommending a purchase using the piggybacking exception, the finance officer will ensure that the following requirements are met: (1) the price and other terms and conditions of the contract are at least as favorable as the prior contract; (2) the contract was entered into following a public, formal bid process substantially similar to that required by North Carolina General Statutes; (3) the same vendor is used; and (4) notice of intent to award the contract without bidding is publicly advertised at least 10 days prior to the regularly-scheduled Board meeting at which the contract will be approved. Before approving the contract, the Board must determine that using the contract is in the best interest of the school system.

7. Purchases of Information Technology Goods and Services – Pursuant to G.S. 143-129(e)(7), the school system may purchase or lease information technology through contracts established by the State Office of Information Technology Services. The finance officer will work with the information technology department to ensure that any such purchases meet the needs of the school system.

In addition, the school system also may purchase information technology goods and services by using a request for proposal (RFP) pursuant to G.S. 143-129.8, provided that the following requirements are met: (1) notice of the request is provided consistent with the formal bidding notice requirements and (2) contracts are awarded to the person or entity that submits the best overall proposal as determined by the finance officer and superintendent. The RFP should describe the scope of work, general terms and conditions, specifications of the product needed by the school system, and the application process. RFPs will be evaluated using the “best value” method as defined in G.S. 143-135.9(a)(1), so that the school system can select the most appropriate technological solution to meet the Board’s objectives. However, in situations where the finance officer considers the purchase to be highly complex or is unable to clearly determine what the optimal solution for the school system is, the “solution-based solicitation” or “government-vendor partnership” method may be used. The finance officer may negotiate with the proposer to obtain a final contract that meets the best needs of the school system, as long as the alterations based on such negotiations do not deprive proposers or potential proposers of the opportunity to compete for the contract and do not result in the award of the contract to a different person or entity than it would have been if the alterations had been included in the RFP.

8. Gasoline, Fuel and Oil Purchases – Pursuant to G.S. 143-129(e)(5), the school system may purchase gasoline, fuel and oil products without using formal competitive bidding. However, such purchases are subject to the informal bidding requirements provided above.

9. Used Products – Pursuant to G.S. 143-129(e)(10), the school system may purchase previously used apparatus, supplies, materials or equipment without using formal competitive

bidding.

10. Instructional Materials – Pursuant to G.S. 115C-522(a), the formal or informal bidding process shall not be required for the purchase of published books, manuscripts, maps, pamphlets, and periodicals.

#### 6. E-Procurement Requirements

As required by law, the Board will use the North Carolina Electronic Procurement (“e-procurement”) system to facilitate the electronic purchase of goods and services. School system personnel will comply with standards established by the State Board of Education so that the school system can become e-procurement compliant. As of July 1, 2004, the finance officer shall ensure that the school system expends at least 30 percent of its remaining unencumbered funds for that fiscal year to purchase supplies, equipment, materials, computer software and other tangible personal property through the state’s e-procurement system. For the following two fiscal years, the school system must utilize 35 percent of funds in the first year and 40 percent of funds in the second year to purchase through the e-procurement system.

#### 7. Lease Purchase Contracts and Other Contracts Financed Over Time

Lease purchase contracts, contracts that include options to purchase, and leases for the life of equipment all must be bid consistent with the requirements of G.S. 143-129 and 143-131. The finance officer will ensure that such contracts meet the legal requirements of G.S. 115C-528 and the provisions of Board policy.

#### 8. Use Of School System Term Contracts

The school system may create and use term contracts for items that are routinely purchased by the school system. If the estimated expenditure for a routine item under the term contract exceeds \$90,000, the contract must be formally bid. If the estimated expenditure is between \$5,000 and \$90,000, the contract must be informally bid. The finance officer may incorporate the use of a term contract in the bidding specifications. If term contracts are used, the contracts will be created and/or reviewed by the Board attorney, in consultation with the finance officer.

#### 9. Historically Underutilized Businesses

The Board affirms the state’s commitment to encourage the participation of historically underutilized businesses in purchasing functions. The Board will comply with all legal requirements and policy standards.

#### 10. Reporting

The superintendent or designee shall provide to the Board a monthly information report of purchases in excess of two thousand five hundred dollars (\$2,500).

#### 11. Regulations and Procedures

The superintendent shall develop regulations and procedures for the implementation of this policy.

LEGAL REF: G.S. 115C-522; G.S. 115C-528; 143, article 8; 143-129, -129.9, -131, -135.9

ADOPTED: January 24, 2011

## **7500 Depositories**

The Board shall designate as official depositories of the school system one or more banks, savings and loan associations, or trust companies in North Carolina. No money belonging to the school system shall be deposited in any other place, bank, savings and loan association, or trust company other than an official depository, except as permitted by G.S. 115C-443(b), which exception relates only to certificates of deposit and time deposits as approved by the Local Government Commission.

LEGAL REF: G.S. 115C-443; -444

ADOPTED: February 28, 2011

## **7510 Daily Deposits**

Except as otherwise provided by law, all monies collected or received by an officer, employee, or agent of the school system or an individual school shall be deposited in accordance with this policy. Daily deposits are recommended, however each officer, employee, and agent of the school system or individual school whose duty it is to collect or receive any taxes, fees or other monies shall deposit all collections and receipts when the moneys on hand amounts to \$250.00. In addition, all funds collected and on hand shall be deposited at the end of each week and on the last working day of the month regardless of the amount on hand. All deposits shall be made with the school system's finance officer or in an official depository. Deposits in an official depository shall be reported immediately to the individual school treasurer by means of a duplicate deposit ticket. The school system's finance officer or designee may at any time audit the accounts of any officer, employee, or agent collecting or receiving any taxes, fees or other money, and may prescribe the form and detail of these accounts. The accounts of such an officer, employee, or agent shall be audited at least annually.

LEGAL REF: G.S. 115C-445

ADOPTED: February 28, 2011

## **7520 Investment of Idle Cash**

Surplus or idle funds controlled by the school system shall be invested in accordance with state law. Interest earned from such investments shall be credited to the fund from which the investment is made.

LEGAL REF: G.S. 115-443; -444

ADOPTED: February 28, 2011

## **7600 Disbursements**

The school finance officer shall certify to the State Board of Education each month the expenditures to be made by the school system from the State Public School Fund during the month, on or before the fifth day of the month.

Upon receiving notice from the State Treasurer of the amount placed to the credit of the school system, the finance officer may issue state warrants up to the amount so certified.

When a bill, invoice, or other claim against the school system is presented, the finance officer shall either approve or disapprove the disbursement. The finance officer may approve the claim only if (1) she/he determines the amount to be payable and (2) the budget resolution includes an appropriation authorizing the expenditure and either (i) an encumbrance has been previously created for the transaction or (ii) an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed. A bill, invoice, or other claim may not be paid unless it has been approved by the finance officer or by the Board, in accordance with state law and Board policy.

LEGAL REF: G.S. 115C-438, -441

ADOPTED: February 28, 2011

### **7610 Pre-audit Certification**

No obligation may be incurred by the school system unless the budget resolution includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. If an obligation is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited to assure compliance with this policy. The certificate, which shall be signed by the school finance officer, shall take substantially the following form:

“This instrument has been pre-audited in the manner required by the School Budget and Fiscal Control Act.

Signature of school finance officer (Date) ”

An obligation incurred in violation of this policy is invalid and may not be enforced. The school finance officer shall establish procedures to assure compliance with this policy.

LEGAL REF: G.S. 115C-441

ADOPTED: February 28, 2011

### **7620 Payments of Bills, Invoices, or Other Claims**

The school system shall not pay a bill, invoice, salary, or other claim except by a check or draft

on an official depository, by a bank wire transfer from an official depository, or by a warrant on the State Treasurer. Except as provided in this policy, each check or draft on an official depository shall bear on its face a certificate signed by the school finance officer or, in cases where the Board overrides the finance officer, signed by the chairman or some other member of the Board.

The certificate for a disbursement shall take substantially the following form:

“This disbursement has been approved as required by the School Budget and Fiscal Control Act.

(Signature of school finance officer)

No certificate is required on payroll checks or drafts or on state warrants.

LEGAL REF: G.S. 115C-441

ADOPTED: April 25, 2011

REVISED: July 27, 2011

### **7630 Board Authority to Override Finance Officer**

The Board may approve a bill, invoice, or other claim against the school system that has been disapproved by the school finance officer. It may not approve a claim for which no appropriation appears in the budget resolution, or for which the appropriation contains no encumbrance and the unencumbered balance is less than the amount to be paid. The Board shall approve payment by formal resolution stating the Board’s reasons for allowing the bill, invoice, or other claim. The resolution shall be entered in the minutes together with the names of those voting in the affirmative. The Board chair, or some other Board member designated for this purpose, shall sign the certificate on the check or draft given in payment of the bill, invoice, or other claim. If payment results in a violation of law, each member of the Board voting to allow payment is jointly and severally liable for the full amount of the check or draft given in payment.

LEGAL REF: G.S. 115C-441

ADOPTED: April 25, 2011

REVISED: July 27, 2011

### **7640 Payroll Deductions**

The board will comply with all authorized salary deductions as set forth by state, federal and local guidelines. To assist employees in managing their financial affairs and meet state and federal legal requirements, the finance officer is authorized to make the following salary deductions:

1. federal income taxes;
2. state income taxes;
3. federal social security taxes;
4. North Carolina State Retirement contributions (required by G.S. 135-8);
5. court-ordered child support payments;
6. federal, state and local government garnishments;
7. health insurance premiums authorized by state law (authorized by G.S. 115C-340);
8. tax sheltered (deferred) annuities, 403(b) plans (authorized by G.S. 115C-341);
9. supplemental retirement income plan of North Carolina, 401(k) plans;
10. flexible benefits plan (authorized by G.S. 115C-341.1);
11. North Carolina State Employees Credit Union deductions (authorized by 115C-342);
12. group life insurance premiums (optional, authorized by 115C-340, -342);
13. group dental insurance premiums (optional, authorized by G.S. 115C-340, -342);
14. the United Way of Alamance County (pursuant to written authorization from the employee);
15. bankruptcy (optional);
16. professional dues (optional);
17. debt owed to the school district;
18. overpayments made by the district;
19. other deductions as may be approved by the Board.

The human resources office will make information available to employees regarding possible payroll deductions and any procedures or requirements for particular types of deductions. Any employee who would like the board to consider additional salary deductions should contact the finance director who will review such requests and make recommendations to the board.

LEGAL REF: G.S. 115C-339 to -343; 135-8, -93.

ADOPTED: April 25, 2011

REVISED: July 27, 2011

## **7645 Direct Deposit**

All permanent employees of the Alamance-Burlington School System shall receive their paychecks via direct deposit. Each permanent employee is encouraged to designate a financial institution within the Federal Reserve System (bank, credit union, savings and loan) of his or her choice and shall complete all forms necessary to permit the employee to receive his or her paychecks via direct deposit at that financial institution.

If a financial institution is not designated, one will be designated by the school finance officer for the purpose of establishing a location whereby the employee may collect his or her pay.

ADOPTED: April 25, 2011

REVISED: July 27, 2011

## **7655 Payroll Garnishment Administrative Fee**

The Board of Education authorizes the Finance Department to collect a one-time new garnishment administrative fee of \$20 for each separate garnishment processed by the school system's finance department.

ADOPTED: 8/26/02

## **7660 Expense Authorization/Reimbursement**

All travel reimbursement shall be requested on the appropriate travel forms and shall be supported by receipts. Reimbursement must be approved in advance by the Superintendent or designee. Reimbursements shall not exceed the annual budget allocated to the respective employee or department. All reimbursements are contingent upon funds available.

Reimbursable expenses for out-of-county travel include food, lodging, mileage, registration, and other business-related costs. The amounts reimbursed shall follow guidelines established by the State Board of Education for its employees, except when amounts exceeding state guidelines are authorized in advance by the Superintendent or designee.

The Superintendent shall develop forms and guidelines for expense authorization and reimbursement consistent with this policy.

LEGAL REF: G.S. 115C-36, -47; N.C. State Budget Manual, Section 5

ADOPTED: August 22, 2011

## **7670 Recovery of Salary or Benefits Advanced To Employees**

The Board will recover from employees any money paid or benefits received in advance, such as salary or health insurance contributions, if an employee leaves the school system before earning such salary or contributions. Any money paid or benefits received in error will be recovered from the employee.

LEGAL REF: G.S. 115C-316(a)

ADOPTED: August 22, 2011

## **7680 Use of Facsimile Signatures**

The Board may provide by appropriate resolution for the use of facsimile signature machines, signature stamps, or similar devices in signing checks and drafts and in signing the pre-audit certificate on contracts or purchase orders. The Board shall charge the school finance officer with the custody of the necessary machines, stamps, plates, or other devices, and the finance officer and the sureties on his official bond are liable for any illegal, improper, or unauthorized use of them.



Nothing in this policy will amend the requirements prescribed to individual schools in Board policy 7220.

LEGAL REF: G.S. 115C-439

ADOPTED: August 22, 2011

## **7700 Settlement of Claims**

### **A. Applicability to Certain Claims**

On occasion, the Board of Education is presented with claims against the Board from students, parents or other citizens for injuries to person or property sustained while on Board property or at a school-sponsored event. The Board adopts this policy in order that it may consider and process all such claims in a fair and equitable manner, taking into consideration the economic resources available to the Board.

The Board will only consider claims under this policy when the applicable insurance agreement and/or coverage agreement, if any, does not provide for the consideration, settlement and/or adjustment of claims prior to legal action being filed by the claimant in a court of competent jurisdiction. Upon the filing of a lawsuit, the Board will immediately refer all claims to the appropriate insurance company or coverage provider for appropriate action.

### **B. Procedure for Filing Claim**

All claims must be made to the superintendent in writing and must include a detailed account of how the injury occurred, whether Board employees were involved, and the amount of damages suffered by the claimant. The claimant should include all supporting documentation and any other information he or she believes is relevant. The superintendent or designee shall investigate the incident and compile any supplemental information pertinent to the claim.

Following investigation of the incident giving rise to the claim, the Board or the superintendent, as appropriate, will determine in consultation with the Board's attorney whether to deny or make an offer to settle the claim.

### **C. Settlement**

The Superintendent is authorized to settle claims for \$10,000.00 or less in accordance with the criteria for settlement set forth below. All other claims shall be referred directly to the Board for decision. Claims within the superintendent's settlement authority may be referred directly to the Board in the superintendent's discretion.

In determining whether to settle a claim prior to the filing of a legal action, the Board or the superintendent, as appropriate, shall consider the following factors in consultation with the

Board's attorney:

1. Whether there is a reasonable possibility that the potential defense costs to be paid by the Board, including an estimate of personnel time and school system resources, will exceed the amount for which the case can be settled.
2. The extent to which an employee's actions or omissions may have caused, or contributed to, an injury.
3. Whether an employee intentionally caused an injury.
4. Whether there are any affirmative defenses available to the Board in the event of litigation. However, the availability of Sovereign/Governmental Immunity shall not be asserted or considered for any pre-litigation claim.
5. Whether the demand is within the retention or deductible level for monetary payments pursuant to any applicable insurance or coverage agreement.

Each claim will be evaluated based upon the specific circumstances. All factors need not be given equal weight, and no one factor will be controlling.

The payment of any claim will be subject to the claimant's execution of a full release of liability in favor of the Board, its employees and its agents. The release will be on a form approved by the attorney for the Board.

The consideration of a settlement claim does not constitute a waiver of any affirmative defenses available to the Board or its employees, including but not limited to the defenses of governmental, sovereign, qualified or public official immunity, and contributory negligence. The Board may assert these defenses should the claimant choose to file a lawsuit.

LEGAL REF: Dobrowolska v. City of Greensboro, 138 N.C. App. 1 (2000)

ADOPTED: April 25, 2011

REVISED: July 27, 2011

## **7710 Insurance**

The Board shall provide general liability insurance coverage for the Board, its members, collectively and individually, and for school system employees.

The Board either through the Public School Insurance Fund or through private carriers shall insure all property against direct loss or damage.

Custody of insurance policies and insurance programs and services for the board and school system employees shall be vested in the Superintendent or his/her designee.

## **7720 Games Of Chance and Contests**

Raffles may be conducted within the Alamance-Burlington School System as authorized by North Carolina General Statutes and in accordance with local administrative regulations.

Raffles will be permitted by recognized tax-exempt groups or organizations within the school system upon a showing that the proceeds will be used to further educational goals or for other school related activities.

## **7800 Annual Audits**

The school system shall have its accounts and the accounts of the individual schools audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Local Government Commission as qualified to audit local government accounts. The auditor who audits the accounts of the school system shall also audit the accounts of its individual schools. The auditor shall be selected by and shall report directly to the Board. The Board will accept bids for auditor at least once every four years.

