I3 ACADEMY ACCOUNTING POLICIES AND PROCEDURES MANUAL

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INTRODUCTION

The financial accounting records and reports for all schools in the i3 Academy School System will be prepared using the HARRIS LOCAL SCHOOL ACCOUNTING (LSA) system. No other accounting system may be used in the i3 Academy School System without the approval of the i3 Academy Board of Education, unless mandated by the ALSDE.

Following are some general rules regarding the financial affairs of the schools. These rules, as well as the accompanying procedures and policies, are to be followed completely and will be subject to continual audit by the Superintendent of Education, Chief School Financial Officer, and independent financial auditors.

All money collected at the school for any purpose must be receipted and deposited in the school bank account.

All local school expenditures must be paid by check and supported by a valid invoice based on a purchase order issued and approved by the Principal before a purchase is made.

All purchases must conform to the policies of the i3 Academy Board of Education and to the State bid Law.

Authority to enter into a contract or a lease for a subsequent year for debts beyond the current cash assets for a school requires written approval of the Superintendent of Education and the i3 Academy Board of Education. Copies of any contracts entered into must be on file at the i3 Academy Board of Education (Central Office). Exceptions may be made for copier leases and other short-term small dollar items.

The Principal must be familiar with all policies of the I3 Academy Board of Education so that he/she will not permit practices which are contrary to policy or which would cause embarrassment to his/her school or to the school system. The Principal is directly responsible in the handling of monies received at the school. It is the ultimate responsibility of the Principal for any shortages resulting from the failure to follow, or to require others to follow, the financial procedures for the handling of school monies.

The position of Principal carries with it the full responsibility for all financial matters relating to the school. It is imperative that the Principal gives his or her personal attention to the collection, expending, documenting, recording, and overall supervision of everything relating to the financial affairs of the school. The Principal has the responsibility for collecting and disbursing all monies in a manner approved by I3 Academy Board of Education and in accordance with generally accepted accounting principles and procedures.

The Principal shall work with those members of the Central Administrative staff who have general supervision of particular functions. The Chief School Financial Officer or the Superintendent of Education shall be consulted if accounting problems are encountered.

The attached instructions relate to the keeping of school financial accounting records. They should be read carefully and followed closely.

The accounting procedures contained herein may vary only with the written consent of the Superintendent. Suggestions for the accounting system may be submitted to the Superintendent or Chief School Financial Officer.

Accounting procedures and any revisions to the procedures will only be done after review and input from the following staff: Superintendent of Education, Chief School Financial Officer, Principals, School Bookkeepers, Payroll Clerk, and CNP Director. The Alabama Department of

Education and the State Examiners of Public Accounts retain the authority to require local boards of education to modify forms and procedures for local school financial operations.

The following are some general rules regarding the financial affairs of the schools. These rules, as well as the accompanying procedures and policies will be subject to audit.

    (1) School funds will be receipted and deposited in the school account on a timely basis.

    (2) Expenditures will be paid by check and supported by proper documentation.

    (3) Purchases will be approved by the Principal (with a signed purchase order when required) before the purchase is made.

    (4) Accounting records will be posted daily.

    (5) Bank statements will be reconciled monthly.

    (6) Monthly financial reports reflecting accurate balances and activities of the accounts of the school will be reviewed and approved by the principal.

ACCOUNTING PROCEDURES AND PRACTICES
FOR HANDLING SCHOOL FUNDS

The attached procedures pertain to the handling of financial records for schools under the supervision of the I3 Academy Board of Education. All monies received from any source in or about the School funds should be deposited into the school's bank account (the only exceptions to this rule may be funds raised by booster clubs and parent-teacher organizations when approved by the superintendent and where such clubs and organizations maintain separate bank accounts. Currently, there are no such exceptions).

Funds are received, receipted, and deposited daily into the school's bank account. Deposits are entered and posted daily or regularly into the school's computerized local school accounting (LSA) cash receipts journal (cash receipts program). Cash receipts are summarized at the end of each month.

Expenditures are incurred only under the authorization of the Principal. All expenditures are processed through the "batch" process of the computerized local school accounting {LSAS} program. If manual checks are required, then the expenditures are posted and summarized at the end of each month and the month-end cash disbursement report is generated.

Cash basis accounting does not take into consideration income or expenditures until the money is actually received or disbursed.

Books and materials common to all schools are as follows:

Receipts Books – To record all monies received.

Checkbook – to record all monies expended. The Harris Local School Accounting "check register" shall be designated the OFFICIAL CHECKBOOK of the school.

Ledger – To summarize financial transactions of all accounts monthly.

Monthly financial report – To report financial conditions of the school as of the last day of each month.

Accounts payable – To report all unpaid bills at the end of the fiscal year. All September A/P must be recorded.

Purchase Order Register – To record all purchase orders issued. ALL schools must follow a purchase order system for purchases with the exception of utilities, telephone bills and school paid travel. In the event that a purchase is made at the school without a purchase order; the

Principal would need to authorize payment before the bookkeeper would pay the invoice. Documentation as to the reason a purchase order was not obtained would need to be attached. The accounting procedures contained herein may vary only with the written consent of the Superintendent. Suggestions for the accounting system may be submitted to the Superintendent or Chief School Financial Officer.

STATE DEPARTMENT OF EDUCATION
PROCEDURES FOR LOCAL SCHOOL ACCOUNTING

Every school must keep on hand for reference a copy of the State Department of Education's **ACCOUNTING MANUAL,** issued and revised July 2019. The accounting procedures outlined in this publication have been approved by the State Department of Education for use by local schools. Revisions are made to the ACCOUNTING MANUAL occasionally; and are found on the State of Alabama Department of Education website; [www.alabamaachieves.org.](www.alabamaachieves.org) This website should be checkedperiodically by School Bookkeepers and the Chief School Financial Officer for any changes to themanual. This is found under Sections, Financial Assistance, and Accounting Manual. It is theresponsibility for the bookkeeping personnel to stay abreast of any manual changes.

PUBLIC AND NON-PUBLIC FUNDS

The funds maintained at the local schools can generally be divided into two major categories: public and non-public. Various factors must be considered in determining the proper classification, which affects the degree of expenditure restriction.

Public funds – restricted to the same legal requirements as Board funds:

Examples:

1. General – may consist of vending machine commissions, proceeds from school fundraisers (school pictures, coupon books, etc.), student parking, appropriations from the Board, interest income, and other miscellaneous revenues. Its primary purpose is to pay for the general operations of the school and is totally controlled by the Principal.

2. Library – accounts for late charges on returned library books, funds collected for lost library books, and expenditures incurred for purchasing library books.

3. Athletic – may consist of income from gate receipts, parking at athletic events, advertising commissions, game program sales, and donations from athletic booster clubs. Separate accounts may be established for individual sports, if desired. Expenditures include athletic uniforms, equipment, and supplies; membership dues to athletic organizations; registration fees for coaching clinics; travel and transportation; game officials, and expenditures related to athletic events, including expenses for practicing and preparing for athletic competitions and exhibitions.

4. Fees – school imposed course fees for certain non-required academic courses, field trips, workbooks, and supplemental instructional materials. These funds are used to cover the costs associated with the course or purpose for which the funds are collected.

Allowable expenditures from public funds include:
1. Professional development training.
2. Refreshments expended for an open house at a school where the public would attend.
3. Pregame meals for student athletes and coaches.
4. Academic incentives for students.
5. Athletic and band uniforms for students to participate in school activities.
6. Memberships in professional organizations.
7. School landscaping, maintenance, furnishings, and decorations.

Funds received from public (tax) sources or used for public purposes are public funds subject to the control of the school principal.

Non-Public funds – restricted for expenditures subject to the intent and authorization of the organization's sponsors and officers and not used for general operations of the school. The principal does not direct the use of these funds but does have the authority to prohibit inappropriate expenditures.

Examples:
1. Clubs and Classes – Student organizations may have self-imposed fees but not academic course fees. The participants often impose their own fees for participation in these clubs and classes. These student organizations often conduct fund raising events. Clubs and classes include FBLA, Senior Class, Student Government, Spanish Club, Band, Show Choir, Beta Club, National Honor Society, Key Club, etc. Student organizations are self-governed by officers elected by the participants.
2. Other School Related Organizations – Parent or parent/teacher organizations can have the organization's funds in the school accounts. These organizations are governed by officers elected by its members. PTO, PTA, Band Boosters, and various athletic booster support groups are considered school related organizations. (See Guidelines for School Related Organizations).

Some of the expenditures that are <u>not allowable</u> purchases from <u>public</u> funds but may be allowable expenditures from non-public funds include:
1. Food for social gatherings
2. Class prom entertainment.
3. T-shirts for club members or faculty.
4. Donations to various organizations.
5. Transfers to other non-public accounts.
6. Travel expenses to club events.
7. Championship rings.
8. Faculty appreciation gifts.
9. Scholarships.
10. Flowers for funerals.

(However, the State Ethics Law limits purchases for school employees and their families.)

NOTE: Non-public funds can become subject to the same expenditure restrictions as public funds if the accounting records do not maintain a separate account for each of the non-public funds.