The audit contract shall be in writing, shall include all its terms and conditions, and shall be submitted to the Secretary of the Local Government Commission for his/her approval as to form, terms, and conditions. The terms and conditions of the audit contract shall include the scope of the audit, and the requirement that, upon completion of the examination, the auditor shall prepare a typewritten or printed report embodying financial statements and his opinion and comments relating thereto. The financial statements accompanying the auditor's report shall be prepared in conformity with generally accepted accounting principles. The auditor shall file a copy of the audit report with the Secretary of the Local Government Commission, the State Board of Education, the Board, and the Board of County Commissioners, and shall submit all bills or claims for audit fees and costs to the Secretary of the Local Government Commission for his/her approval. The Board shall receive the audit report at the regular business meeting in November of each year. The school system shall not pay or permit the payment of such bills or claims without this approval.

Each officer, employee, and agent of the school system having custody of public money or responsibility for keeping records of public financial or fiscal affairs shall produce all books and records requested by the auditor and shall divulge such information relating to fiscal affairs as he or she may request. No member of the Board or any other public officer, employee, or agent shall conceal, falsify, or refuse to deliver or divulge any books, records, or information, with an intent thereby to mislead the auditor or impede or interfere with the audit.

The State Auditor shall have authority to prescribe the manner in which funds disbursed by administrative units by warrants on the State Treasurer shall be audited.

## **7810 Tax Sheltered Annuities**

The Board of Education authorizes any employee of the school system to exclude, through a payroll deduction, an allowable portion of earned income for the purchase of a tax sheltered annuity, 401K, 403B or 457 plan, subject to the condition that the company selling such plan(s) must be licensed in North Carolina. An employee of the school system will be allowed to purchase tax shelters through a payroll deduction from a maximum of five (5) companies.

Once an employee enters into a salary reduction agreement for the calendar year, the employee can terminate that agreement during the calendar year, and stop contributing to the 403-B Plan, for the remaining portion of the calendar year. However, once the salary reduction agreement is entered into by the employee, it is not permissible during the calendar year for the employee to change the salary reduction agreement or to change the dollar amount or percentage amount that the employee desires to contribute into the 403-B Plan for the remaining portion of the calendar year.

The finance officer will review companies wishing to conduct tax-sheltered annuity business with the Alamance-Burlington School System. The company must be licensed by the State of North Carolina and must have underwritten tax-sheltered annuity contracts with a minimum of twenty-five (25) employees of the Board of Education. Each company must have a tax sheltered annuity agreement on file in the finance department. Exceptions will be made only in the event that a new employee wishes to transfer an existing contract.

Selection of the carrier for the tax-sheltered annuity is entirely up to the individual employee. The Board and administration will not endorse or favor a particular company or tax shelter plan.

Annuity contracts must conform to the requirements of the Internal Revenue Code and state laws. The Board of Education assumes no responsibility for determination of such conformity, or for the determination of maximum deductions allowable.

Contracts with an annuity company may be canceled if the company does not conform to Board of Education policies and regulations.

REVISED: 10/25/99

REVISED: 6/27/16



# Chapter 3 - Purchasing

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### **3.1 Introduction**

The authority to purchase goods and services and to enter into contracts is given by action of the North Carolina General Assembly to boards of education. Therefore, most of the purchasing procedures of this school system are controlled and regulated by North Carolina General Statutes (115c-522). Areas not specifically addressed by the General Statutes are regulated by administrative procedures and regulations of locally adopted policies.

Purchases will be made in accordance with (1) policies set forth in the Purchasing Manual of the State of North Carolina, Purchase and Contract Division, and (2) administrative regulations and procedures of the Alamance-Burlington School System.

The Department of Administration, through the Division of Purchase and Contract, is charged with jurisdiction and control over the specifications and purchase or contract for equipment, materials, supplies and services required by all agencies of the State Government with the exception of certain items such as textbooks and food.

Under the requirements of G.S. 115C-522, it is the duty of local boards of education to purchase or exchange all their supplies, equipment, and materials in accordance with contracts made by or with the approval of the Department of Administration. Public schools can, however, contract directly for any services which they require.

All costs must be reasonable and necessary. A cost is reasonable if its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. A cost is necessary if it is vital or required to meet the needs and objectives of the program in order to be successful.

### **3.2 Encumbering Funds (Requisitions/PO's)**

State law requires that funds be encumbered for each purchase prior to the actual placement of the order. The encumbrance of funds provides the Finance Department the following: (1) assurance sufficient funds are available for the purchase, (2) an opportunity to determine if the purchase is in accordance with established purchasing procedures, and (3) the opportunity to verify that the purchase has been authorized by the person responsible for that particular account.

The Board of Education is not responsible for the payment of invoices for orders placed without authorization and without being assigned a purchase order number.

No purchase is to be made in the name of the Alamance Burlington Schools without acquiring a purchase order number. Unauthorized purchases shall be the personal liability of the purchaser.

Requests for equipment, materials, supplies, etc., that are to be purchased must be



completed as an online requisition. The requisition fields must be filled out completely and approved by the individual responsible for the account to which the order is to be charged. The Assistant Finance Officer will review the requisition to determine if it meets all requirements.

Contact the Finance Department if assistance is needed in preparing the requisition. Incomplete requisitions will not be approved. It is the responsibility of the person entering the requisition to verify that a requisition has been approved. If it has not, you should contact the Assistant Finance Officer to determine what needs to be corrected.

A purchase order number will be assigned by the Finance Department upon approval and an acknowledgement copy showing the number will be returned to the individual submitting the purchase request. This copy should be used as a receiving report when checking in items received. When all items have been received the receiving copy should be signed, dated, and returned to accounts payable.

The signed copy is assurance to accounts payable that the order is ready to be paid. If there is a problem with the order, it should be clearly noted on the receiving copy.

### **3.2.1 Blanket Purchase Orders**

A department, division, or individual school that has a recurring need for miscellaneous items of a minor nature may submit a requisition to the Finance Department for a blanket purchase order. The request must provide the following information:

1. The category of items or materials needed; i.e., plumbing supplies, automotive parts, lumber, technology services, etc.;
2. The period of time to be covered.
3. The total amount of money which can be encumbered under the blanket order.  
(The amount should be the minimum needed to cover the time period purchases)

Upon approval of the request, various vendors must be contacted in order to obtain the most favorable discounts or net prices. A blanket purchase order may then be issued and must contain the information listed above and also indicate the data required on delivery tickets, invoicing, and billing instructions.

Merchandise received shall be accompanied by delivery tickets specifying the name of the supplier, the number of the blanket purchase order, name of the person placing call or making pick-up, itemized list of supplies furnished, quantity, unit price(s), extension(s), applicable discounts, and date of delivery.

Receipt of the supplies shall be acknowledged on the delivery ticket by the signature of a person authorized to sign for such deliveries. Tickets should be forwarded to the appropriate office and held there for an invoice. Vendors shall submit invoices at least once a month. Invoices will be reconciled with signed delivery tickets prior to processing for payment.

### **3.2.2 Federal Purchases**

All purchases made with Federal Funds must be approved by the director that oversees the federal funds. (ex. Title 1 requisitions must be approved by the Title 1 Director) The director will verify that the item or activity is an allowable activity in accordance with the program requirements.

### **3.3 Lease – Purchases**

Lease-purchases are handled in the same manner as outright purchases and are therefore subject to the regulations set forth in this manual.

### **3.4 Invoice Payments – Discounts**

Invoices are to be checked for accuracy upon receipt and are to be approved promptly for payment. Principals and directors responsible for approving invoices for payment should make arrangements to take care of this responsibility on a regularly scheduled weekly basis. Only the signature of the person responsible for an account is acceptable for making payment approval. Discrepancies found on an order or invoice should be reported immediately.

Prompt payment of invoices will enable the school system to take advantage of discounts and will help us to maintain a good relationship with vendors.

### **3.5 Affirmative Action Policy for Minority/Women's Business Enterprises**

It is the policy of the Board of Education to actively seek and identify qualified minority and women business enterprises and to offer them the opportunity and encourage them to participate in the school system's contracting and purchasing program.

Individuals should seek certification with the State office of HUB for "Historically Underutilized Businesses."

Small and minority/women's businesses are placed on solicitation lists, when economically feasible total requirements may be split up into smaller tasks, hold flexible delivery schedules, and encourage prime contracts to employ small and minority/women's businesses as subcontractors when they do not qualify as the prime contractor to allow maximum participation by small and minority businesses.

### **3.6 Competitive Bidding**

North Carolina's purchasing program is built on the principle of competitive bidding. Where it is not sought, or obtained, the reason must be valid and be documented. Competitive bids should not unduly restrict competition by requiring unnecessary experience, contain unreasonable requirements, allow noncompetitive pricing practices between firms, retain noncompetitive contracts to consultants that are on retainers, have

organizational conflicts of interest, specify only one brand name and not an equal product, or contain an arbitrary action in the procurement process. All solicitations should include a clear, accurate description of the technical requirements for the material, product, or service to be procured, identify all requirements which the offerors must fulfill, and ensure all pre qualified vendors are current and sufficient to ensure maximum open and free competition. ABSS must maintain records sufficient to detail the history of procurement. Records should include but are not limited to: rationale for method of procurement, selection of contract type, contractor selection or rejection, and the basis of the contract price.

While, in a particular instance, the competitive bidding procedure may not bring the lowest price at the moment, overall and in the long run it should bring the most favorable prices. This procedure provides a fair and open means of dealing in the market where many variables affect price. For this reason, the popular expressions "best possible price" and "lowest possible price" have no real merit. Price is not to be considered an absolute. Such factors as volume, the purchaser's contract terms and conditions, delivery schedules and lead times, types and degrees of services required, inspection and testing procedures, transportation and delivery costs, seasonal and other variable market conditions, possibilities for repeat orders, value of trade-ins, warranties and guarantees required, value of related parts business, condition of the money market, keenness of local competition, penalty provisions for default or non-performance by the contractor, and promptness in paying invoices all affect the price of a transaction now and in the future. It is the task of purchasing to devise advantageous mixes of these factors which will attract favorable prices.

All entities shall perform a cost analysis in connection with each procurement bid in excess of the Simplified Acquisition Threshold. ABSS shall negotiate each contract where there is no price competition and in all cases where a cost analysis is performed. A cost plus percentage of construction cost methods of contracting should not be used.

### **3.7 Conflict of Interest**

No officer, agent, manager, teacher or employee of the Board of Education shall have any pecuniary interest either directly or indirectly, proximately or remotely in supplying any goods, wares, or merchants of any nature of any kind whatsoever for any schools; nor shall any officer, agent, manager, teacher or employee receive directly or indirectly any gift, emolument, reward or promise of reward for his/her influence in recommending or procuring the use of any manufactured article, goods, wares, or merchandise of any nature or kind whatsoever for use by any schools.

### **3.8 Emergencies**

For the purpose of this manual, emergencies are defined as situations which endanger lives, property, or the continuation of an important program and which can be corrected only by immediate on-the-spot purchase or rental of equipment, supplies, materials or services. **Lack of adequate planning does not warrant use of emergency**

## **procedures.**

However, in the event of any emergency, the Finance Officer should be contacted for authorization. The requisition should be entered and approved as soon as possible. Subsequently, the circumstances should be documented in writing and made a matter of record.

### **3.9 General Statutes – List of State Contract Items**

Applicable sections of the General Statutes of the State of North Carolina are included in this manual. A detailed alphabetical listing of state contracts is provided on the State of North Carolina Purchase and Contract internet site <http://www.doa.state.nc.us/PandC/>.

### **3.10 School Funds Purchasing**

Individual schools may make purchases with funds available in School Funds. School Funds Purchase Orders are required to be generated before any order is placed with the exception of ABSS transportation, ABSS Child Nutrition, Security Guards, Officials, Checks for gate change, Booking and Membership fees, Reimbursements and Refunds. If a purchase order is not created prior to ordering goods or services, it may be deemed an unauthorized purchase. Unauthorized purchases shall be the personal liability of the purchaser.

All Purchases in excess of \$1,000 for elementary school and \$2,000 for middle and high schools must be approved in writing by the Finance Officer **before the purchase order is sent to the vendor**. Submit the SFO generated Purchase order to the finance office for approval.

School funds general accounts may be used to purchase 1 set of staff school spirit shirts per year. Gifts to staff, or any gift cards may not be purchased from School Funds or any other funds.

### **3.11 Service Contracts**

ABSS Service Contracts should be obtained prior to any services being rendered to ABSS. ABSS Service Contracts are approved by our attorneys on an annual basis and listed on the finance website. If the contract being used requires a background check, the company is responsible for providing a copy of the background check with the contract.

### **3.12 Vendors**

New vendors may be added to the ABSS vendor database or School Funds vendor database. In order to add a new vendor, a new vendor form along with W9 must be completed by the vendor and turned into the secretary. The secretary must submit the request via the finance portal to the finance department. The finance department will verify information, and check the debarred and suspended vendors list prior to adding a

vendor to the system.

# Chapter 4 – Cash Management

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- 3.1 Accounts Receivable
  - 3.1.1 Outside Billing/Reimbursements
  - 3.1.2 Central Office Receipt Books
- 3.2 Individual School Funds
  - 3.2.1 Teacher Receipt Books
  - 3.2.2 Procedures for Receipting Money- Teachers
  - 3.2.3 Employee Separation
  - 3.2.4 Office Receipt Book
- 3.3 Finance Department Receipts
- 3.4 Analysis of Deposit
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- 3.5 Returned Checks
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- 3.7 Interest Earned
  - 3.7.1 Investment of Idle Cash
- 3.8 Electronic Receipt of Funds
  - 3.8.1 Credit Cards
- 3.9 State/Federal Cash

### **3.1 Accounts Receivable**

Payments to the Alamance Burlington School System Board of Education should be sent directly to the finance department. Each payment should be accompanied by supporting documentation, including the budget code in which funds should be posted to. Unless otherwise stated, payments are due upon receipt of invoice.

#### **3.1.1 Outside Billings/Reimbursements**

When an outside organization should be billed for an expense, the budget code 2.5110.744.xxx.xxx should be used and the following information must be provided:

- Organization to be billed
- Billing Address

When the school should be billed for an expense, the budget code 2.5110.743.XXX.XXX should be used. Schools will be billed on a monthly basis. Payment is due upon receipt of the invoice.

#### **3.1.2 Central Office Receipt Books**

Each staff person at central office receiving or collecting school system funds should issue a receipt. These receipts should be prepared in duplicate with the original given to the person from whom the money was received and the duplicate retained in the book.

When issuing a receipt, the following information should be completed: (1) Date of receipt, (2) Name of person from whom the funds were received, (3) Purpose for which the funds were received, (4) Amount of the receipt, (5) How paid, cash or check, and (6) Signature of person receiving the money.

If a mistake is made in writing a receipt, the original and duplicate should be marked "VOID" and both retained in the receipt book. Do not try to change or correct any mistakes on a receipt. Always void the receipt and prepare a new one.

Funds should be turned in to the Finance Department on a daily basis. Funds will be counted to ensure they agree, and a receipt will be issued to the individual turning in the funds.

Individual receipt books issued to central office employees should be numbered and controlled by the accounts payable department, so as to ascertain that all receipt books are accounted for during the year.

### **3.2 Individual School Funds**

Special funds of individual schools are defined as all monies deposited to the account of an individual school regardless of their source. Therefore, accounting for receipts is a very important task performed at the individual school level.



### 3.2.1 Teacher Receipt Books

All teachers must use a pre-numbered receipt book provided by the school bookkeeper. Each staff person in the school receiving or collecting school system funds should issue a receipt. These receipts should be prepared in duplicate with the original given to the person from whom the money was received and the duplicate retained in the book. Form 2005-2 is used in issuing receipt books.

When issuing a receipt, the following information should be completed: (1) Date of receipt, (2) Name of person from whom the funds were received, (3) Purpose for which the funds were received, (4) Amount of the receipt, (5) How paid, cash or check, and (6) Signature of person receiving the money.

If a mistake is made in writing a receipt, the original and duplicate should be marked "VOID" and both retained in the receipt book. Do not try to change or correct any mistakes on a receipt. Always void the receipt and prepare a new one.

Money received by teachers should be turned in to the school treasurer on a daily basis. A teacher's financial report should be completed when the money is turned in. The treasurer will add teacher receipts to determine if they are in agreement with the cash turned in. The treasurer will then issue an original office receipt(SFO receipt) that should be attached to the teacher receipt book and or make a folder for each individual teacher to safely keep receipts for the auditor. Treasurer should reference the receipt numbers from the teachers receipt books on the original office receipt and the Teacher's Financial Report Form. Any difference should be fully explained **by use of the Receipt book error form.** The total of the office receipts attached in the book should equal the amount of receipts issued from the teacher receipt book.