ACCOUNTING REGULATIONS FOR SCHOOLS

<u>**MASTER RECEIPT BOOK**</u>

Master Receipts are issued in the school by an individual assigned by the Principal or designated by job description as responsible for collecting school funds. A computerized Master Receipt is issued at the time funds are received. The Master Receipt is chronologically dated and numbered by the Harris Receipt Module. The following procedures are recommended:

1) A master receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
2) **The person presenting the funds for receipt should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**
3) Funds collected by a teacher must be brought to the office along with the teacher receipt book or record, alternative receipt form, report of ticket sales, or other receipt documents. A master receipt must not be issued in the office for funds collected by the teacher or others unless the Teacher Receipt book is submitted to the office at the same time the money is turned in to the office.
4) Receipts are to be issued only when money is received. Under no circumstances are receipts to be issued in advance.
5) Do not send students to office with monies.
6) A Master Receipt should contain the following information:
   a. The sequential numbers of the teacher receipt book or record, alternative receipt form, or report of ticket sales form which covers the total amount collected and submitted.
   b. The name of the individual delivering the funds.
   c. The amount of the funds received.
   d. Identify the school activity account to receive the funds.
   e. Space permitting, other information that would be useful in identifying the funds.
   f. The date the funds are received.
7) A copy of the Master Receipt should be handed to the individual delivering the funds.
8) Voided receipts must be retained. Receipts are never to be destroyed or changed. If a mistake is made, write VOID on both copies and staple the original to the duplicate.
9) Do not use correcting fluid or erasures for mistakes.
10) Funds received must be secured until deposit. Master Receipts must be recorded in the school ledger and all funds deposited on the day received, if possible. Schools may establish a daily cut off time after which funds will not be received and receipted. If time does not permit proper receipting, money should not be accepted.
11) This receipt book must be handled with the utmost accuracy.
12) Master Receipts and supporting documents must be secured for audit.
13) A Master Receipt should also be issued for each check received by mail.
14) Follow school board guidance for issuing a receipt to satisfy a non-sufficient fund check.
15) The Principal must check the procedures as often as necessary to assure compliance and correctness.
16) The bank deposits must be made in such an orderly manner that each deposit will reflect the total daily receipts (in the Master Receipt Book) that comprise the deposit.

17) Do not cash checks with school funds. Deposit funds intact. (Example: Checks written by individuals and cashed as a matter of convenience from money receipted could result in a problem if an individual's check is returned not paid by the bank; thus cashing checks for school employees is discouraged).

The cooperation of teachers and other school personnel is essential to assure the proper receipting of school funds.

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

The principal and/or bookkeeper are directly responsible in the handling of the receipt books and/or monies received.

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

TEACHER RECEIPT BOOKS

Each teacher will be issued by the Principal an individual receipt book to record all funds collected in his/her class. (This includes funds derived from the selling of pictures, fund-raising items, tickets, etc.) Receipt books should be secured and a log should be maintained to track the receipt books by receipt numbers to the individual responsible for issuing the receipts. The receipt books must be pre-numbered.

Each Principal has the authority to provide an alternative to writing a receipt to each student in a class when the amount being collected from each student does not exceed $10. The alternative receipt form should identify the purpose of the collection (such as field trip to Children's Museum), the date, student name, the amount, and the signature of the teacher or person collecting the funds. At the parent's request a written receipt should be provided instead of entering the receipt on the alternative receipt form. If this option is used, the teacher may write one receipt to one student in the class for the entire amount collected and the teacher must attach a list of the students and amount paid by each to the copy of the receipt in the teacher's receipt book.

Teacher Receipts should be completed and issued in numerical order at the time funds are received. All pre-numbered receipts in a receipt book or record should be issued before another Teacher Receipt book or record is put into use. Teacher Receipts cannot be pre-signed and must contain an original signature of the person receiving the funds. A signature stamp is not acceptable. A permanent record must be kept by the principal of each numbered receipt book issued; this record must be retained with the school's accounting records. **The principal is responsible for checking these books**. Any major errors or mistakes must be reported to the Superintendent or Chief School Financial Officer immediately.

The following procedures are recommended:
1) A Teacher Receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.
2) A manually prepared Teacher Receipt should contain the following information:
   a. The name of the individual delivering the funds.
   b. The amount of the funds received.

c. Identify the purpose or activity for the funds received.
d. The date the funds are received.
e. Indicate if the funds are cash or check
f. The original signature of the individual receiving the funds and issuing the receipt.
3) The original Teacher Receipt should be handed to the individual delivering the funds.
4) Voided Receipts must be retained with the receipt book.
5) Do not use correcting fluid or erasures for mistakes.
6) The funds received must be secured.
7) Do not cash checks with the funds received.
8) No money should be left in the classroom overnight; the teacher is responsible for all monies collected until turned in to the office.
9) The Teacher Receipt book or record and the funds collected should be taken to the office.
10) **The teacher should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**
11) The teacher should retain the original Master Receipt.
12) Do not hold funds until all funds for an activity, fund-raiser, or other purposes are collected. The school is required to make timely deposits according to school board policy.
13) Teacher Receipt books containing the receipt copies and unused receipts should be returned to the Principal at the end of the school year or earlier.

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

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

The Principal/Bookkeeper should write, on the Teacher Receipt Book, the amount, date, Master Receipt Number, and their initials on the carbon copy of the last Teacher Receipt comprising the total
 remittance.

REQUISITION – PURCHASE ORDER

A Requisition – Purchase Order must be completed and approved by the Principal before a purchase is made. A purchase order provides protection to the vendor for not charging Alabama sales tax on the school's purchases. Purchase orders are processed through the Requisition / Purchase order module of Harris/Nextgen Accounting Software.

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

Purchase orders are electronically routed based on the purchaser, the organization purchasing, and the fund source of the purchase. The purchase order will begin with the purchaser; all school purchase orders are routed to the school principal. School purchase orders utilizing Central Office funds will then route to the Chief School Finance Officer, and finally, the Superintendent. All federal programs purchase orders route through the Federal Programs Director for approval.

Once each level of approval has been electronically signified, the purchase order will electronically route to the next level for approval. Upon final approval by the Superintendent, the originator will be notified that the purchase has been approved for order.

The invoice received for a given purchase order must be compared to the items listed on the purchase order. Items received must be checked off with notes made for items cancelled, no longer available or not received as well as notations regarding items received that were damaged. Schools that make numerous purchases at one or more given vendors during a month will be permitted to issue that vendor a purchase order number at the beginning of the month for use during that month. These "Open {blanket} Purchase Orders" must be on a very limited basis. An example of this use would be when a school purchases many small items at a hardware store where obtaining a purchase order must be a reasonable estimate of the amount expected to be spent during the month. The hardware store must provide a sales ticket (invoice) which must have the purchase order number recorded on it. All such purchases must be approved by the Principal. Great care should be given to vendors where there are more than one account related to the school system (example: there is a Board Account AND a school account) to ensure that the sales clerk charges the purchase to the correct account and indicates the correct purchase order.

Students should <u>never</u> be allowed to purchase items on such purchase orders.

The "blanket" purchase order may be completed each month and a new one issued at the beginning of the next month. If no purchases were made; void the purchase order and issue a new one anyway. Some vendors are allowed to operate with an open purchase order for the fiscal year.

INVOICES

An invoice must be obtained for each purchase order before payment is made. An IRS Form W-9 should be completed and maintained on file for each individual or vendor that qualifies for IRS Form 1099 reporting. Payments should never be made from a statement unless the statement also itemizes the items purchased with a price for each and NO invoice is available. The invoices must include the name and address of the vendor, quantity and description of the items purchased, unit price, extensions and the total. Every effort should be taken to obtain an invoice if the original is misplaced or lost. Most vendors will re-issue a copy of the invoice. The school employee receiving the items purchased should sign the invoice. If the invoice is for services, the responsible school employee should sign the invoice after verification of services provided.

The check number of the check written to pay an invoice must be stamped/written on the invoice along with the date payment was made. The invoice must be stapled to the receiving ticket with the invoice on top. Each month's paid invoices must be put in numerical order by check number and filed in "batch" order in an envelope or file folder plainly marked as "Invoices Paid for _____ {Month/Year}". Each "Batch" of paid invoices must include the batch listing, merge listing and cash disbursement listing that is generated by the LSA system at the time of posting.

The information listed below is maintained in each batch file:

P.O. Number   ____
Date Received   ____
Received By   ____
Principal's   Approval Date
Paid   ____
Check Number   ____

EXPENDITURES

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

The school Principal or Assistant Principal is authorized to sign checks. Prior approval must be obtained from the Superintendent before a bank account is changed.

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

All invoices must be approved by the principal before payment is made. The principal must sign all invoices. The check number of the check written to pay the invoice must be copied into the invoice or a copy of the check is attached to the invoice.

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

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

The following procedures are recommended:
1) Do not write checks to "Cash".
2) Do not sign checks that do not contain the check recipient's name and amount of check.
3) Do not pay for items in advance of receipt of materials, supplies, or equipment.
4) Invoices and supporting documents should be provided with the check to be signed.
5) Invoices should be cancelled (marked PAID) when the check is signed.
6) Vendors should be paid on a timely basis. Late charges, penalties, and interest should be avoided my marking payments by the due date.
7) Checks should be used in numerical order.