Individual teacher receipt books should be numbered and controlled by the treasurer, so as to ascertain that all receipt books are accounted for during the year. Treasurers should list the beginning receipt book number and ending receipt book number on the "Teacher receipt book list". The teacher signs, verifying the receipts numbers in the book were received.

The school treasurer at the end of the school year should balance the teacher receipt books to the office receipt books (SFO). A spreadsheet showing the teacher receipt books and the office receipt books totals (receipt history pulled from school funds) are to be attached to the teacher receipt book with the treasurer's signature indicating the receipt book has been balanced.

### 3.2.2 Procedures for Receipting Money in the Teacher's Receipt Books

Internal Controls are built into the receipting process. The student/parent receives a receipt from the teacher. The teacher receives a receipt from the Treasurer. This process will provide good internal controls with a separation of duties.

## 1. School Staff with Receipt Responsibilities

- a. Annually all school staff should be made aware of receipt procedures. The school handbook should have written procedures for teachers outlining money-handling duties. The school usually places these procedures in their school handbook and in their cash receipt envelope.
- b. All school staff receiving money from students, fundraising projects or club activities should have pre-numbered receipt books. A receipt must be written for all funds received. (Please do not make receipts payable to just an organization. The original is given to the individual submitting money and the individual receiving money keeps the copy. Receipts should be used in numerical order.

1. All money received or collected by a school employee shall be receipted.
2. Always record the information **completely** on each receipt: (1) Date receipted, (2) Name of person from whom funds were received, (3) Purpose for which funds were received, (4) Amount of the receipt, (5) How paid, cash or check, and (6) Signature of the person receiving the money.
3. You can not share receipt books. All receipt books should be issued and collected on an annual basis and recorded on the "Receipt Book Log"
4. All money should be receipted in the teacher's receipt book before being turned over to the treasurer for recording in the office receipt book.
5. If a mistake is made in preparing a teacher's receipt, mark the original and the carbon copy "VOID" and retain both the original and carbon in the receipt book. Do not alter a receipt in pen or pencil. If an error is made then void the receipt and start a new one.
6. Money is due to the treasurer on a daily basis. (no exceptions)
7. The employee, **(students may not receipt money or turn money into the office on behalf of the teacher)**, turning the money in to the treasurer should always bring the teacher receipt book and financial report to the treasurer at the same time the money is turned in. The treasurer should add all teacher receipts since the last time money was turned in to make sure the receipts are in agreement with cash turned in. The treasurer should notate on the last receipt written for the day, the date and his/her initials.. The treasurer should then issue an original office receipt to the employee; **not student**, turning money in and this original office receipt should be stapled in the teacher's receipt book after the last teacher receipt written when the money was turned in or filed in the office folder assigned to that teacher, but maintained in the office. The total of all office receipts attached in the teacher's receipt book should equal the amount of teacher receipts issued from that book. Any difference should be fully explained before that book is turned in at year-end. Daily differences and or errors should be reported on the "receipt book error form. This

form should be signed by the teacher, treasurer and principal.

8. All receipts should be written to a person's name and not a club, group, etc.
9. The Concessions Report shall be used to account for concession sales.
10. When receipting year book sales money, if the yearbook staff receipts students individually in a "Year Book Company" receipt book and the teacher's receipt books are not individually receipted, the deposit should include copies of the "YearBook Company" receipts plus a bulk receipt should be written. The "YearBook Company" receipt books should be turned in to the treasurer to verify the teacher's receipt book. Students may not at any time handle yearbook money.
11. All receipts issued from the teacher's receipt book should be in strict numerical sequence.
12. All teacher receipt books should be kept in a safe place. They should not be left in an unlocked desk drawer or file cabinet because if they are lost or stolen, regardless of how much is receipted in the book, then the internal control over cash receipts for the school is adversely affected and the school's audit report will reflect this. When a receipt book is issued to a school employee, it is the employee's responsibility if the book is lost or mishandled. The receipt book should be as important to you as your own checkbook.
13. Under **no circumstances** should students be allowed to write receipts in the teacher receipt book or directly handle money. Only the sponsor or advisor of clubs, etc. should issue teacher receipts.

### **3.2.3 Employee Separation**

When an employee who has been assigned a teacher receipt book leaves the school system, resigns, is terminated, etc., a thorough check of the receipt book should be made by the treasurer to determine that no discrepancies or other problems exist which should be corrected before the employee leaves.

### **3.2.4 Office Receipt Book**

Schools must use pre-numbered receipts. A receipt should be prepared by the treasurer in the school at the time money is turned in for deposit. These receipts should be prepared in duplicate with the original given to the person from whom the money was received and the duplicate retained.

When issuing a receipt, the following information should be completed: (1) Date receipted, (2) Name of person from whom funds were received, (3) Purpose for which funds were received, (4) Fund or account to which the funds should be recorded, (5) Amount of the receipt, (6) How paid, cash or check, and (7) Signature of the treasurer or

other person responsible for depositing funds.

If money is received from outside the school, (i.e., checks through the mail, money orders) a receipt should be written.

If a mistake is made in writing or printing a receipt, mark the original and the duplicate "VOID" and retain both the original and duplicate. Do not alter a receipt in pen or pencil. If an error is made, then void the receipt and start a new one. (Do not throw the receipt away) Mistakes in receipts should not be changed or corrected. When printing receipts in School Funds any voided receipts should be filed with the Voided Receipt Register report and placed in the monthly receipt folder in sequential order.

If possible, all money turned in to the school office should be counted by the treasurer in the presence of the individual turning in the money. This avoids any discrepancies arising over the amount turned in. If it is impossible for the money to be counted at the time it is turned in, the individual turning in the money should place the money and the receipt book in an envelope, list the amount enclosed on the outside of the envelope, sign or initial the envelope. The receipt should always be issued at the time the money is counted. No office receipt should be pre-signed. The treasurer should bring any discrepancies in Teacher Receipts to the immediate attention of the principal and individual concerned.

Receipts should be issued in strict numerical sequence, and the sequence of receipt numbers should be indicated on the Analysis of Deposit.

Each school shall have a contingency plan on how money will be receipted and deposited in the absence of the school treasurer. ***Funds cannot be left undeposited simply because the school treasurer is not at work.*** ABSS requires funds to be deposited daily regardless of amount.

### 3.3 Finance Department Receipts

Funds mailed directly to the finance department should be opened and recorded on a daily cash receipt log. The following information should be shown: 1) check received from 2) amount 3) check number. Once the checks are recorded and the log is signed by the employee recording them, the funds should be turned into a separate employee to make the daily deposit. Under no circumstances should an employee opening mail make a deposit. Receipts should then be entered into the general ledger in a timely manner.

If funds are turned in to the finance department by another central office department, a receipt should be issued to the **employee submitting the funds.**

### 3.4

#### Analysis of Deposit

When the treasurer is ready to make a deposit, an Analysis of Deposit should be prepared. This form is numbered sequentially from the first deposit of the school year. An Analysis of Deposit should be prepared for every deposit using School Funds.(School Funds Online handles this process for you).

The following information should be shown on the Analysis of Deposit: (1) Name of school, (2) Deposit number, (3) Date of deposit, (4) Receipt numbers covered by the deposit, and (5) The amount of the deposit belonging to each fund or account and the grand total.

When receipting funds in SFO, the teacher's financial form will provide the breakdown of the deposited funds. Funds should be allocated to the appropriate account based on the teacher's financial form breakdown.

The receipt numbers would, of course, include all receipts issued since the last deposit was made. In order to determine the amount of the deposit belonging to each fund or account, an examination should be made of the copies of the duplicate receipts issued and included in the deposit. The total for each fund or account should be entered on this form. When the duplicate deposit ticket is received from the teller at the bank, it should be attached to the analysis of deposit form. All Alamance-Burlington School System utilize School Funds Online in recording deposits and should number each deposit in consecutive order.

##### 3.4.1 Duplicate Deposit Ticket

All funds collected in the school should be deposited in a bank selected by the finance officer and the principal for each school. See Signature cards and Bank acct section of the manual.

Deposits are to be made daily. All money received should be deposited intact to the bank. No funds should ever be expended in cash before being deposited.

In making a bank deposit, the date of the deposit should be entered at the top of the ticket. All currency and silver should be entered at the place designated for that purpose, and each check deposited should be listed individually by the check number, showing the amount of each check and record the total amount of the checks on the deposit slip. The treasurer should make a copy of all checks contained in the deposit. These copies should be retained with the "Deposit of Analysis". Two adding machine tapes of the checks should be prepared, one tape is given to the bank with the original deposit tape; the second tape and copies of the checks must be retained and filed with the Analysis of Deposit and duplicate deposit ticket.

Before making a deposit, all checks should be endorsed on the back exactly as they are drawn. If there is an error in the way the check is drawn as to the name of the payee, the checks should be endorsed exactly as drawn, with the correct endorsement entered underneath the original endorsement. All checks received should be immediately endorsed on the back of the check with a restrictive endorsement, such as "For Deposit Only to the Account of," rather than to endorse the check in blank. The bank teller should sign or make some other designation of the receipt of the deposit on the deposit ticket and return the duplicate to the depositor.

The total shown on the deposit ticket must agree with the total on the analysis of deposit. The amount of any deposit should equal the total of all receipts issued since the last deposit was made. The deposit ticket should then be attached to the analysis of deposit form.

If the bank corrects an error made on the deposit ticket, the correction should be attached to the duplicate ticket.

### **3.5 Returned Checks**

Checks, which have been deposited in the school bank account, and returned due to insufficient funds, bank account closed unauthorized signature, etc. The bank charges (debits) the amounts back to the school's bank account and **returns the check to Checkredi for further processing.**

1. We are required by the National Agency Clearing House Association to give check writer's notice that dishonored checks will be electronically debited.
2. Checkredi provides stickers that must be posted (in view) to give check writers appropriate notification. Post sticker in the front office window, cafeteria and school website. Please contact Checkredi at 1-800-742-2925 or email request to support@Checkredi.com if additional stickers are needed. This information is also posted on our systems website.
3. When a check is returned, the bank charges (debits) the amount back to the school's bank account. Either your bank will send the returns directly to Checkredi or they will send the returns to you. If the returns are sent to the school, make a copy and forward them directly to Checkredi. Contact the Checkredi Customer Service Department at 1-8664337334 if you need assistance.
4. If the check is a school check you should post the check to school funds using the returned check journal entry process. (Refer to the School Funds Online User's Guide.)

#### **Posting to School-Funds**

- a. Use the date on the bank advice.
- b. Go to the "Journal Entries, Returned check screen".
- c. Enter the amount in the field Returned Check field.
- d. "Post to account 204.00" Return check acct" e. "Offset" account is 100.00 Cash.
- f. Reference: Type in "Returned" and persons last name and check number
- g. At the repayment screen, leave as "N".

### **When the payment is credited to your bank acct**

- a. Click on Journal Entries
  - b. Click on Return Check
  - c. click the down arrow key under Checks not paid
  - d. Locate check and highlight
  - e. Change the N to Y and save
  - f. Print report
5. Checkredi should handle all correspondence and collection attempts. The steps listed below are not required since we are using Checkredi, however if a check is returned to you from Checkredi for non collection they are listed below for reference.
- a. Letter – If Checkredi are unable to collect by EFT, they will contact the person who wrote the "returned check".
  - b. Collection of cash/check from Payer - Cash or cashier's check is accepted to replace a returned check, **if it is not collected by Checkredi.**
    - I Write a receipt for the only for the service charge if applicable. Put the service and the NSF check on separate deposit tickets. The service fee will be entered into school funds.to clear the actual NSF you will click Journal entries and click returned checks, find the check name and change the payment status from N to Y.
    - II. Post the service charge to the General Fund.
    - III Write PAID on the NSF check and give the "returned check" back to the person who wrote the check.
6. File - A returned check file should be kept which contains the copy of the returned check that was sent to Checkredi. This would include the advisory from the bank and any notification from Checkredi.

### **3.6 Change Funds**

When a check is written for change to be used for pageants, carnivals, athletic events, etc. it should be charged to a gate /change account. This is done to not inflate the actual revenue from the event. Checks are to be written to the bank. **(Never write checks to cash)**

After the event, the change should be deposited back to the gate/change account. The account will always be in the negative or at zero; it should never carry a balance.

The proceeds from the event should be receipted in (SFO) The regular "Analysis of Deposit" for the event date would reflect the event's proceeds and gate change only.



### **3.7 Interest Earned**

Interest earned on interest bearing checking accounts (NOW Accounts) will be considered an indirect cost to cover bookkeeping cost of the various accounts. Interest will be posted to the general fund. Interest is to be posted at the end of the month.

Interest earned on savings accounts, CD's, or other types of investments will be considered income earned by the various accounts and shall be posed to that account.

#### **3.7.1 Investment of Idle Funds**

The finance officer is responsible for the investment of all funds. Individual schools are encouraged to maintain funds in an interest bearing checking account. Investments other than an interest bearing checking account (i.e. STIF Account or Certificates of Deposits) are to be handled by the finance officer. Treasurers are to contact the finance officer when idle funds are available for other types of investments.

### **3.8 Electronic Receipt of Funds**

The finance officer may designate systems used to collect funds electronically. All systems must be pre-approved by the finance officer prior to being set-up. The current system used to accept funds electronically is Online School Payments and Go Fan. Online School Payments may be used to collect funds for school activities and events as well as daycare charges (Online School Care). Go Fan is used for athletic and school event gate sales. Fees for using Go Fan are passed on to the buyer. Fees apply to utilize the program that should not be directly passed on to the parents. It should not cost a child more for an activity to pay online in comparison to sending in a check or cash to the school. Funds received online are receipted online and do not need to be receipted by the teacher. They should however be posted to School Funds Online .

#### **3.8.1 Credit Cards**

At this time no ABSS schools should be accepting credit cards except through electronic receipt of funds with Online School Payments.

### **3.9 State/Federal Cash**

Requests for state and federal funds ordered by the finance department should be timed so that funds are in the State Treasurer account for no more than 3 business days prior to the date of the disbursement. The funds requirement date is to be considered day one. Backup should be on file to support the amount requested. Funds should be verified received, and immediately process checks, so that funds do not remain in the depository account.

Prior to each payment request, the Assistant Finance Officer reviews the general ledger to determine the exact amount of cumulative expenditures to date and reviews and calculates the exact amount of payroll and/or other payables that will be paid out within three business days once the payment is received. The Assistant Finance Officer verifies that legible, satisfactory source documentation is on file to support each cost included in the request for payment. Prior to the draw-down request, the Assistant Finance Officer reviews and verifies the accuracy of the amount to be requested. The Assistant Finance Officer requests payment and certifies that the expenditures are true and correct and that the payment received will be paid out within three business days of receipt in the ABSS depository account.

No later than three days after payment was requested, the Assistant Finance Officer will verify that the payment was received in the ABSS depository account. The Assistant Finance Officer will notify the Finance Officer that payment has been received and to immediately process said payroll or other payables. The Assistant Finance Officer will verify all payments to ensure that no funds are being paid out for goods and services not actually received and to verify that all funds received for a particular payment are paid out and do not remain on deposit in the ABSS depository account.

## 061 SUMMARY OF PROCEDURES FOR RECEIPTS

1. All receipts collected should first be receipted in a teacher receipt book.
2. An employee must turn all funds into the treasurer. **not a student. Students are not allowed to deliver money to the office/treasurer.** The treasurer should issue an office receipt and the receipt issued should be kept in an office folder to safely keep receipts for auditors.
3. All cash receipts should be counted in the presence of the person turning in the money before the receipt is written. If this is not possible, the receipt books and money should be placed in an envelope indicating the amount enclosed along with the initials of the person turning in the money.
4. All receipts should be filled out completely and signed by the teacher/treasurer before the original is given to the person turning in the funds. Receipts should be made out to the individual from whom the money is received, rather than the fund, account or organization.
5. Original receipts should be placed in a folder, **marked with receiptee name and held in the office for safekeeping.** given to the person turning in the funds; **Folder should be available at any time, to the receiptee, for inspection.** duplicates should be retained intact in the receipt book.
6. If a mistake is made in writing or printing a receipt, the original and duplicate should clearly be marked "VOID" and both retained intact **in the receipt book.**

7. Receipts should be issued in strict numerical sequence, and the sequence of receipt numbers should be indicated on the Analysis of Deposit.

8. All money received should be deposited intact in the bank. No check, personal or otherwise, should be cashed, nor invoices paid, from undeposited receipts.

9. The Analysis of Deposit should be prepared in ink and completely filled in, indicating deposit number, date of deposit; receipts covered, and account distribution.(This process is handled in SFO)

10. Deposit tickets should be prepared in ink with an underlying carbon duplicate. The duplicate should be validated by the bank and attached to the Analysis of Deposit.

11. Checks should be promptly endorsed with a restrictive endorsement as received and separately listed on the deposit slip or an attached tape and **copies should be maintained with the deposit.** if there are too many checks to list separately.

12. Under no circumstances should any staff member hold money in his/her possession or in a room overnight. An employee may never take money home.

# Chapter 5 – Cash Disbursements

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- [5.1](#) Invoices
- [5.2](#) Reimbursement of School Personnel
- [5.3](#) School Checks
- [5.4](#) Central Office Checks
- [5.5](#) Lost Checks
- [5.6](#) Loans of School and District Funds
- [5.7](#) 1099 Vendors
- [5.8](#) Sales and Use Tax



## 5.1 Invoices

An invoice is a bill that gives an itemized list of goods and/or services purchased from a particular company. The list includes the quantity, description, price, terms, date, etc., of the merchandise/services purchased. (Net term 30 days)

A person who received the goods/service should indicate on the purchase order that the goods/services have been received. Invoices should not be paid until the goods/services are received.

The invoices should be forwarded to the treasurer for payment. The treasurer should then check the invoices for correctness as to quantity, unit price, extensions, and total amount **to the purchase order**. The principal or director is to authorize payment.

If the vendor sends statements, the charges on the statement should be checked against the invoices, and the invoices should be attached to the statement to support any cash disbursement. When multiple invoices are paid with a single check each invoice must be fully documented. No payments are to be made from the statement only.

When purchases are received that are not paid out of school funds but out of ABSS allotted funds, the signed purchase order and packing slips should be forwarded to Central Office Accounts Payable as soon as possible, no later than 1 week after receipt. Do not hold PO's and packing slips until your complete order is received.

Invoices should be paid promptly in order to claim any allowable discounts. Long-term purchases should not extend beyond the school year. Invoices or substitute invoices should be approved for payment by the principal and the club or group sponsor, or director if applicable, before payment is made.

Original invoices, not copies, whenever possible should always be retained by the school or finance department to support the disbursement. An invoice or substitute invoice must support all disbursements.

After the obligation is paid, the invoice should be properly canceled.

A copy of the check is attached to the invoice to cancel the invoice. Unpaid invoices and obligations of the school should be paid prior to June 30.

Alternatively the finance department may attach a copy of the check copy or ACH to the front of the invoice to certify that it has been paid.

## 5.2 Reimbursement of School Personnel

Employees should be highly encouraged to purchase items through purchase orders or school system **P- card process**. credit cards. If an employee must buy an item at a store where no school charge account is available, purchases should NOT be combined with purchases for personal use. If it is necessary to reimburse an employee who also signs

the check reimbursing them, the finance officer needs to approve the expenditure and sign the check. Every effort should be made to avoid this situation. A reimbursement form should be completed and signed by the person receiving the payment. (You can find this form on the finance web page). The original (a duplicate or copy will not be acceptable) invoice supporting the payment should be attached.

Payments for Personal Services to Employees - Compensation for any school personnel whether a current employee or individual completing work in place of an employee shall be made through the Central Office Payroll unless the individual has an approved business and applicable insurance. All positions whether temporary or permanent must be approved by human resources prior to starting (substitutes and summer employment are included). The school must submit this information to Central Office Human Resources and to the Executive Director of Finance. Finance will then bill the school for the wages.

### **5.3 School Checks**

Printed checks can be secured from the banks, TRA, or printing firms. All checks should be prenumbered. The checks should be printed with the exact name and address of the school, the account number and two signature lines.

Checks should be written only when supported by documents indicating evidence of receipt of goods and the principal's approval.

No school funds should be disbursed in cash. No check should be issued in payment of any item for which an invoice would normally be furnished until the invoice has been furnished to support the issuance of the check. In some cases, the school fund or accounts, such as the Senior Class Fund, may have a designated treasurer; however, the club advisor should approve each purchase and expenditure from these funds.

Cashing Checks - Personal checks are not to be cashed from School-Funds.

In issuing a check, the following items should be filled in:

1. Date
2. Payee
3. Amount
4. Proper signatures, exactly as they are on file with the bank.

It is mandated for checks to be computer-generated in School-Funds. In the case of printer failure, the finance department should be notified and checks printed from the finance office.

The computer printout should show the following information:

1. Date
2. Payee
3. Purpose of issuing (general description of what the check was issued for)
4. Fund or account to be charged
5. Amount

After a check is issued in payment for an invoice, the invoice should be marked paid, with the date, check number, and account charged entered on the invoice or a copy of the check attached.

In case an error is made in writing a check, it should be marked "VOID", remove the signature line, then the check should be filed with the canceled checks and the check stub or record marked "VOID" in numerical sequence. No attempt should be made to correct a check written in error.

When checks are presented to the principal for signature, they should be completely filled in and the supporting documents should accompany the checks. Checks should never be signed in advance or in blank.

Checks should not be made payable to "CASH". An individual or company name should always be recorded in the space provided for the payee.

Canceled checks should be retained with the appropriate monthly bank statements. Cancelled checks are to be arranged in numerical order.

#### **5.4 Central Office Checks**

After invoices are entered into the financial system, an invoices due list should be printed. The invoices due list along with all invoices and backup should be given to the Finance Officer for review and sign off. No checks should be printed without the review and sign off by the Finance Officer or in their absence Assistant Finance Officer, and subsequently reviewed by the Finance Officer. Invoices due reports should always be reviewed by someone other than the person who keyed the invoice.

The Finance Officer or Assistant Finance Officer should print all checks.

In case an error is made in writing a check, it should be marked "VOID", remove the signature line and write on the check why it is voided, then the check should be filed with the canceled checks and the check stub or record marked "VOID". No attempt should be made to correct a check written in error.

Checks should not be made payable to "CASH". An individual or company name should always be recorded in the space provided for the payee.

Central Office Check stock are blank forms not pre-numbered, but should be locked up



with limited access.

## **5.5 Lost Checks**

If a check does not clear the bank after a specified amount of time, and has been lost, before another one is written, the following steps are to be followed:

- 1) Determine that the warrant has not been paid in a prior month or accounting period for which an account statement has been rendered.
- 2) Proceed with obtaining an affidavit and indemnity bond from the payee
- 3) Request a "Stop Payment" from the banking institution
- 4) Void the original warrant in SFO/LINQ
- 5) After receiving verification from the bank of the stop payment and upon receipt of a completed affidavit and indemnification agreement, you may issue a replacement warrant after receiving approval from the finance officer.

Never is a check to be re-written until this procedure has been followed.

## **5.6 Loans of School or District Funds**

Personal loans from school or district funds are not authorized.

Secretaries, principals, finance personnel, or other persons making unauthorized loans will be held directly responsible and will be required to make immediate restitution.

## **5.7 1099 Vendors**

School Funds and LINQ track payments made to vendors. If payment is made to a nonemployee in the amount of \$600 or more during a calendar year, Alamance-Burlington School System is required to supply this individual with a 1099-MISC.

Nonemployee compensation is generally reported if the following four conditions are met:

- 1) You made the payment to someone who is not your employee.
- 2) You made the payment for services in the course of your trade or business.
- 3) You made the payment to an individual, partnership, estate, or in some cases a corporation.
- 4) You made payments to the payee of at least \$600 during the year.

The following are some examples of payments to be reported. This list is not all-inclusive.

- 1) Professional service fees, such as fees to attorneys, accountants, architects.
- 2) Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service.
- 3) A fee paid to a nonemployee, including independent contractor.
- 4) Payments to nonemployee entertainers for services.

## 5.8 Sales and Use Tax

The school cannot claim a refund on taxes paid on electricity, piped natural gas, and local intrastate telephone services, intrastate toll telecommunications services and on cellular phone usage. The school is also unable to claim a refund for employee reimbursements for travel expenses. This includes prepared food and beverages (restaurants), lodging, occupancy taxes and travel. The law states this is “a personal contract between the employee and the provider”. When the school reimburses the employee, “we have chosen to reimburse a personal expense to an employee”. This also applies to items purchased by an employee with their personal money and the school reimburses them for this amount. The school cannot claim a refund for these purchases.

- 1) School sales of personal tangible property for consumption or use are subject to State and Local sales and use tax. The Alamance-Burlington School System cannot waive the non-payment of local sales and use tax.
  - a) Licenses – A school must apply for and obtain a license (unless already licensed) from the North Carolina Department of Revenue to conduct sales.
  - b) Registered schools should furnish their suppliers a Certificate of Resale (State Form E-595) as the vendor’s authority for not collecting the applicable tax on items purchased for resale.
  - c) Sales in school stores, student lounges and/or teacher lounges of pencils, paper, various school supplies, soft drinks, and snack items are subject to sales and use tax.
  - d) Sales of school pictures, books at book fairs, concessions or other types of fund raising sales do not qualify for exemption and are subject to sales and use tax. When the school acts as an agent or solicitor for a vendor and receives a commission or fee for soliciting the sale, then the vendor (not the school) is liable for collecting and remitting sales tax on the gross receipts (including the commission earned by the school) from the sale.
  - e) Sales from certain school affiliated organizations may qualify for exemption from sales tax on fund-raising activities if conditions set forth in NC General Statute 105-164.13 (34) and (35) are met. Such organizations are not limited to but include: the Parent Teachers Association; permanent school organizations which may have existence outside of or away from the school setting such as the National Honor Society, the Key Club, etc.; School authorized organizations which normally do not have existence or recognition away from the school setting such as the Senior Class, German Club, Math Club, etc. do not qualify for the exemption.
- 2) Purchases of tangible personal property by schools and school organizations

for personal use and/or consumption are subject to State and applicable local sales or use tax.

- a) Purchases from local vendors or suppliers: It is assumed that applicable State and Local taxes are included in the sale price of the merchandise. Therefore, schools do not report or remit taxes due on local purchases.
- b) Purchases from NC vendors and suppliers outside of Alamance County: It is assumed that applicable State taxes are included in the sale price of the merchandise. If such suppliers do not include applicable sales and use tax in the sale price of the merchandise, local tax due is reported on and remitted with the monthly Sales and Use Tax Report.
- c) Purchases from out-of-state vendors or suppliers: Some out-of-state vendors or suppliers are registered with the state and will include applicable state and local taxes in the sales price of their merchandise. However, as a rule, it is assumed that applicable state and local taxes due are reported on and remitted with the Monthly Sales and Use Tax Report.
- d) Sales and Use Tax Reports must be filed monthly on or before the 15<sup>th</sup> day of each calendar month for all taxes due for the preceding calendar month. The North Carolina Department of Revenue may allow a school to pay quarterly rather than monthly.

Schools reporting directly to the North Carolina Department of Revenue, Sales and Use Tax Division, should file their report electronically.

- e) Disbursements for sales and use tax should be charged to the particular account(s) to which the purchases were charged.
- f) A local school administrative unit is allowed an annual refund of sales and use taxes paid except for sales tax collected and remitted on school sales. The finance office files on the school's behalf by Nov 30<sup>th</sup> of the following year.

#### Certificate of Resale and NC Sales and Use Tax Registration

When your school buys the supplies for resale to students at the school store or anywhere else in the school, the school should use a *Certificate of Exemption* to present to the vendor. This certificate will allow the schools to avoid paying sales taxes twice because the sales taxes are to be remitted to the N.C. Department of Revenue when the item is sold. Otherwise, you will be paying sales taxes when you purchase the item and when you remit the taxes to the N. C. Department of Revenue. **Please be very careful that this certificate is only used when you are going to resale the item and remit sales taxes later to the N. C. Department of Revenue.** There are very stiff penalties for the misuse of the *Certificate of Exemption*.

Before you can use a *Certificate of Exemption* you must have a North Carolina Sales and Use Registration Number. This number can be obtained by completing a "*Registration Application for Income Tax Withholding, Sales and Use Tax and*

*Machinery, Equipment, and Manufacturing Fuel Tax*". See the forms section for a copy or additional copies can be obtained by going to the following website: <http://www.dor.state.nc.us> click on "Tax Forms" then choose "Sales and Use".

All Certificate of Exemption forms must be filled out and signed by the Finance Officer.

An example for using the certificate would be if you purchase items from Wal-Mart for the school store. You present the *Certificate of Exemption* either at the time of purchase or have it on file with customer service. (Stores have different procedures. Please check with your store for the correct procedures.) At this point you do not have to pay the sales taxes to Wal-Mart. When you sell the items to the students, a portion of your markup price should include an amount for sales tax. The Treasurer at each school will need to calculate the sales tax on the sale from the school stores and remit this amount to the N. C. Department of Revenue with the appropriate "*Sales and Use Tax Report*". Another example of this would be if you are purchasing yearbooks to be sold to students, where you receive the difference between the selling price and purchase price. This would not apply if your yearbook contract is commission based.

### **SUMMARY OF PROCEDURES FOR DISBURSEMENTS**

1. The treasurer or principal should confirm the availability of funds before a purchase is made.
2. Invoices should be checked as to quantities, extensions, pricing, addition and evidence that the goods or services have been received.
3. Substitute invoices should be signed by the person receiving payment and approved by the principal for purchases where no vendor invoice is available
4. School employees must present adequate documentation for reimbursement of school purchases from their personal funds. Receipts should not contain any personal purchase and must be the original receipt(No copies)..
5. No disbursement should be made unless adequately supported by approved invoices, vouchers, or other properly approved documents.
6. Invoices should be paid promptly within the discount period.
7. Original invoices should be marked "PAID" and cancelled by indicating the check number, date paid, and fund when checks are written or by attaching a copy of the check.
8. The principal should review and indicate his/her approval on supporting documents when the checks are signed.
9. Checks should be computer generated. Never issue a check in pencil.
10. Blank Checks - Blank checks are to be secured when not in use. A locked facility should be available to the Treasurer and Principal only.
11. All invoices are to be paid by the due date (net 30 days).
12. If a mistake is made in writing a check, the check and the check record or stub should be clearly marked VOID and rendered non-negotiable by removing the signature line. The VOID check should be filed with the canceled checks.
13. If an original invoice is not available from the vendor, indicate this on the copy of the invoice.
14. Checks shall not be made payable to cash. An individual or company name should be in the space provided for PAYEE.
15. Checks should indicate the purpose of payments to vendors in the space provided i.e., "payment for invoice # \_\_\_\_\_" and a general description of what purpose the check was issued.
16. Check stubs or computer printouts should indicate the fund or account from which the check is being paid.

# Chapter - 6

# Credit Cards

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## [6.1](#) Credit Card Procedures

## **6.1 Credit Card Procedures**

All credit cards are maintained in a locked file cabinet in the finance office. No employees are provided a personal credit card ( reword based on BOA). The use of credit cards is restricted to only those purchases that can't be made by check (hotel, airline, conference expenses, etc.)

In order to use the credit card, authorized employees must present a purchase order to (reword base on BOA)the accounts payable specialist, and check out the card in the log. If a reservation needs to be made by phone, employee must call the central office for the credit card number, so the card can be checked out. The credit card number must be destroyed immediately after use.

Employee must turn in all receipts with credit card upon return from trip. Employees are responsible for all charges appearing on the card for the time they had the card in their possession. Prior to payment of credit card invoice, all charges are matched against receipts to verify that no unauthorized charges were made. (reword based on BOA)



# Chapter 7 - Employee Mileage, Travel & Workshops

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- [7.1](#) Travel, Mileage, and Meal Reimbursements
- [7.2](#) Workshop/Conference Expenses
- [7.2.1](#) Pre-Payment of Staff Development Expenses
- [7.3](#) Non-commuting Work Related Travel
- [7.4](#) Internal Workshops

## **7.1 Travel, Mileage and Meal Reimbursements**

The Board recognizes that certain regular school district business travel occurs within the normal operation of the district. There are two types of travel (1) Sponsored Workshops/Conferences and (2) non-commuting work related travel.

Use of a school district-owned vehicle should be the first means of transportation if assigned; this excludes vehicles designated only for on-campus school usage.

The Board encourages the use of carpooling for economic and environmental reasons. The Board will only reimburse one employee per vehicle.

An employee traveling on official district business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess cost, circuitous routes, delays or luxury accommodations and unnecessary services for personal convenience is prohibited.

All travel shall be by the most direct and economical traveled route.

In any case where a person travels by indirect route for personal convenience, the extra expense will not be paid.

In general, travel is a reimbursable expense and not a benefit. Travel by personal car will be reimbursed based upon actual miles traveled in a direct non-circuitous route. Employee reimbursements for travel should be limited to business use of employee's own vehicle at the approved IRS guideline as adopted by the Finance Officer.