8) Checks must be secured at all times.
9) Voided checks must be retained for audit purposes.
10) Sales tax should not be paid on purchases from in-state vendors unless the items do not qualify for the sales tax exemption (school pictures, class rings, etc.).
11) School employees may not use the school's sales tax exemption for personal purchases.
12) Checks outstanding more than 60 days should be investigated.

POSTING

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

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

Changes, updates, or alterations of any type to the accounting system will be made by Harris Computer Associates, Inc. and must be authorized by the Superintendent of Education or the Chief School Financial Officer.

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

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ACCOUNTS PAYABLE

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

BANKING

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

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

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

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

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

Each school principal must set up a system of internal control to assure that all deposits reach the bank.

Principals are prohibited from establishing a bank account for school funds in a name other than that of the school. All school funds must be kept in school bank accounts and accounted for in the official accounting records of the school.

The following procedures are recommended:
1) Pre-printed, duplicate deposit slips should contain the name of the school account and the bank account number.
2) When the Master Receipt is written, payments received by check should be endorsed with the words "For Deposit Only" along with the name of the school bank account and bank account number.
3) The deposit slip should contain the Master Receipt numbers of the funds deposited.
4) The deposit date and deposit amount should be indicated on the last Master Receipt included in the deposit.
5) Daily receipts should be deposited intact. **Do not cash checks with the funds received.** Do not use cash receipts for change cash. Do not use cash received for payments.
6) Do not use correcting fluid or erasures for mistakes on deposit slips.
7) The bank should authenticate the duplicate deposit slip at the time of deposit. The duplicate deposit slip {and the bank's deposit confirmation, if provided} must be retained for audit.

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

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

School funds must be deposited only in banks and financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC). A school that has more than $100,000 in a bank, regardless of the number of different accounts involved, must require a bank to pledge to the school securities in the amount sufficient to cover the funds on deposit in excess of $100,000.

Effective January 1, 2001 the Security for Alabama Funds Enhancement Program or SAFE Program became law. The SAFE Program eliminated the need for school boards to individually collateralize deposits. Under this program, banks designated by the State Treasurer as a qualified public depository (QPD) will pledge securities to the SAFE collateral pool. A copy of our certification will be sent to you. The pool will insure all public depositors with deposits held in a QPD.

Where permissible and feasible, school funds should be placed in interest earning checking accounts. School principals should discuss with bank officials on a regular basis the various accounts available in order that the greatest amount of interest may be earned on funds on deposit. When schools have sufficient funds available for a period of time, the principal may purchase certificates of deposit provided that so doing will result in increased interest earnings.

RETURNED CHECKS

Accepting a check from an individual or a business brings a risk that the check will be returned by the bank for non-sufficient funds or a closed account. A bank error can also be the cause of a returned check. Checks accepted from individuals should contain the following information:

Full name, Current Residence Address, and Home Telephone Number

Wherever the check is returned, the school (CNP bookkeeper for CNP returned checks) must notify the person who issued the check to bring cash to the school to cover the check. Do not charge the returned non-paid check off the ledger. Write a new receipt for the cash and mark it "re-deposited" with a notation of the earlier receipt number issued, a copy of the notice received from the bank and a copy of the returned check attached to the master receipt. The returned check may be returned to the person who wrote the check after cash has been received to cover

the amount. Returned checks not promptly redeemed by cash must be collected by legal means. Assistance should be obtained from the District Attorney's office in the Walker County Courthouse.

Bank service charges (NSF fee and redeposit fee) for returned checks should be paid by the returned check writer or waived by the bank. The school should not accept another check from the individual until bank service charges are recovered through collection or bank waiver. An individual that issues two returned checks should be placed on a risk list and not allowed to make payments by personal check for the remainder of the school year.

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

If the returned check is not collected by the MONTH END, it must be shown as "OTHER RECONCILING ITEM" {debit} in the bank reconciliation file each month until it is collected. Returned checks should be written off before beginning a new fiscal year.

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

PAYMENTS FOR NON-EMPLOYEE SERVICES CONTRACT LABOR

Local schools must comply with the Internal Revenue Service requirements for the reporting of payments to non-employees (such as athletic officials, plumbers, electricians, etc) for services rendered. Records must be maintained to account for any payments or any service rendered by any individual or organization that is not an employee of the Board, and is not incorporated. The school shall obtain a Form W-9 for every new vendor and send to Central Office for entry into the Nextgen accounting system. Central Office personnel will enter all new vendors by cost center and will notify the school bookkeeper once the new vendor is available for use.

All Forms 1099 will be issued from Central Office as system-wide totals by vendor.

The provision for "Contract Labor" does not apply to employees of the Board. Compensation for employee services is covered in SECTION 9, paid on the regular monthly payroll for employees, and reported on the employee's Form W-2 (Wage and Tax Statement) and the end of the year.

DISPOSAL OF EQUIPMENT

The requirements for the recording of the fixed assets of the I3 Academy Board of Education shall be the same as that of the State of Alabama. That requirement is that items that are not consumable with an acquisition cost of $5,000.00 or more must be recorded as CAPITALIZED FIXED ASSETS. (Any item purchased meeting this definition will be coded with a "541-589" object code when paying the invoice – refer to latest update of the Alabama State Department of Education Accounting Manual for the appropriate code)

The removal of worn out, obsolete or lost general fixed assets from the fixed asset accounting system must be reviewed and authorized either by the Superintendent or by action of the Board. A copy of the police report for stolen or destroyed fixed assets must be attached to the school's copy of the fixed asset inventory card and sent to the central office bookkeeping department. The school should retain a copy of this information.

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

FUNDS COLLECTED FOR LOST OR DAMAGED SCHOOL PROPERTIES

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

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

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

STUDENT PAYMENTS

Student Fees

State laws and administrative rules of the State Board of Education restrict the collection of fees from students:

Alabama Code § 16-13-13 Fees for courses. It is the intent of the Legislature that no fees shall be collected in the future in courses required for graduation. In courses not required for graduation, local school boards may set reasonable fees for courses requiring laboratory and shop materials and equipment, provided, however, that such fees shall be waived for students who cannot afford to pay the fee. Any funds collected in fees shall be spent on the course for which the fee was levied. This section shall not be construed to prohibit community groups or clubs from fundraising activities, provided; however, that students shall not be required to participate in such fundraising activities.

Alabama Code § 16-6B-2 Core curriculum. (a) The following words and phrases used in this section shall, in the absence of a clear implication otherwise, be given the following respective interpretations: (1) REQUIRED COURSES. Courses which are required to be taken by every student enrolled in public schools in the State of Alabama.

Alabama Code § 16-10-6 <u>Incidental fees in elementary schools</u>. No fees of any kind shall be required to be collected from children attending any of the first six grades during the school term supported by public taxation; provided, that any county or city board of education shall be authorized to permit any school subject to its supervision to solicit and receive from such children or their parents or guardians voluntary contributions to be used for school purposes by the school where such children are attending; provided further, that the provisions of this section shall in no way affect or restrict the right or power of a school board to fix and collect tuition fees or charges from pupils attending schools under the jurisdiction of such board but who live outside the territory over which such board has jurisdiction.

In reading the guidance above, it can be noted that academic fees during the regular school term (excluding driver education) may only be charged for materials and equipment used in instructional courses, and that the fees collected may only be used in the course for which the fee was collected. **Actions against a non-paying student, such as withholding grades, report cards, transcripts, academic recognitions, and graduation activities, are prohibited. However, state laws governing textbooks may require the withholding of additional textbooks for a student due to unpaid lost or damaged textbook fines. (See Alabama Code § 16-36-69).**

<u>Donations and Voluntary Contributions</u>
Voluntary contributions may be requested for various items purchased by the school that are used by students in academic courses and classes including workbooks, supplemental instructional materials, lockers, sheet music, and other academic purposes. The voluntary nature of the contribution must be clearly stated in the request for the contributions. <u>Non-payment of requested contributions cannot be used against a student and the student must be provided the same instructional items as if payment was made on behalf of the student</u>.

Donations may be requested for specific school purchases, including janitorial products, cleaning supplies, paper products, copier expenses, software maintenance, and other school purposes. Non-payment of requested donations cannot be used against a student and the student must be provided the same instructional items as if payment was made on behalf of the student.

Donations may be requested for general school purposes, including communication services, additional personnel services approved by the school board, playground upkeep, equipment, maintenance, student lunches, etc. The voluntary nature of the donation must be clearly stated in the request for the donation and a student must be provided the same instructional items as if payment was made on behalf of the student.

Schools that allow events during the school day that charge admission to students should provide admission to a non-paying student to avoid subjecting the student to embarrassment or ridicule.

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

or the local superintendent should approve requests to collect school fees, contributions, and donations.

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

The local school board office can provide guidance on collections from students for meals, snacks, and refreshments; library fines; student parking; charges for participating in extra-curricular activities; summer school; day care; weekend, before school and after school programs; dual enrollment programs; tutoring; and, requests for donations from school vendors.