All employee reimbursements are Direct Deposited into employee bank accounts on file with the payroll department. Checks can be viewed using the employee portal.

## **7.2 Workshop/Conference Expenses**

Sponsored workshop and conferences is defined as staff development related workshops, training, seminars, and conferences designed to develop or improve the knowledge and skills of employees.

Some examples of ABSS Sponsored Workshops/Conferences include:

- Safety Training
- Seminars
- Conventions
- Conferences

Procedures for attending Sponsored Workshop/Conferences

A staff development form is needed for any travel outside of Alamance County and must be signed by the individual, and their supervisor prior to registering for an event.

An out of state travel form is needed for any out of state travel and must be signed by the

individual, their supervisor, and the Superintendent or his designee.

State travel regulations require that lodging rates may only exceed state rates with state and federal funds if lodging could not be obtained at the state rate or that safety was a concern. Excess lodging authorization must be approved in advance with written documentation explaining why lodging could not be obtained at the state rate or that safety was a concern.

Toll expenses are not reimbursed unless the employee can show there was no other way to reach their destination or the other way would have added a significant amount of time to their trip.

Meals are paid at the current state per diem and do not require receipts, but do require overnight travel.

Breakfast if traveling before 6 AM

Lunch reimbursement requires an overnight stay and applies to all days of travel

Dinner if returning after 8 PM

If receipts are submitted they will be paid for the lesser of the receipts or per diem rate.

Registration, hotel expense, parking, taxi cabs, car rental, fuel for rental cars, and airline luggage fees require receipts.

Section E of the staff development form along with all backup and receipts should be submitted to the finance department immediately after returning.

### **7.2.1 Pre-Payment of Staff Development Expenses**

ABSS will prepay hotels, airline tickets, registrations or other expenses when provided sufficient information. We do not provide advancement of funds to participants.

In order to have staff development expenses paid for in advance, a pre-payment of registration form **needs to be** completed, and sent to finance along with the registration paperwork, confirmation of charges, a signed staff development form, and an out of state travel form (if applicable).

Forms should be submitted at least two weeks prior to the travel date.

### **7.3 Non-commuting work related travel**

Non-commuting work related travel is defined as travel associated with the employee's positional responsibilities and involves no cost to the school system other than employee salary and/or mileage, the Finance Officer may authorize reimbursement for travel.

Non-commuting work related travel is not reimbursable except as follows:

- Regularly scheduled meetings (per meetings schedule calendar)
- Student sport teams, athletic events (if no buses are available)
- School competition or student learning activity
- Participation in the legislative process (including delivery of court documents)

- Counselors (End of the year registration)
- Daily bank deposits
- Delivery of textbooks
- Pick up supplies (including post office, testing materials, & misc. supplies)
- Teaching at multiple campuses

Travel that is critical to the instructional needs of the district or furthers the efficient operation of the district

- Emergency situations
- In-county workshops

Procedures for submitting non-commuting work related travel

Travel activities must be for persons traveling on official district business and have been authorized to use their personal vehicle. All expenses will be audited for accuracy, justification, reasonableness, and compared with prior approval. Any expenses submitted that are deemed inappropriate will not be reimbursed and will be submitted to their supervisor for further investigation.

The reimbursement of approved related traveling expenses shall be made by submitting an electronically completed Mileage Calculator form. This form should be filled out electronically, printed in its entirety on one side of one sheet of paper, and signed by a principal or director.

Parking can be reimbursed by receipt and should be submitted to Finance on a Request for Check Form.

A complete and executed mileage calculator form and any other related documentation should be submitted to Finance no later than the 15th day after the close of the month.

Only originals should be submitted to Finance; photo copies will not be accepted.

The employee forfeits their rights and responsibility to receive reimbursement if all documentation is not received in Finance by the 15th day after the close of the month.

#### **7.4 Internal Workshops**

Internal workshops are those that involve the attendance of ABSS employees. A routine staff meeting is not an internal workshop.

Staff development funds may be used for food for internal workshops as follows:

- Snacks may not exceed \$4.50 per person
- Snacks may only be purchased with state & federal funds for workshops with a minimum of 20 attendees
- Meals may be purchased on a limited basis for an all day workshop with local funds
- Meals may not be purchased with state or federal funds

Workshop stipends may only be paid for workshops outside of contracted employment dates



# Chapter 8 – Payroll and Timekeeper

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- 8.1 Exception Dashboard
- 8.2 Checking for Missed Clock Out's
- 8.3 Entering Absences
- 8.4 Substitutes Filling In for Vacant Positions
- 8.5 Timesheet Reports
- 8.6 Substitute Listing Report
- 8.7 Timekeeper Checklist
- 8.8 End of Year Processes
- 8.9 Leave Balances
- 8.10 Direct Deposit
- 8.11 W2's
- 8.13 Checks
- 8.14 Federal Semi-Annual Certification
- 8.15 Multiple Cost Objective - PAR







## 8.1 Exception Dashboard

The Exception Dashboard should be viewed daily to check for employees that have not clocked in. This will allow the secretary to ensure there is a record for each employee.

Checking Missed Clock in's:

Timekeeper>Exception Dashboard

"No Record For" choose to show Clock in only and the date

Employees that show up are not clocked in for that day.

The screenshot shows the 'Payroll' window with the 'Exception Dashboard' tab selected. The 'Site' dropdown is set to '304 - ALEXANDER WILSON ELEMENTARY'. There are three main sections: 'No Record for', 'Missed Clock Out', and 'Exceeds Normal Hours'. The 'No Record for' section has a 'Show' dropdown set to 'Clock in only' and a 'Date' dropdown set to '05/10/2013'. Below this is a table with two rows of employee data. The 'Missed Clock Out' section has 'From' and 'To' date dropdowns set to '05/02/2013' and '05/09/2013' respectively. The 'Exceeds Normal Hours' section has 'From' and 'To' date dropdowns set to '05/05/2013' and '05/11/2013' respectively. Each section has a 'Refresh' button.

Emp. #	Last Name	First Name	Site	Job	Home
6023	AMOS	JAMIE	304 - ALEXANDER WILSON ELEMENTARY	CERTIFIED 10 MONTH	740-28
6360	LANDIS	ANN	304 - ALEXANDER WILSON ELEMENTARY	CERTIFIED 10 MONTH	336-22

If an employee forgets to clock in and you need to create a record for them go to:

Timekeeper>Manage Timesheets

Choose the date range for the entry and the employee name

Click the green + on the right-hand side of the screen – the following window will appear.

Enter the information and click save.

The screenshot shows the 'Payroll' window with the 'Manage Time Sheets' tab selected. It features a search bar for 'Search by Last Name'. Below is a 'Filter by' section with dropdowns for 'From' (07/11/2013), 'To' (07/18/2013), 'Site' (ALL), 'Job' (ALL), and 'Employee' (ALL). There are also radio buttons for 'ALL', 'Unapproved', 'Employee Approved', and 'Admin Approved'. A 'Refresh' button is on the right. Below the filters is a 'New Entry' section with a red 'X' icon in the top right corner. It contains dropdowns for 'Employee' (Select), 'Site', and 'Job'. At the bottom, there are date and time fields: 'Date' (07/18/2013), 'Time In' (4:47 PM), and 'Time Out' (4:47 PM), along with 'Clear' and 'Add' buttons. A green '+' button is on the right side of the 'New Entry' section.

## 8.2 Checking for Missed Clock Out's:

This should be done weekly and a final check should be done before payroll pulls in for the month. This will let the secretary know if anyone missed clocking out for any of the days within a pay period. **For TA's and tutors this could make a difference in their pay.**

Timekeeper>Exception Dashboard

Missed Clock Out >Enter the date range you would like to check

Records that pull during the date range indicated should be checked and corrected.

The screenshot shows the 'Payroll Exception Dashboard' with the following details:

- Site:** 328 - EDWIN M HOLT ELEMENTARY SCHOOL
- Show:** All Employees
- Date:** 05/10/2013
- Refresh** button
- No Record for** section: A large empty box with the text '\*\*\*\* Click Refresh \*\*\*\*'.
- Missed Clock Out:** Section with a table showing records for 04/15/2013 to 05/09/2013.

Emp. #	Last Name	First Name	Site	Job	Date
4698	LEWIS	JENNIFER	328 - EDWIN M HOLT ELEMENTARY SCHOOL	TE ASSIST	5/9/2013
702939	WOODRUFF	RUTHIE	328 - EDWIN M HOLT ELEMENTARY SCHOOL	DAYCARE	4/26/2013
- Exceeds Normal Hours** section: A table with columns 'From' and 'To' showing dates 05/05/2013 to 05/11/2013, with a **Refresh** button.

## 8.3 Entering Absences:

When entering absences into Timekeeper it is **very important to always check the pay period in which the absence is getting posted to**. The pay period will automatically change to the next month on the day that payroll is pulled. If absences are posted on the morning of the payroll pull in the pay period will need moved backed to the current period.

If the person (Certified, Teacher Assistant or Vacancy) you are entering an absence for requires a sub click on the box beside Substitute to assign the sub (see below)

The screenshot shows the Timekeeper interface with the following details:

- Employee List:** A table with columns: Employee #, Last Name, First Name, Job, Start Date.

Employee #	Last Name	First Name	Job	Start Date
98439	ABBATECOLA	TRACY L	CERTIFIED 10 SUPPLEMENT	08/18/2009
98439	ABBATECOLA	TRACY L	CERTIFIED 10 MONTH	08/18/2009
69913	ABERNETHY	SUSAN G	SUBSTITUTE	01/03/2011
7036	ABRAHAMSON	MARY S	SUBSTITUTE	01/01/2012
- Leave and Balance:** A table with columns: Leave, Balance.

Leave	Balance
BL (29)	0.00
AL	74.00
BL	0.00
PL	10.40
SL	16.00
- Unprocessed** dropdown
- Fiscal Year:** 2013
- OR From / To:** 07/01/2012 to 06/30/2013
- Filter** button
- Pay Period:** JULY 2013, 07/01/13 - 07/19/13
- Substitute** checkbox
- Reason:** 01 - SICK LEAVE
- Add Note** button
- Total Hours:** 8.00
- Calendar View:** A grid showing months June, July, and August 2013. The current date is highlighted as 07/19/2013.

Substitute Information

Filter by Job:  Search by: Employee #...

Employee #	Last Name	First Name	Job	Start Date	End Date
59079	SNOTHERLY	JONI F	SUBSTITUTE	10/01/2012	06/30/2099
31891	SNYDER	ASHLEY L	SUBSTITUTE	09/15/2009	06/30/2099
67938	SNYDER	LINDA T	SUBSTITUTE	07/01/1996	06/30/2099
7811	SOLOMON	DEBORAH W	SUBSTITUTE	05/10/2010	06/30/2099

Absentee Accounts			Substitute Accounts			Total %:
Site Id	Account Number	%	Site Id	Account Number	%	
403	2.5110.001.121.403.000.00	100.00	403	2.5110.003.162.403.000.00	100.00	100.00

Substitute Pay

Hours per Day:

Daily Rate:

If the teacher requires a sub it is important that the entry has a budget code for the substitute and that the correct number of hours per day and daily rate are entered.

A substitute will either be paid for 4 hours (a half day) or 8 hours (a whole day). Please make sure that you see either 4.00 or 8.00 in the hours per day box.

The daily rate is assigned by the system.

If the substitute is covering an absence for a Teacher's Assistant the dollar amount has to be changed to \$59.00. The budget code for the substitute should look the same as the TA's.

Ex: X.XXXX.XXX."142".XXX.XXX.XX

If a TA subs for a teacher you would enter the absence and select the TA as the substitute. The budget code used should be the TA's code replacing the ".142" with ".167". Their dollar amount should be changed to \$162.79.

An absence code 37 has to be entered for the TA so they will be paid at the higher daily rate.

## 8.4 Substitutes filling in for Vacant Positions

If there is a vacant position or employees that are on leave without pay a position will need setup in AESOP by HR. HR will then contact Assistant Director of Finance to have position entered into LINQ.

It important to check the pay period in which they pay will be processed.

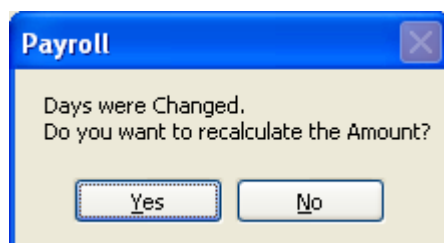
The description line allows helpful information to be entered for the employees so substitutes know which days are being paid. The name of the teacher, the dates they worked and the school site number must be entered on this line.

Ex. Smith, 10/11/13, School Site Number

The budget/account # should populate automatically. If a different code should be entered it should be adjusted manually.

Job Deduction	Expense Account
MEDICARE	1.5110.003.211.000.000.00
SOCIAL SECURITY	1.5110.003.211.000.000.00
STATE RETIREMENT	1.5110.003.221.000.000.00

Enter the number of days the employee worked (if different from 1.00) and click in the amount box. The following message will appear:



Click Yes and the dollar amount to be paid will be calculated.

**NOTE** – If subs need paid through Input>OtherPay please notify your payroll specialist via email of those employees and the number of days they are owed. The payroll specialist will be able to ensure that payment for the substitute is processed.

**IMPORTANT** - If a substitute is missing pay for days subbed they must contact the school secretary first. The secretary will then notify Payroll by sending documentation of the date worked and teacher name so payment can be issued.

Substitutes are not paid in advance like a certified teacher. They should reference the dates for their payment schedule.

## 8.5 Timesheet Reports

When checking hours before payroll is pulled, it is important to run a timesheet report on your TA's to make sure they have 40 hours each week within the pay period.

To run a Timesheet Report:

Click on Timekeeper

Choose Timesheet Report

The Pay Group should be 11 – Traditional Ten Month for those that have installments

Group 10- Traditional Ten Month- NO installment

**\*\*Contact your payroll specialist for all other groups\*\***

Choose your school under Site Selection section

Click on the check box beside Site Code. This will uncheck all of the boxes in that section.

Scroll down and choose your school.

To cion. You can then scroll down and choose the jobs that you want to have print on the Timeshhoose the TA assignment under the Job Selection section click on the check box beside Site code. This will uncheck all of the boxes in that secteet Report. **TA's are very important since they clock in and clock out.**

**If they do not have 40 hours then leave time should be used to equal 40. If they have over 40 hours in a week that leave has been used then the leave amounts should be adjusted to reflect the amount needed to reach 40 hours.**

**Do not have over 40 hours per week by using leave.**

*Timesheet example before leave balances are corrected.*

### **Timesheet reports should be reviewed and approved by site secretaries and administrators every Monday by 4:00pm.**

Date	Description	Time In	Time Out	Actual Hours	Lunch	Absence Hours	Total Paid Hours
<b>4/14/2013 - 4/20/2013</b>							
04/15/2013	TE ASSIST	7:31 AM	4:02 PM	8.52			8.52
04/16/2013	TE ASSIST	7:34 AM	3:36 PM	8.03			8.03
04/17/2013	TE ASSIST	7:33 AM	3:36 PM	8.05			8.05
04/18/2013	TE ASSIST	7:32 AM	3:43 PM	8.18			8.18
04/19/2013	TE ASSIST	7:19 AM	3:56 PM	8.62			8.62
				<b>41.40</b>	<b>0.00</b>	<b>0.00</b>	<b>41.40</b>
<b>4/21/2013 - 4/27/2013</b>							
04/22/2013	TE ASSIST	7:46 AM	4:13 PM	8.45			8.45
04/23/2013	TE ASSIST	7:30 AM	3:30 PM	8.00			8.00
04/24/2013	TE ASSIST	7:37 AM	4:14 PM	8.62			8.62
04/25/2013	TE ASSIST	7:37 AM	4:08 PM	8.52			8.52
04/26/2013	TE ASSIST	7:28 AM	2:01 PM	6.55			6.55
				<b>40.13</b>	<b>0.00</b>	<b>0.00</b>	<b>40.13</b>
<b>4/28/2013 - 5/4/2013</b>							
04/29/2013	TE ASSIST	7:27 AM	3:47 PM	8.33			8.33
04/30/2013	TE ASSIST	7:28 AM	4:11 PM	8.72			8.72
05/01/2013	TE ASSIST	7:30 AM	3:31 PM	8.02			8.02
05/02/2013	TE ASSIST	7:26 AM	3:39 PM	8.22			8.22
				<b>33.28</b>	<b>0.00</b>	<b>8.00</b>	<b>41.28</b>
<b>5/5/2013 - 5/11/2013</b>							
05/06/2013	TE ASSIST	7:32 AM	3:49 PM	8.28			8.28
05/07/2013	TE ASSIST	7:31 AM	3:39 PM	8.13			8.13
				<b>16.41</b>	<b>0.00</b>	<b>8.00</b>	<b>24.41</b>
<b>5/12/2013 - 5/18/2013</b>							
05/13/2013	TE ASSIST	7:31 AM	4:05 PM	8.57			8.57
05/14/2013	TE ASSIST	7:33 AM	3:42 PM	8.15			8.15
05/15/2013	TE ASSIST	7:31 AM	3:38 PM	8.12			8.12
05/16/2013	TE ASSIST	7:36 AM	4:58 PM	9.37			9.37
05/17/2013	TE ASSIST	7:32 AM	-				
				<b>34.20</b>	<b>0.00</b>	<b>0.00</b>	<b>34.20</b>

## **8.6 Substitute Listing Report**

A substitute listing report should be run before payroll is pulled. This will allow you to confirm that a budget code is assigned to all absences and that the appropriate changes have been made depending on the situation (ex. Sub is filling in for a TA, staff development code needs to be changed, TA subbing for teacher).

Reports>Substitute Listing

Pay group: 11 – Traditional Ten Month

Pay Period – Select the current pay period  
 Site: Select your school site if it doesn't show automatically  
 You can either sort the report by the substitute name or the employee name.

Date	Rate	Days	Pay	Absence Code	Account	Substitute	Site ID
03/21/2013	80.50	0.500	40.25	06-PERSONAL LEAVE	1.5110 003 162 347 000 00	8021 MCSPARIN, BARBARA H	347
03/22/2013	80.50	0.500	40.25	06-PERSONAL LEAVE	1.5110 003 162 347 000 00	8021 MCSPARIN, BARBARA H	347
04/09/2013	80.50	0.500	40.25	01-SICK LEAVE	1.5110 003 162 347 000 00	86830 WOOD, LOLA P	347
		1.50	120.75				
04/10/2013	91.00	0.500	45.50	04-STAFF DEVELOP	1.5110 031 163 000 000 00	32176 SESSOMS, HALEY B	347
		0.50	45.50				
03/18/2013	80.50	0.500	40.25	01-SICK LEAVE	3.5210 060 162 347 000 00	8021 MCSPARIN, BARBARA H	347
03/21/2013	80.50	1.000	80.50	01-SICK LEAVE	3.5210 060 162 347 000 00	29816 LONG, DORIS M	347
		1.50	120.75				
04/11/2013	80.50	0.500	40.25	04-STAFF DEVELOP	1.5110 031 163 000 000 00	9827 HUTCHISON, ELLEN K	347
		0.50	40.25				
03/22/2013	80.50	0.500	40.25	06-PERSONAL LEAVE	1.5110 003 162 347 000 00	8021 MCSPARIN, BARBARA H	347
03/28/2013	80.50	0.500	40.25	01-SICK LEAVE	1.5110 003 162 347 000 00	5088 SURLES, CHERYL M	347
04/11/2013	80.50	0.500	40.25	04-STAFF DEVELOP	1.5110 031 163 000 000 00	6700 LAWSON, TRACY O	347
		1.50	120.75				
03/18/2013	80.50	1.000	80.50	01-SICK LEAVE	1.5110 003 162 347 000 00	94670 JASSO, TRACEY E	347
03/19/2013	80.50	1.000	80.50	01-SICK LEAVE	1.5110 003 162 347 000 00	8021 MCSPARIN, BARBARA H	347
03/20/2013	80.50	1.000	80.50	01-SICK LEAVE	1.5110 003 162 347 000 00	94670 JASSO, TRACEY E	347
03/21/2013	91.00	1.000	91.00	01-SICK LEAVE	1.5110 003 162 347 000 00	511480 BLEDSOLE, KIMBERLY E	347
04/11/2013	91.00	0.500	45.50	04-STAFF DEVELOP	1.5110 031 163 000 000 00	32176 SESSOMS, HALEY B	347
		4.50	378.00				
04/10/2013	80.50	0.500	40.25	04-STAFF DEVELOP	1.5110 031 163 000 000 00	6503 JOHNSON, RONALD R	347
04/11/2013	91.00	1.000	91.00	01-SICK LEAVE	1.5110 003 162 347 000 00	511480 BLEDSOLE, KIMBERLY E	347
04/12/2013	91.00	1.000	91.00	01-SICK LEAVE	1.5110 003 162 347 000 00	511480 BLEDSOLE, KIMBERLY E	347
		2.50	222.25				
04/10/2013	80.50	0.500	40.25	04-STAFF DEVELOP	1.5110 031 163 000 000 00	94670 JASSO, TRACEY E	347
03/25/2013	80.50	0.600	48.30	01-SICK LEAVE	1.5113 003 162 347 000 00	86830 WOOD, LOLA P	347

### Important things to review on this report:

Check the “Days” column on the report to confirm that the absence is either 0.50 (half day) or 1.00 (whole day).

Check the dollar amount being paid. The “Rate” should be the current daily rate depending on the absence situation and the substitute’s daily rate.

If the dollar amount or the days are different from what is listed above then go back to the teacher’s absence and fix the hours paid and the rate paid.

## 8.7 Timekeeper Checklist

### Daily

- ☐ Check for employees not signed in
- ☐ Enter any absences for your staff for that day
- ☐ Check for any missing sign out times for the previous day

### Weekly

- ☐ Check for missing sign out times
- ☐ Check hours:
  - Are any employee's hours less than 40 that should account for 40 per week?
  - Are all tutor hours entered?

Scan and email any completed/ signed and entered staff development forms with corresponding budget code documented

### Prior to Payroll Pull

- ☐ Be sure all previously mentioned steps are complete
- ☐ Run a Substitute Listing Report
  - Are all absence days either .50 (half day) or 1.00 (whole day)?
  - Is the dollar amount for the sub correct?
  - Are the budget codes correct?
- ☐ Run a Timesheet report for TAs
  - Do their TA hours equal 40 in their TA position? (TAs should have 40 hours per week in their TA position alone)
- ☐ Have you attached Substitutes that are filling in for any vacant positions to the Vacant assignment?

Email your payroll specialist if you have entered an employee into "Other Pay"

## 8.8 End of School Year Processes

In May secretaries will receive a list of employees who have chosen not to participate in the installment pay plan. This will be their opportunity to elect to



participate and receive their pay spread across 12 months or choose to continue receiving 10 checks. Everyone on that list **must** sign and return the installment form as they must be filed in the Payroll Department.

### **Absence Projections**

Employees who choose **not** to participate in the installment pay plan and receive only 10 checks will need to project their absences for May through the end of the school year since their last check will be at the end of May.

If absences occur after the cutoff date for processing the May payroll the secretary should notify the Payroll Specialist as soon as possible and process the absence as follows:

Processing absences that require substitutes: (10 check employees only)

- Enter the absence for the employee in **Timekeeper** but **do not** assign the sub to the absence (If the absence has been pulled in from AESOP then remove the sub from the absence and proceed with the next step).
- Enter payment for the sub in Input>Other Pay. You must enter the teacher, date and school code for which this sub is being paid.

If the substitute isn't separated from the absence of a 10 check employee and paid manually through Input>OtherPay they will not receive payment for those days worked.

Absences for employees that are on the installment pay plan can be entered as normal and do not have to be projected.

### **8.9 Leave Balances**

Employees that accrue leave will accrue the following leave amounts:

#### **Annual Leave**

0 – 5 Years	9.36 hours per month
5 – 10 Years	11.36 hours per month
10 – 15 Years	13.36 hours per month
15 – 20 Years	15.36 hours per month
20 + Years	17.36 hours per month

#### **Sick Leave**

8 hours per month

#### **Personal Leave**

For positions that earn

1.60 hrs per month

Secretaries must watch your employees leave balances very closely and do not let them have negative leave balances. If an employee has exhausted their leave then you must code the absence with a “07 – Absence without pay”.

Personal leave taken on student days incur docks from the employee's pay and should be coded as “06- Personal Leave”. They are charged \$50 for a whole day and \$25 for a half day. If personal leave is taken on a workday (non-student day) the docks do not apply and should be coded as “26 – Personal Leave on Wrkday”. If Personal leave is taken on a student day and a substitute is not needed, then a separate absence of 56 should be entered along with the 06.

### **8.10 Direct Deposit**

It is mandatory that every ABSS employee be on direct deposit. **ALL** checks are direct deposited. Payroll should be notified as soon as possible if there are changes to employees banking information or if the account payroll has on file has been closed. If a direct deposit is sent to an account with the wrong information or that has been closed a replacement check can't be issued until the original is returned to our bank. This process could take up to two (2) weeks.

### **8.11 W2's**

W2's for current employees of ABSS are no longer mailed. Employees can view and print a copy of their W2 by signing into Timekeeper. The option for W2's is listed on the left side of the screen.

Employees who have resigned will have their W2's mailed to the address that we have on file. Please advise your employees to update Payroll of their new address so not to delay the receipt of their W2.

### **8.12 Personal Information**

Please notify Payroll as soon as possible of any banking changes. HR must be notified immediately for any name changes.

For any tax, address or phone number changes- employees should login to TimeKeeper and make these changes under the personal tab on the left side of the page.

### **8.13 Checks**

Payroll checks are issued at the end of each month.

Check stubs are no longer mailed for employees or substitutes. Stubs are accessed by logging on to Timekeeper where they can be viewed and/or printed. Generally, employees can access and print their pay stubs by accessing TimeKeeper two days prior to the actual pay date.

## 8.14 Semi-Annual Certifications

Semi-Annual Time Certifications must be completed for employees working on a single cost objective and paid 100% from a single funding source.

Applicable employees:

- Single cost objectives will be determined by the employee's activities, not solely by the employees funding source.
- These employees must have at least semi-annual certifications certifying that they worked solely (100%) of their time on the program or activity in which they are being compensated.

Semi-Annual Certifications should include:

- List of individual Employees names.
- A blanket statement of activity for the period.
- Signature of person with firsthand knowledge (*usually Principal*). Date signed must be after-the-fact and handwritten (*blue or black ink*).

Semi-Annual Certifications must also:

- Be completed in a timely manner.
- Should always be signed and dated the actual date the forms were completed. **Please do not back-date forms.**
- Principals and/or Supervisors are responsible for contacting the Finance Department ASAP when errors or omissions are found.
- If errors are found, strike-through the error with one line then initial & date, or complete a new form.

100% of Employee's Time:

- Don't be confused by an employee's full-time/part-time status.
- If employee works only 3 days a week, for example, then 60% employed will equal 100% of the employee's time.

## 8.15 Multiple Cost Objective - PAR

Employees with multiple cost objectives must completed monthly Personnel Activity Reports (PAR):

### **PAR Applicable employees**

- These employees are usually paid from more than one federal grant or by federal grant & a non-federal award.
- As with the single cost objective employees, it is not always possible to tell by looking at funding only whether an employee is single or multiple cost objective.
- "Multiple Cost Objective" will be determined by the employee's activities and not solely by the employee's funding.

For example - A Title I employee who works on two different Title I set-asides is a **"multiple cost objective" employee.**

### **PAR Form Additional requirements:**

- Must complete and maintain support and/or documentation for their PAR forms.
- Must account for the total activity for which each employee is compensated.

- Must be signed by the employee.

**Required PAR Form Components:**

- An “effort statement” that accounts for 100% of the employee’s effort.
- The number of hours worked (No “X” entries). No Vacation, Sick and/or Holidays.
- The time worked on all cost objectives.
- The specific federal cost objective (not just “federal”)

Program finance secretaries will be responsible for identifying employees paid from federal dollars that require time and effort documentation, will distribute appropriate certifications and collect the signed certifications to be housed in the department supporting the federal program.

PAR’s shall be reviewed as they are submitted by the department to compare the PAR to the percentage budgeted. All PAR’s should be initialed by the person completing the review to ensure the review is completed. Budgets codes should be adjusted immediately for any discrepancies.

# Chapter 9 – Budget Allotments

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<a href="#">9.1</a>	Chart of Accounts
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## 9.1 Chart of Accounts

In 1975 the General Assembly enacted a law requiring a uniform accounting system for all local school administrative units effective July 1, 1976. ABSS has adopted a budget code scheme that incorporates the uniform chart of accounts of the state board of education with additional detail.

### **Budget Code Structure x.xxxx.xxx.xxx.xxx.xx**

**1.5110.061.411.303.000.00**

**Fund** - Identifies the source of the funding

**Purpose Code** – Describes the reason or purpose

**Program Report Code (PRC)** – Identifies the program

**Object Code** – Describes the specifics of the expenditure

**Location** – Identifies the school number

**Local Use #1** – Available for identifying special items

**Local Use #2** – Available for identifying special items

#### 9.1.1 Fund

A fund is an independent fiscal and accounting entity consisting of cash and other resources together with all related liabilities, obligations, reserves, and equities which are segregated by appropriate accounting techniques for the purpose of carrying on specific activities or obtaining certain objectives in accordance with established legal regulations, restrictions or limitations.

##### *Fund 1 - State Public School Fund*

This fund includes appropriations for the current operating expenses of the public school system from monies made available to the local school administrative unit by the Department of Public Instruction. Allotments are made to local school administrative units based on formulas adopted by the state board of education. There are several formulas used; i.e., ADM, number of state allotted teachers, categorical allotments for special programs or services.

##### *Fund 2 - Local Current Expense Fund*

This fund includes appropriations for the current operating expenses of the local school administrative unit other than appropriations included in the state public school fund and the federal grant fund.

This shall include, but not be limited to: revenues from fines and forfeitures, county appropriations for current expenses, supplemental taxes levied for current expenses, state allocations, and appropriated fund balances (revenues accruing to a school administrative unit in prior years but not yet expended).

##### *Fund 3 - Federal Grant Fund*

This fund includes appropriations for the expenditure of federal categorical grants made available through the Department of Public Instruction. These appropriations are categorical in nature; i.e., programs and services for children of low income families, programs and services designed to eliminate the effects of previous discriminatory practices, etc.

#### *Fund 4 - Capital Outlay Fund*

This fund includes appropriations for the acquisition of real property for school purposes, including but not limited to school sites, playgrounds, athletic fields, administrative headquarters, and garages;

1. The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including, but not limited to buildings for classrooms and laboratories, physical and vocational educational purposes, libraries, auditoriums, gymnasiums, administrative offices, storage, and vehicle maintenance;
2. The acquisition or replacement of furniture and furnishings, instructional apparatus, data processing equipment, business machines, and similar items of furnishings and equipment;
3. The acquisition of all vehicles;
4. Such other objects of expenditures as may be assigned to the capital outlay fund by the uniform budget format.

These appropriations are provided by the county commissioners. Funds are provided by bond revenues, sales tax revenues, or other sources used to finance the county capital improvement program.

#### *Fund 5 - School Nutrition Fund*

This fund includes all revenues and expenditures related to the school nutrition operations.

#### *Fund 6 – Daycare Fund*

This fund includes all revenues and expenditures related to daycare administered by ABSS.

#### *Fund 8 – Other Local Current Expenses ( do you want to label “Other Grants”?)*

This fund includes all revenues and expenditures related to other local current expenses.

### **9.1.2 Purpose Codes**

Purpose means the reason for which something exists or is used. Purpose includes the activities or actions that are performed to accomplish the objectives of a local school administrative unit.