Field Trips
Teachers often request approval to take students off campus during the school day as enhancement of academic content in fulfilling the course curriculum. Voluntary contributions may be requested to pay the costs of transportation, meals, or admission charges. The voluntary nature of the contribution must be clearly stated in the request for the field trip costs. <u>Non-payment of requested contributions cannot be used against a student and the student must be provided the same participation as if payment was made on behalf of the student.</u>

Field trips during the school day cannot generate a profit but may establish a per student amount that exceeds the individual student costs to provide the funds for the non-paying students, if the costs for the non-paying students are not paid by private sources or non-public school funds. Additional costs should be considered in establishing the per student field trip amount to accommodate for special needs students.

Documents providing information about the field trip to parents and guardians should include information on the disposition of excess field trip funds paid for the students including the cancellation or postponement of the field trip; a student's inability to participate in the field trip due to absence, illness, or disciplinary action; and, requirements to receive a refund for the field trip payment.

The local school board office can provide guidance on student meals, transportation, and approval procedures. School board policies may place limitations and restrictions on school field trips.

Student trips that extend overnight, are held outside of school hours, or are held on a day that school is not in session are considered extra-curricular activities. Generally, extra-curricular activities are not subject to the requirement to provide participation for non-paying students.

TRAVEL EXPENSE REIMBURSEMENT

School employees may be reimbursed for actual travel expenses while such employees are conducting school business. Such payments must be on a reimbursement basis. The rate of reimbursement for travel shall be the Board of Education approved and supported by paid receipts (copies of credit card charges will be acceptable when accompanied by an invoice for lodging and when "meal" is stated on the ticket; must be accompanied by a detail itemized receipt). Receipts for registration charges for attending conferences, etc. must be submitted. All such request for travel reimbursement must be made in accordance with the Board Policy for travel.

All travel reimbursements will be made according to the most current Employee Handbook.

ACADEMIC INCENTIVES

Amendment 558 of the Alabama Constitution permits the use of public funds to promote educational excellence by students. Students may receive food items (but not foods of minimal nutritional value), school supplies, admissions, T-shirts publicizing school academic accomplishments, and other provide tangible incentives for attendance, honor rolls, test scores, and other academic achievements. Academic excellence may also be recognized with plaques, trophies, and award banquets. Academic incentives with a significant monetary value may be provided to a group of students or by selecting individual recipients. (Scholarships and tuition for programs outside of the school's academic program are not permitted.) By preparing and following formal incentive award procedures a school can minimize auditor questions and public scrutiny when the incentive recipients are announced. Procedures for providing academic incentives with a significant monetary value to students should be established before the incentive recipient is determined and should include:

1. Action required for a student to receive an incentive.
2. Relationship of the required action to educational excellence.
3. Description of the planned incentives. (Laptop, cash, gift card, etc.)
4. Value of planned incentives, if known.
5. Process for determining the incentive recipients.

Academic incentives, whether purchased with school funds or donated by other entities or private sources should be secured until provided to the incentive recipients. The student receiving the incentive should sign a form documenting the student's receipt of the academic incentive, excluding those items of insignificant value. The school official that is giving the incentive to the student, along with a witness should also sign and date the form.

SALARY SUPPLEMENTS-GIFTS

No school is authorized to make supplemental payments to personnel for any services rendered in connection with the normal and customary duties associated with the employee's job description. ANY supplemental payment for extra work "above and beyond" the normal duties of a specific job must be submitted to the Payroll Clerk for compensation with the "Monthly Payroll to the Superintendent" {Principal's Service Report}. Such payments will be made on the regular monthly personnel payroll to ensure that all deductions are properly handled. The local

school is responsible for covering such payments and should submit a transfer check to the central office with the payroll requesting additional pay for employee. Contact Chief School Financial Officer or Payroll Clerk for instructions on calculation of fringe benefits.

Schools are expressly prohibited from making loans to employees.

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

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

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

OBLIGATIONS

All obligations of the school must be paid in full by the last day of the following month, sooner if possible, unless a contract is executed detaining time payments. Written contracts for time payments must be approved by the Superintendent of Education before a purchase is made. Any contract entered into by the Principal may be cancelled by the Superintendent and the Principal held personally responsible unless written permission is secured beforehand.

Obligations made for delayed billings must be included in the listing of "Accounts Payable" submitted at the end of each month to the Superintendent/Chief School Financial Officer. The amounts MUST be included in the YEAR-END financial report as an obligation of the school (Accounts Payable Item).

REQUIREMENTS OF REGULATING BORROWING OF FUNDS AND ENTERING INTO LEASE-PURCHASE AGREEMENTS BY SCHOOLS

The I3 Academy Board of Education expressly prohibits the Principal and/or any employee at a school from borrowing any funds from any source in the name of the school or the Board of Education without first obtaining the written approval of the Superintendent of Education and the Board of Education.

The principal and/or any employee at a school are prohibited from entering into any contract or lease-purchase agreement without first obtaining the written permission of the Superintendent of Education and the Board of Education.

The Alabama Code, Section 41-16-57{e} states that "contracts for the purchase of personal property or contractual services shall be let for periods of <u>not greater than</u> five years."

BID LAW

Board policy, Section 6.3, <u>Purchasing,</u> must be followed for any purchase which meets the requirements of the State Bid Law. See attachment PUBLIC WORKS LAW AND REGULAR BID LAW dated May 13, 1998 from the Examiners of Public Accounts (Doug Clark).

ALABAMA BID LAWS

State law requires that certain expenditures of city and county school boards are subject to competitive bidding. Expenditures for labor, services, or work, and the purchase or lease of materials, supplies, equipment, or other personal property involving $15,000 or more are subject to competitive bidding. **[§16-13B-1, et.al.]**

Individual purchases less than $15,000 may be subject to competitive bidding if a school board can reasonably expect to purchase more than $15,000 for like items during the year. School systems may purchase items without bidding by purchasing from the state bid list; however, a school system may not purchase items without bidding on the grounds that a vendor's price is less than the state bid list.

Pursuant to Act No. 97-934, student materials allocations distributed to the schools may be used to purchase materials, supplies, and equipment without competitive bids if the item cost is less than $7,500. **[§ 16-1-8.1] [Note: This amount was <u>not</u> increased to $15,000 when the bid law was amended in 2008.]**

Effective April 22, 1997, contracts for *public works* are not subject to the state bid law. Public works projects of $50,000 or more are subject to the bidding requirements of the Public Works Law. These laws include a definition of *public works* that is applicable if a contract includes labor. **[§39-1-1, et.al.]**

On May 6, 1998, the Governor signed the Act No. 98-663 for the procurement of Guaranteed Energy Cost Savings Contracts. **[§41-16-140, et.al.]**

On June 16, 2003, the Governor signed Act No. 2003-392, to allow educational institutions, including school boards, to enter into agreements for the joint purchase of information technology. **[§ 16-61E-1, et.al.]**

On March 21, 2006, the Governor signed Act No. 2006-279, to allow school boards to purchase goods through a purchasing cooperative approved by the National Association of Counties.

On April 26, 2006, the Governor signed Act No. 2006-621, to allow non-adjoining school boards to enter joint purchasing agreements.

On May 16, 2008, the Governor signed Act No. 2008-379, effective August 1, 2008, to increase the bid threshold to $15,000, to make the bid bond optional, to allow school boards to enter joint purchasing agreements with non-adjoining local agencies, and, effective January 1, 2009, to authorize reverse auctions and life-cycle purchasing.

On May 22, 2009, the Governor signed Act No. 2009-760, effective August 1, 2009, to relocate the competitive bid laws for local boards of education to Chapter 13B of Title 16.

Some expenditures exempt from the competitive bid law include:

- Purchase of insurance
- Professional service contracts {lawyers, CPA's, architects, etc.}
- Contracts to furnish financial advice or services
- Purchases of books, maps, pamphlets, or periodicals
- Purchases made by individual schools from funds other than those raised by taxation or received through state or local government sources
- Contractual services and purchases of commodities for which there is only one vendor or supplier
- Contractual services and purchases of personal property which, by their very nature, are impossible of award by competitive bidding
- Contractual services and purchases related to security.

SALES TAX

Principals are required to follow the Alabama Department of Revenue's Sales and Use Tax Rules (Code of Alabama 1975, Sections 40-23-31 and 40-23-83) (Copy in back of manual).
Schools are not required to pay sales taxes on purchases, or generally, collect sales taxes on sales at the school with the exception of the following:
1) Sales of class rings to students, either directly to the students or through a teacher or school organization,
2) Sales of school photographs either directly to students or to students through a teacher or school organization, and
3) Sales of sweaters and jackets to students either directly to students or to students through a teacher or school organization.