### **9.1.3 Program Report Codes**

A program report code (PRC) designates a plan of activities or funding designed to

accomplish a predetermined objective. This dimension of program report codes allows the unit a framework for classifying expenditures by program to determine cost. The Allotment Policy Manual provides information on restrictions for each allotment:

[www.ncpublicschools.org/fbs/allotments/general/](http://www.ncpublicschools.org/fbs/allotments/general/)

## 1. State Funds - PRCs (001-299) (NCDPI Defined)

001	Classroom Teachers
002	Central Office Administration
003	Non-Instructional Support Personnel
004	Instructional Support Personnel - Non-Certified
005	School Building Administration
007	Instructional Support Personnel - Certified
009	Non-Contributory Employee Benefits
011	NBPTS Educational Leave
012	Driver Training
013	Career Technical Education - Months of Employment
014	Career Technical Education - Program Support Funds
015	School Technology Fund
016	Summer Reading Camps
018	State Employee Severance Payments
020	Foreign Exchange Teachers
021	Military Differential Pay
024	Disadvantaged Student Supplemental Funding
027	Teacher Assistants
029	Behavioral Support
031	Low-Wealth Counties Supplemental Funding
032	Children with Special Needs
034	Academically/Intellectually Gifted
039	School Resource Officers for Elementary and Middle Schools
041	Panic Alarms
042	Child and Family Support Teams – School Nurses
043	Child and Family Support Teams
045	Compensation Bonus (Legislated)
046	IB Test Fees
054	Limited English Proficiency (LEP)
056	Transportation of Pupils
061	Classroom Materials/Instructional Supplies and Equipment
063	Children with Special Needs-Spec Funds (Dev Day & Com Res)
066	Assistant Principal Intern
067	Assistant Principal Intern-Full Time MSA Student
068	Alternative Programs and Schools
069	At-Risk Student Services



073	School Connectivity
085	mClass Reading 3D
096	Special Position Allotment
120	LEA Financed Purchase of School Buses (Local Use Fund 4)
130	State Textbook Account (State Use Fund 1)

#### **Federal Funds - PRCs (001-299) (NCDPI Defined)**

017	Career Technical Education - Program Improvement
026	McKinney-Vento Homeless Assistance
035	Child Nutrition (Child Nutrition)
047	Delinquent Youth in State Agency Facilities
049	IDEA Title VI-B – Pre-School Handicapped
050	ESEA Title I – Basic Program – Transferability In Only
051	ESEA Title I – Migrant Education
053	Child Nutrition Equipment
058	CTE - Capacity Building Grants
060	IDEA Title VI-B Handicapped
070	IDEA - Early Intervening Services (EIS)
082	IDEA - State Improvement Grant
084	High Student Achievement
091	Small, Rural Schools Achievement Program (SRSA)
100	Rewards School Mini-Grants
101	Title V Abstinence Education Program
103	Title II - Improving Teacher Quality - Transferability In & Out
104	Title III - Language Acquisition
105	ESEA Title I - School Improvement
109	Rural and Low-Income Schools (RLIS)
110	Title IV - 21st Century Community Learning Centers
111	Title III - Language Acquisition - Significant Increase
112	Title II-B – Math & Science Partnerships
114	Children with Disabilities - Risk Pool
117	School Improvement Grant 1003 (G)
118	IDEA VI-B Special Needs Targeted Assistance
119	IDEA-Targeted Assistance for Preschool Federal Grant

#### **9.1.4 Object Codes**

Object means the service or commodity obtained as a result of a specific expenditure.

#### **9.1.5 Full Chart of Accounts (DPI)**

The full chart of accounts is updated by DPI on a regular basis and can be found at

## **9.2 District Allotted Funds to Schools**

Each year schools are given allotments which can be used to pay for purchases. Each allotment has a budgeted appropriation. All purchases will be pre-audited to confirm that an unencumbered balance remains in the appropriation.

- **Instructional Supplies - PRC 061**  
Items should be used directly by students in the classroom. Includes supplies and workbooks, paper, crayons, pencils and sharpeners, map skills, handwriting books, periodicals and newspapers, subscriptions to internet based educational resources, the purchase of on-line education media materials, instructional technology and contracted services for copier materials.  
Codes:
- **Staff Development – PRC 802**  
Includes amounts paid for contracted services, substitutes, supplies, participant's travel costs (including mileage and meal reimbursement) and in-service seminars designed to enhance the quality of a program.
- **Cultural Arts – PRC 803**  
Includes amounts paid to support school cultural arts activities.
- **Textbook/Digital Resources – PRC 130**  
Includes amounts paid for textbooks or digital resources. All purchases from this code must accompany a textbook/digital resources approval form signed by the Senior Executive Director of Elementary or Secondary Education.
- **School Zonal Athletics – PRC 890**  
Includes amounts to be used in the school athletic programs.

District allotted funds cannot be transferred from one PRC (category) to another. Funds not spent by the annual spending deadline set by the Finance Department do not carryover to future years.

## **9.3 Budget Transfer**

### **Transfers for Fund 1, 2, 4, 5, 6**

Submit a signed Budget Transfer Form to the finance officer for approval and entry into LINQ.

## Transfers for Fund 3

Fund 3 transfers must be submitted to the director of federal programs or director that oversees the federal budget for approval and then forwarded to the finance officer for approval.

### Guidelines to transfer funds

The “increase budget code” and the “decrease budget code” must follow the following guidelines:

- The unencumbered balance in the ‘decrease budget code’ budget must be equal to or larger than the dollar amount that will be transferred.
- Budget transfers must occur between the same fund and PRC as they were allotted.

## 9.4 Budget Reports

Budget reports should be reviewed by principal/director and secretary at least on a monthly basis.

Live reports can be ran by going to Reports, Budget Analysis, Load Reports, selecting the correct report, Load, Print.

The following columns are represented:

Budget - This is the current total budget in each of the budget codes

Period Activity - This is the amount that has been spent during the time period that appears on the top of your report.

YTD Activity - This is the amount that has been spent YTD for the period that appears on the top of your report (July 1 to the month appearing on the top of your report). This will be the same as period activity if you are running the report from July-June.

YTD Escrow - This is the amount that 10 month staff being paid over 12 months has earned. This amount is being held in an escrow account until the summer months when it is paid to the employee.

Remaining Budget - This is the amount remaining after expenditures.

% Used - This is the % of the budget that has been spent.

Outstanding PO's - This is the amount of outstanding requisitions and PO's. Requisitions do not have to be approved to show up in this column.

Unencumbered Balance - This is the amount remaining after all expenditures, requisitions, and PO's clear.

YTD+PO% - This is the percentage of the budget that has been spent after requisitions and PO's.

Refer to budget checklists as a guide for what to look for when reviewing the budget

reports. Schools should turn in budget reports signed by bookkeeper and principal on a monthly basis with monthly reports.

# Chapter 10 – Bank Accounts

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- [10.1](#) Bank Account and Signature Cards
- [10.2](#) Changing Staff
- [10.3](#) Reconciliation of Bank Account



## **10.1 Bank Accounts and Signature Cards**

1. The Principal and Treasurer are responsible for making sure the signature card at the bank is updated with the current Principal, Treasurer, Assistant Finance Director and Executive Director of Finance's signature. A current copy of the signature card should be kept on file at each school and a copy should be sent to the Finance Department for filing.
2. The Board of Education's Executive Director of Finance shall designate the official depository bank to be used by each school. Check with the Executive Director of Finance before opening a bank account.
3. Two signatures are required to make a withdrawal from a school bank account. Normally the Principal and Treasurer sign the check. In the event that one of these people is not available the Executive Director of Finance or Assistant Director of Finance can sign. If the Executive Director of Finance signs the check, supporting documentation should accompany the check. If a check is made payable to the Principal or Treasurer, they cannot be one of the signers on the check. The Executive Director of Finance can verify the information and approve the check request. You cannot make the check payable to another party to avoid this process. Evidence of avoiding this process could result in termination of your position.
4. Executive Director of Finance's signature must appear on all checks drafted from the district wide bank accounts.
5. Investment accounts for individual schools may only be established through the Executive Director of Finance. These accounts will be in a separate account and established in the name of the school with North Carolina Cash Management Trust or STIF acct.
6. Check copies (either imaged or actual) should be included with your monthly bank statements and maintained in your files.

## **10.2 Changing Staff**

1. New Principal or New Treasurer - A new signature card should be obtained from your bank. The account should be opened with the name and address of the school. The tax id number to be used is 56-1957903. The new Principal, the Treasurer, the Assistant Finance Director and the Executive Director of Finance should sign the card. Call the Finance Department before coming to have the card signed. Due to scheduling, the Executive Director of Finance may be out of the office.
2. The outgoing Treasurer should balance the School Funds reports to the most recent bank statement before they leave the school system. When this balancing process is complete a copy of the information is sent to the Finance Department. The original

should be maintained at the school (month end reports and the bank statement).

3. The Principal and the outgoing Treasurer should discuss the following before the Treasurer leaves:
  - a. Outstanding bills/check requests - The outgoing Treasurer should pay all items (with proper documentation) before they leave. The Principal should then discuss with the outgoing Treasurer if any bills are remaining.
  - b. Deposits - The Principal should make sure the outgoing Treasurer has deposited all items received.
  - c. Security of items - All receipt books, check books, blank receipt books, blank receipts, blank checks need to be placed in a locked facility with limited access. The Principal should be the only one with keys and access until the new Treasurer arrives.
  - d. Reports - The Principal should become familiar with the location of the School Funds reports for prior years.
4. The Principal and new Treasurer should verify that the School Funds reports and the bank statement are reconciled. The Principal and the new Treasurer should then initial the reports and the bank statement if they are in balance. At this point the Principal and the new Treasurer are accountable for the money in the School Funds account.
5. A regular audit will be performed during the upcoming fiscal year.
6. The new Treasurer will need to be enrolled in the next School Funds training class. Contact the Finance Department for more information. Training will be paid for by the Finance Dept.

### **10.3 RECONCILIATION OF BANK ACCOUNT**

#### **Bank Statement**

At the end of the month, the bank will render a statement to the school and return the checks that it has paid and charged to the school's account. The statement shows the balance at the beginning of the month, deposits, the checks paid, other charges or credits during the month, and the balance at the end of the month. The monthly bank statement reconciliation is due to the finance department by the 15<sup>th</sup> of each month. Bank statements will be submitted through Google Classroom on a monthly basis by the due date.

## **Reconciling the Bank Account**

The balance shown by the bank statement will rarely agree with the books. Items may appear on the books that have not yet been entered on the bank statement, such as outstanding checks not presented to or paid by the bank, and deposits in transit. Items may also appear on the bank statement, which have not yet been entered on the books, such as service charges or other charges. For the above reasons and numerous others, the bank statement should be reconciled with the books as soon as possible after it has been received.

When the bank statement is received, any necessary adjustments such as interest service charges, or returned checks should be posted with the date indicated on the bank statement or the last day of the month you are reconciling.

State/Federal, Local/Grant, Child Nutrition, Capital Outlay, and Daycare bank reconciliations including a copy of the bank statement with cleared checks, a report of cleared checks, a report of outstanding checks, the reconciliation, and any supporting backup should be turned into the finance officer for review and signature on a monthly basis.

## **Individual School Accounts**

1. Perform the Month-End Closing Procedures as outlined in the “School Funds” User Manual.
2. Each school will submit monthly reports to the Finance Department via Google Classroom. These reports should be turned in no later than the fifteenth of each month following the reported month so the Finance Department can prepare their reports. All schools must close out their books each month and submit the following reports:
  - a. The Statement of Receipts and Disbursements (must be signed by the Principal)
  - b. A signed copy of all reports that print when performing the Bank Reconciliation (must be signed by the Principal)
  - c. A copy of all pages of the bank statement
  - d. A copy of the LINQ Budget Analysis (must be signed by the Principal)
3. The Statement of Receipts and Disbursements that is sent to the Finance Department must be reviewed prior to sending to ensure the following:
  - a. Cash ending balance should equal the reconciled bank balance.
  - b. Total of Regular Accounts should equal total of Asset Accounts.



c. Beginning balance equals the prior month's ending balance.

For specific School Funds posting procedures, refer to the School Funds Users Guide.

Below are the manual steps to the bank reconciliation. They will provide you with assistance should you have a problem when using the bank reconciliation feature of School-Funds online.

The procedure for reconciling the bank account involves the following steps:

- 1) Arrange in numerical order the paid checks returned from the bank.
- 2) Refer to the reconciliation at the close of the preceding month, note the items that were outstanding at that date, and check them if they are paid or appear on the current bank statement.
- 3) See whether the individual deposits as shown on the Analysis of Deposit agree with the entries in the deposit column of the bank statement.
- 4) Make a list of the deposits missing; these represent the deposits in transit.
- 5) Compare the paid checks, which have been sorted in numerical order with the entries in the journal.
- 6) Make a list of unchecked outstanding checks on the preceding month's reconciliation and also include on the list any unchecked expenditure items on the check stubs for the current month; these are outstanding checks.
- 7) Record any **credits/debits** charges by the bank, as shown by the statement or any credit/debit memos that do not appear on the check stubs, such as service charges, **nsf checks, ACH payments and interest.**
- 8) Prepare the reconciliation statement. The detailed reconciliation, including the list of outstanding checks, should be kept as a permanent record since it will be needed in making the reconciliation for the following month and for other purposes.
- 9) Complete the reconciliation of the bank account and the summary of Receipts and Disbursements, send it to the finance office by the 15<sup>th</sup> of each month.



# Chapter 11 – Fund Raising and Outside Organizations

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- [11.1](#) Fund Raising Projects
- [11.2](#) Good Business Practices
- [11.3](#) Athletic and Dramatic Performances
- [11.4](#) Official/Security Officer Invoices
- [11.5](#) Parent Organizations/Clubs



## 11.1 FUND RAISING PROJECTS

Principal/Treasurer should provide annual training on fundraising policy/procedures to all employees involved in School Fund activities.

The Alamance Board of Education has approved “Donors Choose” and “Amazon Wish List” as an allowable crowdfunding platform. The use of any other platform is prohibited by ABSS employees. Fundraiser request forms still apply and must be approved by the Principal and Finance officer. Donors Choose sends a list weekly of postings for our district. Any request posted without proper approval will be removed until proper approval is obtained. All donations received from Donors Choose become the property of the Alamance- Burlington School System.

Before any fundraiser can begin, approval from the Principal must be obtained. The form for approval is on the [Finance Google Shared Drive](#) web page. The principal can approve all fundraisers except the schoolwide fundraiser must be approved by the Finance Officer. Upon completion of the fundraising activities, the club must submit a financial report to the school treasurer within 15 days (this form can be found on the [Finance Google Shared Drive](#) Web page). It is best to coordinate all fundraising in the school so that fundraisers can be held at a variety of times during the school year. (See Sales and Use Tax section for one time sales tax exempt fundraisers.)

Before a fundraising project begins an analysis needs to be performed on pricing the product, estimating the profits and calculating the expenses (including sales tax). A fundraising project cannot operate in the negative.

Internal controls must be established and followed when holding a fundraiser. Inventory should be considered to be “cash” and secured and counted. Cash should be controlled and accountable at all times. Internal controls not only insure the safety and security of cash and inventory, but also assist the employee from being placed in precarious situations for the mishandling of these assets.

- a. All money that is collected is to be counted and turned in to the Treasurer of the school daily with a Receipt Record and Financial form.
- b. Before the money (cash and checks) is turned in to the Treasurer, the employee who collects the money is fully responsible for the safekeeping of the money.
- c. The employee must have the money (cash and checks) counted in the presence of the Treasurer and receive a receipt for the amount turned in. Failure to do this could result in an inaccurate credit to the club account.

No expenses can be paid from the cash profits of the fundraiser. A check must be issued.

All expenses associated with an individual fundraising project should be charged to the

account that was set up for this fundraiser through the school Treasurer. (e.g., DECA fundraising expenses should come from the DECA acct.)

All money received for an individual fundraising project should be credited to the individual club account (e.g., funds received for DECA Club candy sales should be credited to the DECA Club account).

There shall be no sales or solicitations on school system property or at school sponsored activities, and there shall be no sales or solicitations after school hours by employees or students or through employees or students, except as hereinafter provided.

a. School principals may enter into an agreement with a reputable photographer or studio to make pictures of students to be offered for sale. Photographing students should be organized so as to minimize the loss of instructional time. Also, it should be made clear to students and parents that the purchase of pictures is optional.

b. Advertising for school publications shall be solicited only by high school students. No projects involving purchased advertising shall be undertaken in any school without the approval of the Board of Education. All clubs affiliated with the schools are covered by this policy.

c. School stores may be operated for the convenience of students, but only those items which are needed by the students in their classes at school may be sold. No foods or confections may be sold in any school store during the regular instructional day during the regular school term.

d. Refreshments may be sold at athletic contests by a group or organization which is approved by the principal.

The Concession Sales Report (See Finance web page) should be completed for items sold in the concession stand.

e. Programs may be sold at athletic events.

f. The organizations listed below are authorized to conduct membership or fund-raising campaigns in the school as follows **with principal approval**:

1. The PTA/PTO may conduct an annual membership drive through the teachers and students, but efforts shall be made to minimize interruption of class time.

2. On June 30 of each school year a summary report of each fund-raising project is to be sent to the finance officer who will in turn complete an annual report for the Board of Education.

No PTA/PTO or Boosters Club fund-raising activities are to be carried on through teachers and students except on a voluntary basis during non-school hours.

School Officials should not handle or collect money for PTA/PTO even during non-school hours.

All PTO/PTA's should have 501c3 status with the Internal Revenue Service.

## **11.2 Good Business Practices**

The following procedures have been prepared to assure that good business practices are used with School fundraisers:

- The purchase of merchandise should only be for quantities that can be sold in a reasonable time (preferably no more than two weeks for short-term projects.)
- If possible, schools should choose vendors that will accept returns of unsold products for credit.
- The selling price of any items being sold must be established prior to the beginning of the fundraising. If discounts are necessary to clear unsold items, such discounts must be approved in advance by the principal.
- All receipts of fund raisings are to be turned in to the treasurer and properly receipted on a daily basis. The practice of holding receipts until the activity has been completed is forbidden.
- A copy of the vendor invoice(s) must be turned in to the principal to support the number of items purchased. If the quantity purchased is not shown on the invoice, it should be recorded on the invoice and signed by the principal and sponsor.