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

FINANCIAL RECORD RETENTION SCHEDULE

All records of the school must be filed and retained in compliance with the requirements of the **STATE OF ALABAMA, BOARD OF EDUCATION RECORDS DISPOSITION SCHEDULE, Sections LG-6-2-14 and LG-6-2-15, LOCAL BOARDS OF EDUCATION GENERAL RECORDS SCHEDULES** as revised October, 1994. Additionally, records being audited or that are the subject of unresolved audit questions must be kept until such time as all audit questions are satisfied.
The following records must be maintained permanently:
1) General Ledger/Trial Balance
2) Inventory Record

Attachment: Local School Records Disposition Authority

THEFT OF SCHOOL FUNDS

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

ATHLETIC TICKET SALES

All funds collected for the sale of athletic tickets must be supported by a "Report of Sales of Tickets", Form LA-4. This form should be signed by the person or persons in charge of ticket sales. Any exceptions or problems should be noted on this form. Gate receipts should never be counted by one person. A copy of this form is included in this manual. Tickets should be sold at all events where admission is charged. Admission events include football, basketball, baseball, softball, volleyball, soccer, wrestling, swimming, track, and other athletic events, as well as, beauty pageants, dances, theatrical performances, talent shows, carnivals, festivals, and other school-related events. The use of tickets for admission events, when properly managed, assures that entrants to events paid the admission fee and that all admission charges are deposited in the school's bank account. Pre-numbered tickets may be printed for a specific event or may be sold from a roll of generic tickets. If generic tickets are sold for seasonal events, such as football or basketball games, ticket colors should be alternated. Security practices, such as having a ticket collector tear tickets in half, may be necessary at some events to avoid the re-use of tickets by entrants to the event. The ticket collector should not be the ticket seller.

A report of ticket sales form must be issued for each individual selling the tickets at the time the tickets are provided to them for the event. The report of ticket sales form should contain the following information:

1). Name of the event.
2). Date of the event.
3). A line for the name or signature of the person receiving the tickets for sale.
4). The beginning and ending ticket numbers of the tickets issued.
5). The beginning and ending ticket numbers of the tickets not sold.
6). A line for the signature of the person receiving the unsold tickets and cash collected.
7). A space for reconciling collections based on ticket sales to actual cash returned.

A Master Receipt should be issued to an individual for the cash collected from ticket sales. A separate Master Receipt should be issued for Change Cash. All cash collected must be deposited intact. **Do not use cash collected or change cash to cash any checks, including school checks issued for officiating, security, ticket sellers, or ticket collectors.**

An Attorney General Opinion stated that the local school board could authorize complimentary passes to certain individuals provided the granting of the passes furthers and enhances school purposes. A Principal cannot issue any complimentary passes without the express authority of the local school board. Public employees and officials and their family members receiving a complimentary pass are responsible for compliance with the State Ethics Law.

FIELD TRIPS

Monies collected from pupils for Field Trips must be receipted, deposited, and expended through the school's Financial Records. FIELD TRIPS ARE NOT TO BE CONDUCTED FOR A PROFIT. Field trips must comply with the I3 Academy Board of Education policies.

FUNDRAISING ACTIVITIES

In order to control fundraising activities, the I3 Academy Board of Education adopted the following fundraising policy:

An accounting <u>MUST BE MADE</u> of the total revenues and expenditures for each fundraising event (ACCOUNTABILITY FORM). The Master Receipt issued must identify the source of funds for items sold or activities conducted {the notation "class project", "senior class", etc. is not acceptable}. The local school board may exempt school-related organizations from this requirement if the activity of the organization is not under the control of the Principal.

Fund raising activities held during class time, activity periods, before or after school must be reported. This includes school organizations, classes or clubs.

All fundraising projects or activities shall be scheduled at such a time as to minimize interference with the school day. The school faculty and/or students shall be allowed, on a voluntary basis to participate in fundraising activities.

The Principal and Superintendent of Education must approve each school fundraising activity conducted by students, teachers, school employees, or school-related organizations. No fundraising project or activity should take place in the school by any group without the knowledge and approval of the local school administrator and Superintendent.

If a fundraising project requires the school or school administrator to sign a contract agreement with a private group, the contract or agreement must be submitted to the Superintendent or the Superintendent's designee for review and approval prior to execution.

The principal and other school employees should adhere to the State Ethics Act, particularly section 36.25.5, which provides that "no public official or employee shall use an official position or office to obtain direct personal financial gain for himself or his family, or any business with which he or a member of his family is associated unless such use or gain is specifically authorized by law."

Each school is to make use of a selection process when choosing items for sale to ensure the best product value to students, parents, and the public. Elementary school students must not be involved in any door-to-door solicitations or sales. **No fundraisers may sell foods of minimal nutritional value during the school day**. The purchase of items for fundraising projects or activities is subject to the I3 Academy Schools' Local School Accounting procedures and the Alabama Bid Law.

A form requesting authorization for a fundraising activity must be approved by the Principal and the Superintendent prior to the start of the fundraising activity and should contain the following information:

1). Date of the request.
2). Name of the individual making the request.
3). Activity account to receive proceeds from fundraiser.

4). Class, club, or organization that will conduct activity, if applicable.
5). Name of fundraising project.
6). Beginning and ending dates of fundraiser.
7). Description of fundraising activity, such as:
        a). name of company supplying items for sale.
        b). description of items for sale.
        c). estimated cost of items for sale.
        d). sales price of items.
        e). description and estimated cost of related fundraiser expenses.
        f). description of method of sales and collections.
        g). estimated profit from fundraiser.
8). Purpose of fundraiser.

Before approving a fundraising activity, a Principal should consider the safety of students involved in the activity. For example, the cheerleader sponsor should supervise events such as a "Car Wash for Cheerleader Camp". The potential profitability for the efforts expended on a fundraising activity should also be considered.

Approved fundraising activities must comply with financial procedures for school funds, including:
1)   All funds collected must be delivered to the Principal's office for a Master Receipt. Do not cash checks from collections.
2)   Income from fundraisers must be deposited on a timely basis. Teachers and sponsors of fundraisers should be reminded not to hold fundraiser income until the fundraising project is complete.
3)   All fundraising expenses, including sales awards to students, must be presented to the Principal for payment by check.
4)   A school employee cannot receive a gift or gratuity from the fundraising vendor.

Monies of all fundraising projects or activities shall be accounted for as per the State Board of Education adopted Uniform System for Local Schools in Alabama as modified for the I3 Academy Schools. Within a reasonable time after completion of the fundraising activity, an **Accountability Form** should be submitted to the Principal that documents the result of activity.

Once the Fundraising Activity Request and Accountability form is complete, it should be submitted to the bookkeeper of the school and kept on file. These documents are subject to audit by Central Office and independent auditors.

COMMISSIONS
Many local schools contract with vendors for school pictures, class rings, yearbooks, book fairs, and vending machines. Although some local school boards have system-wide contracts for all of the schools, other school boards leave the decision to the Principal of each school. The contract with the vendor allows the school to be paid by check for the activity and avoids the collecting, receipting, and depositing of cash and personal checks by the school. The contract should be

written to provide the school with substantially the same net income as if the school handled all of the activity. A vending contract should require the vending company to furnish statements that identify the count of items stocked in the machines with each delivery. A school employee will verify the stocked items. The use of the statement of stocked items to calculate the expected profit from the machines will determine if the school is receiving the expected income from the vending company.

<p align="center">***Foods of minimal nutritional value may not be sold during the school day.***</p>

VENDING MACHINES

Some schools service some or all of the vending machines in the schools. Some vending machines are fully serviced by school employees who stock the machines and collect the funds from the machines. Another method of servicing vending machines has the vending company stock the machine while school employees collect the funds from the machines. Controls should be established to document the products stocked in each machine and the income from each machine. Tracking the profits from each vending machine assists the Principal to insure that:

      a) A malfunctioning machine is quickly identified.
      b) Students and others are not manipulating a machine to take money or receive
      products without paying.
      c) The product price is set above the product cost to obtain a reasonable profit.
      d) Products are not pilfered from storage or when stocking the machine.
      e) All funds from the sale of the vending items are receipted.

The same school employees who remove the funds from a machine should also stock or supervise the stocking of the vending machine. A Master Receipt should be made to the individual for the funds collected from each machine.

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

CONCESSIONS

Concessions include event concessions, school concessions, and school stores. Because most concessions involve cash, and neither cash receipts nor tickets are used to control the exchange of money, proper accounting for the sale products and income is essential. Ideally, a cash register would be used to account for the cash collected. The purchaser would receive a cash register receipt and the cash register would generate a record of sales. An inventory of items purchased, items sold by sales price, and items unsold should reconcile to the cash collected. The following procedures are recommended:

1). Do not cash checks with concession funds. Deposit funds intact.

2). Do not make payments from cash collected. Payments must be made by check.

3). Funds should be collected on a timely basis.

4). A Master Receipt should be issued after counting or verifying the amount of the receipt at the time the funds are actually received.

5). **The person presenting the funds for receipt should wait for a Master Receipt to be prepared and verify the information on the Master Receipt before leaving the office.**

6). Supporting documentation of items sold should accompany the funds collected.

Foods of minimal nutritional value may not be sold during the school day.

GUIDELINES FOR SCHOOL-RELATED ORGANIZATIONS

The majority of public K-12 schools in Alabama operate under the accreditation standards of the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS/CASI). The *Accreditation Standards 2005* published by SACS/CASI includes in *Standard 2 Governance and Leadership 2.4* the following requirement: **In fulfillment of this standard, the leadership of the school…Controls all activities, including extra-curricular, that are sponsored by the school**. This publication also provides in *Standard 6 Financial Resources 6.15* the following requirement: **In fulfillment of this standard, the school…Controls all funds raised in the name of the school….**Interpretations of these standards, primarily *Standard 6.15*, have created conflicting guidance from various sources relating to the accounting requirements for school-related organizations.

In addition to the requirements of SACS/CASI, the Alabama Department of Education must also consider other factors in providing these Guidelines for School-Related Organizations, including:

- *State laws giving the authority to establish financial and administrative requirements for local schools to the:*
    - *State Superintendent of Education.*
    - *State Board of Education.*
    - *Local Boards of Education.*
    - *Department of Examiners of Public Accounts.*
- *Governmental Accounting Standards Board (GASB).*
    - *Generally Accepted Accounting Principles.*
    - *GASB Statement No. 14 - The Fiscal Reporting Entity.*
    - *GASB Statement No. 39 - Determining Whether Certain Organizations Are Component Units.*
- *Federal legislation.*
    - *Internal Revenue Service.*
    - *Congressionally Chartered Organizations.*

The determination that a particular club or organization is a school activity must be made on a case-by-case basis according to the actual facts and circumstances of the club or organization's operations at a school. The fact that an organization would not exist without the school it supports has no bearing on determining that the organization is a school activity. However, the purpose of these Guidelines for School-Related Organizations are to assist these organizations,

school officials, school bookkeepers, auditors, and other agencies in determining the proper accounting for school-related organizations.

Student Organizations

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

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

Athletics

School athletics are extra-curricular activities that must be under the control of the school principal. Coaches and other school employees cannot maintain a separate bank account that supports, or benefits from, a school extra-curricular activity. Funds received to support an athletic activity at a school from sponsors, vendors, or other sources must be included in the school's financial records under the fiduciary control of the school principal. Funds from gate receipts and other sources may be recorded in one or more separate accounts for a particular sport in the school's financial records. However, a separate account for each sport is not required. When athletic events are held on locations other than school property, the school principal's control over the financial operations of the event, including ticket sales, concessions, and parkingfees, will be determined by agreement with the entity in control of the event location.

Parent Organizations

Parent and parent/teacher organizations provide a vital role in the education of students. In Alabama public schools, the PTA and the PTO are the most common parent organizations. Many parent organizations join a national organization that serves the individual school organizations. Each of the national organizations publishes guidance for the financial operations of the individual school organizations. These organizations may have a separate employer identification number (EIN) and a separate mailing address in order to maintain their own records and accounts outside the control of the school. However, these organizations will become school activities if:
> *a) Both parties mutually assent to the fiduciary control of the principal,*
> *b) A school employee leads fund-raising or maintains the accounting records for the organization.*

Currently, all parent organizations are considered to be school activities and are prohibited from maintaining a bank account outside of the school account.

Booster Organizations
All school sponsored extra-curricular activities must be under control of the school and included as a part of the JCS financial records. No booster organization is allowed to operate outside the parameters of the school.

ACCOUNTING PROCEDURES
In an effort to maintain separation of duties while working with limited personnel, the I3 Academy Board of Education Bookkeeping Department will practice the following procedures for issuing purchase orders, verifying satisfactory completion of shipments received, preparing invoices for payment, processing accounts payable checks, entering a personnel payroll and processing personnel payroll checks.

> **NOTE: Where duties are assigned to employees by name, those duties will continue to be performed by the employee replacing the employee who leaves the employment of the Board or transfers to another position until such time as this manual is revised.**

REQUISITION / PO ENTRY/ MAINTENANCE
School Requisitions / Purchase orders will be issued by bookkeepers, secretaries, and/or receptionists and authorized by principal. Completed purchase orders will be checked and prepared for payment by bookkeepers. Requisitions should be entered (with the proceeding instructions) in the Nextgen Budgetary Accounting Purchase Order Entry system to establish an encumbrance.

Use this transaction to add new purchase orders, to change existing purchase order information, and to change a PO's status. Purchase order statuses include: in process, submit, approve, re-encumbered, void, reject, hold and complete. Before entering purchase orders for the first time, you must set up parameter and validation tables for general ledger, requisition, purchase order, and accounts payable; set up general ledger accounts and vendors; and set up security for the user and application (if necessary). Refer to the Purchase Order Set up section of this manual for additional information. The first step is to enter a requisition,

> **Requisition Entry**
> 1. Enter parameters on the Requisition tab (you must enter the PO Prefix; you may accept the defaulted information in the remaining fields).
> 2. Select the Vendor tab and enter the vendor number, (you may accept the defaulted information in the remaining fields).
> 3. Select the Requisition tab, and enter the cost center and requisition number, which may be entered as "O" and click Yes Add {you may accept the defaulted information in the remaining fields).

4.   Select the Detail tab.
5.   Select the Cost Center/Requisition numbers, enter the item detail and click Yes Add, or press the enter key, to accept the item. Enter all items using this procedure.
6.   After you finish entering items, select the GL tab
7.   Select the Cost Center/Requisition numbers and the desired distribution parameter, either Distribute by Item (enter distribution for each item) or Distribution by Document (enter distribution for the total purchase order amount).
8.   Enter, or select, the general ledger account number. If you are distributing the entire extended cost for this item to one account number, click Yes Add, or press the enter key. If you are distributing the extended cost to multiple account numbers, enter the distribution amount for this account, and then click Yes Add. When you split the distribution, the last account number used and remaining amount to distribute are displayed in the GL distribution entry fields. Enter another account number, change or accept the amount, and click Yes Add. Enter all of the distribution using this procedure.
9.   After you finish entering all expense distribution, select the Instructions tab if you want to include special instruction for the purchase order.
10.   When entering special instructions, you can select an item for which to enter the instructions, or leave the field blank to enter the instructions for the purchase order as a whole. Enter the instructions and click Yes Add, or press the enter key.
11.   After you have completed entering all purchase order information (PO prefix and PO number, vendor, requisition information, items, GL distribution, and instructions), you must save the purchase order as In Process. The requisition will route appropriately according to the prefix. All requisitions using federal fund sources must use an FP prefix. These requisitions will route first to the Federal Programs Director. School requisitions accessing state or local funds should use their cost center as the requisitions prefix. These will route first to the building principal. All other Central Office purchase orders will use the prefix of "7O" for general purchases or "95" for building/capital related items. Once the requisitions are approved by the first approver, all will then route to the CSFO, then finally the Superintendent. Once the Superintendent approves the requisition, the CO bookkeeper will transfer the approved requisitions to purchase orders, and an email is automatically sent to the originator to signal approval for the items to be ordered. At this point, funds are electronically encumbered and Nextgen posts the reserved for encumbrance and encumbrance offset accounts.

Modify a Purchase Order
1.   Select a PO prefix.
2.   Enter the purchase order number and press Tab, or click Enter.
3.   The purchase order is displayed.
4.   Select the appropriate tab, or button, and make the changes.

5. Click Submit, or Approve and click Save to save the changes as submitted or approved. If you click Save without clicking Submit, or Approve, the purchase order will be saved with an In-process status. Only purchase orders with an Approved status can be accessed from the Invoice Entry/Maintenance transaction.

Delete a Purchase Order
1. Select a PO prefix.
2. Enter the purchase order number and press Tab, or click Enter.
3. The purchase order is displayed.
4. Click Delete.
5. Click Update (the save button is replaced with the update button when you click delete).

FACTS

If a purchase order is deleted in error, you can reenter it. If a purchase order is marked void in error, delete and reenter it. When the purchase order is marked void, you are given an opportunity to reopen requisitions if the "Purchase Orders: Reopen Requisitions" parameter is checked in User /Group ID Maintenance (System Control/Security Transactions).

A purchase order number cannot be changed. You can void the purchase order (as long as it does not have a status of re-encumbered or completed), reopen the requisition(s), and reenter the purchase order information using a different purchase order number.

Actual dollars can be expensed from approved purchase orders only. You must have the appropriate level of security to change a purchase order's status to Approved. {This security parameter is on the User Parameter (2) tab in User/Group Id Maintenance on the System Control/Security Menu.

You cannot modify a re-encumbered, complete or void purchase order. After a purchase order is marked Re-encumbered or Complete, the PO status can be changed only if the associated invoice is deleted.

Vendors must exist in Vendor tables before they can be assigned to purchase orders.

In-process purchase orders are recorded in the purchase order tables, but accounting entries and memorandum expenditure entries are not made to the general ledger.

When a purchase order is saved with a status other than In process, accounting entries are posted to the general ledger (a credit to reserved for encumbrance and a debit to encumbrance offset), and memorandum entries are made to the expenditure account's encumbrance dollars field. When a purchase order is deleted, or is marked Complete, Void or rejected, the encumbrance dollars are versed from the reserved for encumbrance and encumbrance offset accounts and from the memorandum entry on the expenditure account. For purchase orders coded to track

allocations, encumbrance dollars are updated to the Allocation Tracking account number (person or department) and allocation tracking type specified.