## **11.3 ATHLETIC AND DRAMATIC PERFORMANCES**

### **Admission Fees**

Admission fees to athletic events, dramatic performances, school dances etc. are to be accounted for by the use of pre-numbered theater-type tickets. The supply of tickets available will be established by an inventory of tickets at the beginning of the sales activity. The remaining tickets based on an inventory of the unused tickets at the end of the sales period will measure the tickets sold. A representative other than ticket sales persons should collect the tickets to assure that all attendees pay the admission fees. Ticket sales report, Form 2005-9, is to be kept by the school as permanent record and should be signed by 2 people, the ticket seller and the ticket

taker.(form can be found on the finance web page) Do not use Athletic tickets for events or activities other than Athletic events. Another type of ticket should be acquired for these events. Alternate ticket colors to different events.

Tickets are to be maintained in the school office. The school treasurer will issue tickets prior to the event then verify the sales report after the event. All tickets are to be accounted for. Complimentary tickets are to be noted.

### ***Deposits***

Athletic and dramatic performances' deposits are to be night dropped at American National Bank the night of the event. Bank documentation will be used to ensure deposits are made within the 24-hour period.

### ***Change***

Checks for change are to be written to the bank. (American National Bank) Only authorized school personnel are to receive cash or change. Checks should be written and deposited from the gate change account. All gate change should be noted on the ticket sales report with the corresponding check number.

## **11.4 Official/Security officer Invoice**

An official/security officer invoice is used to reimburse an official or security officer. The form is to be completed by the official. Payment is to be made within 10 business days.

All officials are paid through Arbiter Pay. Officials should sign the Arbiter pay invoice following the game. Once the Arbiter invoice is received by the treasurer, payment should be released in Arbiter pay. File Arbiter pay invoices to document transfers to Arbiter pay.

No official or security officer is to be paid in cash.

Never pay an official a security officer without a social security number.

## **11.5 Parent organizations/Clubs**

There are two separate club types as defined by the N.C Department of Revenue. They are categorized as school-authorized organizations (e.g., Math club) and separate qualifying permanent school organizations (e.g., PTO).

Sales tax laws are different for the different types of organizations, as well as, different fundraising activities. Each school must make a determination for each school-authorized organization as to when they should pay sales taxes. All school-authorized organizations should have their accounts with the school's Treasurer.

The Treasurer can remit the sales taxes, if applicable, to the N.C. Department of Revenue. If a separate qualifying permanent school organization has any sales tax questions, you should refer them to the N.C. Department of Revenue.

You must categorize each organization as either school-authorized or a separate qualifying permanent school organization.

## Examples

### 1. Clubs/Student Organizations:

- a. The organization will be on the books of the individual schools, accounted for and recorded by the Treasurer into School-Funds.
- b. Follow the rules in the ABSS Accounting Procedures for Individual Schools and Board policy.
- c. The sales tax status of the organizations and their fundraisers will be determined by the school's principal using the NC Dept. of Revenue guidelines.
- d. These accounts are audited by the school system and N.C. Department of Revenue.
- e. The school maintains a file with information such as the "Club fundraising approval form" and the "club fundraising financial statement".

### 2. Parent Support Organizations:

- a. The organization maintains its own bank account and accounting system separate from school accounts.
- b. The organization has and follows their own, established charter, bylaws or rules.
- c. The organization will follow the N.C. Department of Revenue guidelines for their fundraisers.
- d. These accounts are audited by the N.C. Department of Revenue.
- e. The school maintains a file with information such as "Club fundraising approval form" and the "club fundraising financial statement".
- f. This organization must follow Board policies relating to Parent Support Organizations. (See Board Policy #2420 and 7230)
- g. Employees of ABSS shall not serve as officers with financial responsibilities of any parent support organizations.
- h. This organization must maintain 501c3 Tax Exempt status.

Booster clubs and Parent Support Organizations do not maintain their money on school books and must apply to the Department of Revenue for tax-exempt status, but school organizations that maintain their money on school books are not tax exempt. It is the Principal's responsibility to obtain information from all organizations at their school. The information should be maintained in a central file. This file should include proof from the organization as to how it operates. This could include a copy of the organization's charter or bylaws, a statement as to the purpose of the organization, the purpose of the use of the funds, liability insurance that names ABSS as an additional insured and how they participate in fundraisers. After this file is set up it needs to be updated only if the organization changes its purpose, if a new organization starts at the school or an organization disbands.



ABSS staff members may not collect funds for Parent Support Organizations or Booster Clubs. They are encouraged to volunteer and support these activities (running booths at carnivals, helping students look at books at book fair etc.), however collecting funds would be considered a conflict of interest.

Any money raised on the school grounds that is not associated with a separate qualifying permanent school organization should ALWAYS be turned into the school's Treasurer. A determination should be made before the fundraiser as to the purpose and planned use of the proceeds.

# Chapter - 12

# Fixed Assets

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- [12.1](#) Inventory
- [12.2](#) Transfers
- [12.3](#) Federal Assets

## **12.1 Inventory**

Asset purchases that fall in the range of \$1,000.00 to \$4,999.99 are coded to a special object code used for assets that are inventoried. These are not depreciated or included in fixed assets for financial reporting purposes.

Asset purchases in excess of the Board's capitalization threshold of \$5,000 are coded to a capitalized asset object code. All items that are received by the school system that meet the qualifications for being inventoried or capitalized are tagged when they come in to the central office prior to being sent out to the school or department that ordered the items. Invoice information is sent to maintenance to match and confirm all fixed assets are entered into the system. A description, serial or other identifying number, budget code, acquisition cost and date should all be recorded in the fixed asset system.

All computers and major technology items regardless of price are tagged and an inventory is maintained in the technology department.

At the end of each school year, maintenance generates a fixed asset inventory by school, which is given to the school media coordinator to verify/update, and record the condition. Teams of two employees should perform inventory verifications. Any changes should be noted.

Any items that are on the capitalized or inventoried asset listing that can't be located during the physical inventory are investigated to determine what happened to the item.

## **12.2 Transfers**

Whenever transfers are made, an activity sheet is turned into maintenance, so that the system can be updated.

Construction projects are reviewed by the finance officer each June 30<sup>th</sup> to determine those projects that are complete and need to be transferred from construction in progress to the fixed asset system. Maintenance will add those items to the fixed asset system.

Maintenance reconciles all additions, disposals, transfers and ending fixed asset and depreciation balances by type to the fixed asset system as of June 30<sup>th</sup> each year.

## **12.3 Federal Assets**

Federal grant compliance requirements include an inventory of all equipment purchased with federal funds, regardless of the capitalization policy. Federal equipment is defined as tangible, nonexpendable, personal property having a useful life of more than 1 year regardless of dollar amount.

A NCDPI "Equipment Disposition Request" form must be filled out completely and sent by Finance to the DPI School Business Monitoring & Compliance Section for approval in

order to transfer, dispose of, or report lost or stolen assets purchased with federal funds. This form must be signed by DPI prior to any transfer or disposal.

If an item is under warranty and the asset is being replaced, and Equipment Disposition Request is not required to be submitted to DPI. The old asset should be disposed of in the fixed asset system, and a new asset number assigned to the new asset.

Federal fixed assets reports must include the following details:

- Description of Property
- Serial Number
- Source of funding
- Titleholder (department or school)
- Acquisition Date
- Cost
- Percentage funded from federal program
- Location
- Use
- Condition
- Disposition date and sale price (if any)

# Chapter 13 – Additional Resources

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- [13.1](#) Gift Certificates / Gift Cards
- [13.2](#) Gifts / Donations
- [13.3](#) Escheats
- [13.4](#) Year-End Closing Procedures
  - [13.4.1](#) School Year End Closing
  - [13.4.2](#) Finance Year End Closing
- [13.5](#) Records Retention Schedule



### **13.1 Gift Certificates/Gift Cards**

No cash, gift cards, or gift certificates are allowable with any funds. You may not use your hospitality fund to evade this policy. Any evidence of avoiding this procedure could result in full restitution back to the system.

This is considered a form of compensation and would require benefit and tax reporting.

### **13.2 Gifts/Donations**

The Superintendent or designee must approve gifts to a school before they are accepted. In addition to approval by the Superintendent or designee, gifts that necessitate renovation of school system property, extensive installation procedures or construction work shall be presented to the Board for consideration. All gifts with a value over \$1,000 shall be presented to the Board for consideration. Such donations (included but not limited to money, equipment, and real property) become the property of the school system and will remain in the school only so long as they serve a useful purpose.

School system funds should not be used to purchase gifts of any type for employees or volunteers. Gifts can be donated from outside organizations including PTO/PTA.

### **13.3 ESCHEAT**

**Most of this information is courtesy of the department of State Treasurer.**

#### **What is an Escheat?**

Simply put, an escheat is the succession of abandoned property to the State. It is commonly associated with properties that come from an estate of a person dying without a will and without any known heirs. However, this concept has been broadened to include the recovery of any property that results from the failure of a person legally entitled to that property to make a valid claim against the holder of the property within a prescribed period of time. Consequently, the terms escheat and unclaimed property are used interchangeably.

#### **What is unclaimed property?**

Unclaimed property consists of bank accounts, wages, refunds, utility deposits, insurance policy proceeds, stocks, bonds, contents of safe deposit boxes, etc. that have been abandoned – that is, for which there have been no documented transactions or contact with the owners for a statutory period of time known as a dormancy period. There are over 100 types of property which may become unclaimed. The term property is defined in North Carolina General Statute 116B-52(11). There is a detailed listing on the back of the ASD-159 reporting form.

#### **When are Holders required to report Unclaimed Property?**

As stated in North Carolina General Statute 116B-60(d), the report must be filed before November 1 of each year and cover the 12 months preceding July 1 of that year for all Holders except Life Insurance. Life Insurance companies must file before May 1 of each year for the calendar year proceeding.

### **Is there a minimum amount that does not have to be reported?**

No. North Carolina General Statute 116B does not exclude small dollar amounts. Businesses must report all unclaimed property, regardless of the amount. Items under \$50 may be reported and remitted in a lump amount listed as Aggregate. Although not required, we request that a detail listing of names and address be provided for aggregate amounts. This will assist us in refunding amounts in the aggregate.

### **Are holders obligated to report and remit unclaimed property to other states?**

Yes. The Supreme Court ruling in Texas vs. New Jersey dictates that unclaimed property must be reported and remitted to the state of the owner's last known address. If that state does not have an applicable law regarding the property, the property must be sent to the holder's state of incorporation. If the owner's last known address is unknown, that property would also be reported to the holder's state of incorporation.

### **Is a holder required to do anything to locate the owner prior to remitting the funds?**

**YES! A holder must perform due diligence.** North Carolina General Statute 116B-59 requires that: (1) a holder make a good faith effort to locate the owner and (2) a holder shall send a written notice (NCGS 116B-59(c) defines what should be included in the notice. A sample notice is also available under the Guides to Unclaimed Property on our website.), by first-class mail, to the apparent owner, not more than 120 days or less than 60 days before filing the report to the last known address of the apparent owner as reflected in the holder's records, if the value of the property is \$50.00 or more. **Holders not performing this requirement may be subject to penalties per NCGS 116B-77.**

### **What happens if a holder does NOT report unclaimed property?**

A holder who fails to report, pay or deliver property within the time prescribed by law, or fails to perform duties required by this law, such as due diligence, will be subject to all penalties under G.S. 116B-77. This could include a daily interest penalty, a \$1,000 civil penalty each day the report is withheld, plus 25% of the value of any property that should have been reported. Also a holder who fails to report may be a likely audit candidate.

### **What attempts are made by the State to find the rightful owner?**

As required by statute, a listing of owners of unclaimed property is sent annually to the clerk of superior court of each county and to at least two newspapers having general circulation in North Carolina. In addition, other attempts are made by the State Treasurer that is not required by statute. Such means include an internet search on our website, our presence at local events such as fairs and festivals, and additional media coverage such as television and radio, state legislators, Equifax searches, etc.

### **What is the purpose of this law and the Escheat Program?**

In 1970, legislation mandated that the North Carolina Department of State Treasurer assume responsibility for the administration of the escheat program that was previously administered by the University of North Carolina. The purpose of the program is to:

- Recover unclaimed or forgotten property

- Reunite these properties with the rightful owner

- Remit the interest earnings on the funds invested to the North Carolina State Educational Assistance Authority to provide loans to worthy and needy north Carolina students in State-supported institutions of higher education.

If money is not claimed from the affidavit and it was a School Funds expense, the treasurer will then forward a check to ABSS for the amount of escheats at the school. All information the secretary has for the payee should be included. (Social Security #, address, name etc) The finance department will compile all escheats and forward the information to the state of North Carolina Escheat Dept. **Escheats forms, Affidavits are available on the shared drive in the Escheats folder.**

## 13.4 YEAR-END CLOSING PROCEDURES

At the end of each school year, a special set of procedures should be followed in order to close the schoolbooks in preparation for the closing of school. These procedures should be followed to assure a “clean” closeout.

### 13.4.1 School Year-End Closing

In general, all schools should follow the following procedures:

1) A. Accounts Receivable

At the end of the school year – June 30<sup>th</sup> – a complete list of accounts receivable should be prepared and attached to the Monthly Financial Reports for June that is sent to the finance officer. This list should contain the following information: (1) name of the person or firm; (2) description; (3) name of the account to which the receipt will be posted; and (4) amount.

B. Accounts Payable

At the end of the school year – June 30<sup>th</sup> – a complete list of accounts payable should be prepared and attached to the Monthly Financial Reports for June that is sent to the finance officer. This list should contain the following information: (1) name of the payee; (2) description; (3) name of the account to which the payable will be charged; and (4) amount.

1) Deficits in any accounts remaining should be eliminated by transfers from the General Fund or other accounts as designated by the principal.

2) Rolling Balance transfers should be completed. (Grade level accounts)

3) Receipt books should be reconciled to Receiptee history in SFO.

## WHAT THE AUDITORS WANT AT YEAR END

- Teacher receipt books and teacher receipt book list
- Office copy of receipts
- Deposit Analysis – (numbered)
- Deposit by receipt
- Bank statements (with checks in numerical order)
- Purchase orders/invoices by month (checks should be stapled on top)
- Detailed check register
- Any void checks/receipts



- The File of Balance Account History for year
- General Ledger history
- Detailed transaction report
- Adjustment (Batch proof listings) for all transfers
- Transfer Approval form for each transfer
- Receipt/Disbursement Report for year
- Concession Report – if applicable
- Ticket Sales Report (be sure to show overages and shortages on form) – if applicable
- Petty Cash Vouchers – if applicable
- CD information – if applicable

### 13.4.2 Finance Year End Closing

All purchase order with the exception of Capital Outlay orders in progress will be closed out by 6/30/xx. Capital Outlay PO's will roll over from one year to the next.

Current year budgets do not carry over to the following year.

Accounting standards require all expenditures be booked in the year that the items were received or services rendered. State and Federal expenditures must be paid prior to 6/30/xx. For local expenditure items received in one year but paid in the next, Accounts Payable will process the expenditure in the new fiscal year and then do a journal entry to book the expenditure in the prior year.

## 13.5 RECORDS RETENTION SCHEDULE

Retention Period

Accident reports and claims (settled cases)	7 years	Internal Reports (miscellaneous)	3 years
Accounts payable ledgers and schedules	7 years	Inventories of products, materials and supplies	7 years
Accounts receivable ledgers and schedules	7 years	Invoices to customers	7 years
Audit reports of accountants	Permanently	Invoices from vendors	7 years
Bank reconciliation	2 years	Journals	Permanently
Capital Stock and bond records	Permanently	Minute books of directors and stockholders, including by-laws and charter	Permanently
Cash books	Permanently	Notes receivable ledgers and schedules	7 years

# Chapter 14 – Financial Forms

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## Transfers

Employee Address Change

Leave Request and Change to Timekeeper

Direct Deposit

W-4

NC-4

Mileage Request

Staff Development Request

Prepayment of Registration

Vendor Data

W-9

Contract Routing

Service Contract

Service Contract Report

School Fundraising Project Request

School Fundraising Financial Status Report

Club Fundraising Project Request

Club Fundraising Financial Status Report

Ticket Sales Report

Concession Report

**All Forms may be found on the Finance Website:**

<http://www.abss.k12.nc.us/Page/10937>