You may enter an unlimited number of G/L distribution lines. Remember, when entering G/L distribution by line item, the total distribution must equal the extended cost for the item. When distributing the expense by document (purchase order total), the total distribution must equal the purchase order total for all items.

The last account number entered will display in the next account number field. Accept the account number, enter a different one or perform a search and select another one.

> Journal Entries
>
> > Credit Reserve for Encumbrance
> > Debit   Encumbrance Offset
> >
> > Reverse the Requisition Memo Entry on the Expenditure Account
> > Post the Encumbrance Memo Entry on the Expenditure Account

PO INFO

Use this tab to enter PO specific information. You can add a new PO Message if the list is incomplete.   To create a summary purchase order, one that does not contain item detail (even if the purchase order does contain item detail}, check the "Summary Purchase Order" parameter.

PO Prefix: Enter the PO prefix, or select one from the list. A PO prefix is required. PO Prefix codes are defined on the PO Prefix tab in PO Validation Tables (Purchase Orders/PO Setup), and are defined to represent fiscal years, departments, special projects, or other purpose. To each PO prefix is assigned a default PO message code (message to print on the purchase order form), the GL distribution method, PO expiration increment (for automatically calculating the PO expiration date), and the last PO number assigned when PO numbers are assigned by PO prefix.

Number: Software will automatically assign.

Type: There are two purchase order types, normal and blanket (open). Normal means you will re-encumber purchase orders based on item quantity received. Blanket means you will re-encumber purchase orders based on amount instead of item quantity received. Only the CO bookkeeper and school bookkeepers can enter blanket (open) purchase orders.

Posting Date: The system date automatically displays. Accept the date, enter a date, or select a date from the calendar.

Fiscal Period: The fiscal period is displayed based on the posting date. When you change the fiscal period, the posting date changes automatically.

Fiscal Year: The year date is displayed based on the posting date. When you change the fiscal year, the posting date changes automatically.

Document Date: The system date automatically displays. Accept the date, enter a date, or select a date from the calendar.

Expiration Date: The expiration date is calculated based on the "PO Expiration Increment" recorded on the PO Prefix tab in PO Validation Table (Purchase Orders/PO Set up). It is only a memorandum and does not prevent processing of invoices issued for purchase orders that have passed their expiration date. Accept the default date, enter a different one, or select a date from the calendar. This date is used to provide a report of expired purchase orders. When the expiration date and the PO date are the same, the purchase order never appears on the Expired Purchase Order Report.

Summary Purchase Order: Check this parameter to create a purchase order that does not contain item detail (even if the requisition does contain item detail).

Owner: Ownership provides a level of security for the purchase order document, though it is not required information. If you select an owner, only the user who created the purchase order and those individuals who belong to the ownership group can modify or delete a purchase order that has a status of submitted, approved, hold, rejected or re-encumbered. (A purchase order with a status of void or complete cannot be modified.) When a purchase order has a status of In-process it can be modified by all users with access to the PO Entry/Maintenance transaction. To assign an owner group to the purchase order, select one from the list.

Add Message Code: A message can be printed on the purchase order form. Click on Add Message Code to add a new PO message without exiting the PO Entry Maintenance transaction.

PO Message Code: A PO message can be printed on the purchase order form. The message is created and assigned a code in the PO Validation Table (Purchase Order/PO Set up). Accept the code, or select one from the list.

Times printed: The number of times this purchase order has been printed is displayed and cannot be changed.

Date Printed: The system date when the purchase order was printed is displayed and cannot be changed.

Print Required: When the "Print Required" parameter is checked in the PO Validation Tables, a PO must be printed before it can be assigned an Approved status. Yes displays if the PO must be printed before it can be approved, or No displays if printing is not required.

Date Entered: The system date when the purchase order was entered is displayed and cannot be changed.

Entered By: The "User Name" of the person who originally entered the purchase order is displayed and cannot be changed.

Last Post Date: The last time the general ledger (accounts payable and expenditure accounts) was updated for this purchase order.

Previous Status: The previous purchase order status is displayed and cannot be changed.

Status: The current purchase order status is displayed and cannot be changed.

User: The User Id of the person who assigned the current purchase order status.

Date Status Set: The effective date of the current purchase order status is displayed and cannot be changed.

Status End Date: The software automatically calculates a date fifty years in advance of the current-status date. The date is displayed and cannot be changed. This date is used as a "select all" reporting parameter.

CCtr/RQ: Click on this button to enter, or view, requisition information {including "ship to" data}.

Detail: Click on this button to enter, or view, detail information (items, quantities, unit costs).

GL Distribution: Click on this button to enter, or view, general ledger distribution (GL account numbers and distribution amounts). Remember, extended cost for each item must be completely distributed, when distributing by line item, or the total extended cost for all items must be distributed when distributing by document.

Instructions: Click on this button to enter, or view instructions.

Submit: Click on this button to change the status of the purchase order from In process to Submitted. The Submit button is not available until total extended cost has been completely distributed.

Approve: Click on this button to change the status of the purchase order from In process, Hold, or Submitted to Approved. The Approve button is not available until total extended cost has been completely distributed.

Hold: Click on this button to change the status of the purchase order from Submitted or Approved to Hold.

Reject: Click on this button to change the status of the purchase order from Submitted, Approved, or Hold to Rejected.

After entering data on the PO Info tab, select the Vendor tab.

VENDOR
Use this tab to select a vendor and vendor terms. Terms default from the vendor's record in Vendor Maintenance (Accounts Payable). You may add new terms if the list is incomplete.

Vendor Number: Enter a vendor number or search and select one. The vendor name and address display in the box to the right of the vendor number.

Terms: The default terms recorded on the vendor's master record automatically displays. Accept the terms or select different terms from the list. Terms are created on the Terms Tab in AP Validation Tables (Accounts Payable/AP Set up) or using the Add New Terms button on this screen.

Add New Terms: Click this button to add new terms to the AP Validation tables (Accounts Payable/AP Set up). Refer to the AP Validation Tables section of this documentation for help adding new terms.

Vendor Maintenance: Click on this button to access the Vendor Maintenance transaction, where you can add, modify and delete vendor records.

After you enter the vendor, select the Requisition tab.

REQUISITION LIST VIEW
Add, Modify, Delete, and View requisitions:

To add a requisition after you have exited Requisition Item, click on the Cctr/RQ button.

To modify requisition information, single click on the requisition in the list view to return that item to Requisition Item. Make the change and click "Yes Add" or press the ENTER key.

To delete a requisition, double click on the requisition in the list view under the cost center, RQ#, Amount or RQ type columns. It is initially marked deleted in the list view and will be permanently deleted along with the related detail items, general ledger distribution, and instructions when you "Save" the purchase order. If you delete a requisition that has items, GL distribution, and instructions, they are also removed.

To view a requisition, use the horizontal and vertical scroll bars. After you have added all the requisitions, click on the Detail tab or the Detail button.

DETAIL

 Use this tab to change item quantity, cost or description, and to add or delete items.

Detail Item Entry

Cost Center/RQ #: A cost center (location) number and associated requisition number are displayed. Accept the cost center and requisition, or select one from the list.

PQ Item/Part Number: Enter a part number if you have one. You must enter either an item/part number or a description.

Description: Enter a description of the item. You must enter an item/part number or description. The description is automatically displayed from the item table when you enter an item number.

Quantity: Enter the quantity.

Cost: Enter the unit cost.

Unit of Measure: Enter a unit of measure or select one from the list.

Asset Inventory Item: This box is automatically checked when you enter an asset/inventory item number.

Yes Add: Click this button to accept the item, clear the Detail Entry fields and return the cursor to "Cctr/RQ#." You can press the ENTER key instead of clicking "Yes Add" to accept the item. The accepted item is displayed in the list view.

Exit: Click this button to leave Detail Item Entry and display all items.

Modify, Delete, and View items:

To modify an item, single click on an item in the list view to return that item to Detail Item Entry. Make the change and click "Yes Add" or press the ENTER key.

To delete an item, double click on the item in the list view under the item or description columns. It is initially marked deleted in the list view and will be permanently deleted along with the associated general ledger distribution when you "Save" the purchase order. If you delete an item that has GL distribution and instructions, they are also removed.

To view an item, use the horizontal and vertical scroll bars.

DETAIL LIST VIEW

Add, Modify, Delete, and View items:

To add an item after you have exited Detail Item Entry, click on Detail button.

To modify an item, single click on an item in the list view to return that item to Detail Item Entry. Make the change and click "Yes Add" or press the ENTER key.

To delete an item, double click on the item in the list view under the item or description columns. It is initially marked deleted in the list view and will be permanently deleted along with the associated general ledger distribution when you "Save" the purchase order. If you delete an item that has GL distribution and instructions, they are also removed.

To view an item, use the horizontal and vertical scroll bars.

After you have added all the items, click on the GL tab or the GL Distribution button.

GL
Use this tab to add or modify general ledger distribution. Remember, extended cost for each item must be completely distributed, when distributing by line item, or the total extended cost for all items must be distributed when distributing by document.

Detail Distribution Entry
Cost Center/RQ #: A cost center (location) number and associated requisition number are displayed. Accept the cost center and requisition, or select one from the list. A cost center and requisition number will continue to display in this field until all extended costs have been distributed for all items for all requisitions.

Distribution by Item: Select this parameter if you want to distribute the expense separately for each item.

Distribution by Document: Select this parameter to distribute the expense for the total requisition amount and not by item.

Distribution Note
The GL Distribution parameters on the PO Prefix tab (Purchase Orders/PO Setup/PO Validation Tables) allow you to distribute the expense by item or by document. If you always want to distribute the expense by document, check the "Default PO GL Distribution By Document" parameter on the user parameters (2) tab (System Control/Security Transactions/User-Group ID Maintenance}, and check the "Allow GL Distribution by Document" on the PO prefix tab {Purchase Orders/PO Setup/PO Validation Tables for specific PO prefix types.

ATN/ATT: These fields display when the "Allocation Tracking" parameter is checked on the Requisition tab. Enter the allocation tracking number and select an allocation tracking type so the amount can be posted to the Allocation Tracking module when you save the requisition.

Account Number: "No Account Number Selected" is always displayed when you access GL Distribution Entry for the first time on a new purchase order. Enter the account number, enter the ASN, or use search to select an account.

You can also enter the account number using the GL Mask feature. To use GL Mask, with the cursor focused on the Account Number field, press the Backspace key or the Delete key, the GL Add Account Mask will display. Enter each account component, pressing tab between components and click accept to redisplay the GL Distribution screen.

PO Item/Part: When distributing the expense by item, the item number, or part number, displays. When distributing the expense by document, the field is blank.

Distribution $: The extended cost for is displayed. Accept the amount, or enter a different one.

GL Account Validation Error: When you enter an account number for which the related Reserved for Encumbrance and Encumbrance Offset accounts do not exist, a message box is displayed for each account. If you entered a valid distribution account number then click yes to add the missing account (if you do not allow the software to automatically add the account, you must manually add it using Account Maintenance 'General Ledger/Table Maintenance' before the distribution account number will be accepted). If you entered an incorrect distribution account and therefore do not want to add the missing account, click No to redisplay the GL Distribution screen, and then enter the correct distribution account number.

Yes Add: Click this button to accept this distribution, clear the GL Distribution Entry fields and return the cursor to "Account Number" if you have remaining extended cost to distribute. You can press the ENTER key instead of clicking "Yes Add" to accept the distribution. The accepted distribution is displayed in the list view.

Exit: Click this button to leave GL Distribution Entry and display all distribution.

Remaining Amount to be Distributed: The extended cost left to distribute displays. You must distribute all the extended cost for each item for each requisition when distributing by item or you must distribute the total requisition amount when distributing by document before you can submit, approve, or save the purchase order. After the total extended cost has been distributed the GL Distribution list view displays.

Over Budget: When the distributed amount combined with previously posted actual dollars, current encumbrance dollars and requisitioned dollars exceeds the budgeted amount for the expenditure account, you will receive the following message (if you are allowed to exceed the budget based on your User Id security). Requisitioned dollars are included in the calculation when the "Include requisition amounts in budget checking calculation" parameter is checked on the Budget Checking tab in GL Parameter Maintenance (General Ledger/GL Setup). Click Yes to exceed the budget, or click No to enter a different account number.

Amount Entered Exceeds Amount Available: When the distributed amount combined with previously posted actual dollars, current encumbrance dollars and requisitioned dollars exceeds the budgeted amount for the expenditure account, you will receive the following message (if you are not allowed to exceed the budget based on your User Id security). Requisitioned dollars are included in the calculation when the "Include requisition amounts in budget checking calculation" parameter is checked on the Budget Checking tab in GL Parameter Maintenance (General Ledger/GL Setup). Enter another account number.

Modify, Delete, and View items:
To modify an existing line of distribution, single click on the line of distribution in the list view to return that distribution to GL Distribution Entry. Make the change and click "Yes Add" or press the ENTER key.

To delete a line of GL distribution, double click on the line of distribution in the list view under the item or account number columns. It is initially marked delete in the list view and will be permanently deleted when you "Save" the purchase order.

To view a line of distribution, use the horizontal and vertical scroll bars.

GL LIST VIEW
Add, Modify, Delete, and View items:
To add GL distribution after you have exited GL Distribution Entry, click on GL Distribution button.

To modify an existing line of distribution, single click on the line of distribution in the list view to return that distribution to GL Distribution Entry. Make the change and click "Yes Add" or press the ENTER key.

To delete a line of GL distribution, double click on the line of distribution in the list view under the item or account number columns. It is initially marked delete in the list view and will be permanently deleted when you "Save" the purchase order.

To view a line of distribution, use the horizontal and vertical scroll bars.

After you have added all the items, click on the Instructions tab or the Instructions button to add instructions or a comment.

INSTRUCTIONS
Use this tab to add or change instructions (comments) on the requisition. You can add specific instructions to an individual item, or you can include a comment regarding the requisition as a whole.

Special Instruction Entry
Cost Center/RQ #: A cost center (location) number and associated requisition number are displayed. Accept the cost center and requisition, or select one from the list.

RQ Item: Select an item from the list view, or leave the RQ item field blank to add instructions to the requisition at large.

Instructions: Enter your instructions or comments.

Yes Add: Click this button to accept these instructions, clear the Special Instruction Entry fields and return the cursor to "RQ Item". You can press the ENTER key instead of clicking "Yes Add"to accept the instructions. The accepted instructions are displayed in the list view.

Exit: Click this button to leave Special Instruction Entry and display all instructions.

Modify, Delete, and View items:

To modify an existing line of instructions, single click on the line of instructions in the list view to return the instructions to the Special Instructions Entry box. Make the change and click "Yes Add" or press the ENTER key.

To delete a line of instructions, double click on the line of instructions in the list view under the cost center, RQ#, Amount, or RQ Type columns. It is initially marked deleted in the list view and will be permanently deleted when you "Save" the purchase order.

To view a line of instructions use the horizontal and vertical scroll bars.

SPECIAL INSTRUCTIONS LIST VIEW
Add, Modify, Delete, and View items:

To add instructions after you have exited Special Instructions Entry, click on the Instructions button.

To modify an existing line of instructions, single click on the line of instructions in the list view to return the instructions to the Special Instructions Entry box. Make the change and click "Yes Add" or press the ENTER key.

To delete a line of instructions, double click on the line of instructions in the list view under the cost center, RQ#, Amount, or RQ Type columns. It is initially marked deleted in the list view and will be permanently deleted when you "Save" the purchase order.

To view a line of instructions, use the horizontal and vertical scroll bars.

SAVING PURCHASE ORDERS
Save as submitted or approved.
After you have added all the items, GL distribution and instructions, click on the Submit or Approve (one or both buttons will be active based on your level of security and the PO Validation

parameter "Print Required"} button then click Save to record the purchase order in the purchase order tables and post journal entries to the general ledger. When you save a PO as Submitted or Approved that was previously saved as In process, you will be prompted to change the posting date if the original posting date and the current system date or different.

Save as In process.
If you have not entered all the purchase order data (items, GL distribution and instructions) and need to exit the transaction, click Save (do not click on Submit or Approve). This will save the purchase order with an In process status (which does not post journal entries or the memo entry to the expenditure account in the general ledger) and will allow you to enter additional information for this purchase order later.

<u>PURCHASE ORDER LOOKUP</u>
You can choose to view all purchase orders or limit the search to a specific range of purchase orders based on your selected parameters.

PO Prefix: This parameter defaults to "All" purchase orders. Accept the default, or select a specific prefix from the list.

Vendor: This parameter defaults to "All" vendors. Accept the default, or select a specific vendor from the list.

Purchase Order #: Leave the fields blank to view all purchase orders for the specified range PO prefix and vendor (or all vendors), or enter a range of purchase orders.

Account Number: Enter an account number to view purchase orders containing that specific general ledger distribution, or leave the field blank.

Status: This parameter defaults to "All." Accept the default, or select a specific status.

Item/Part Number: Enter a part or item number to view purchase orders containing that specific part or item number, or leave the field blank.

Description: Enter an item description to view purchase orders containing that specific item description, or leave the field blank.

Description Search by Options

Starts With Characters: You can view requisitions containing a specific item description or part of a description. Select this option to view purchase orders with a description that begins with specific characters or word(s). This parameter refers to the characters or words entered in the Description field on this screen.

Characters Appear Anywhere: You can view purchase orders containing a specific item description or part of a description. Select this option to view purchase orders with specific characters or word(s) that appear anywhere in that description. This parameter refers to the characters or words entered in the Description field on this screen.

Include Amounts in List View: Check this parameter to include purchase order amounts in the list view.

Search: After you have entered the parameters, click Search. The number of records available for viewing is displayed in a message across the bottom of the screen.

Clear: To begin another search, click this button then enter new parameters.

Next 5: To display five more records, click this button.

Previous 5: To display five previously viewed records, click this button.

Exit: To return to the primary transaction, click this button.

Scroll Bar: To view a purchase order, use the horizontal and vertical scroll bars.

Retrieve Check: To display a specific record in purchase order entry, double click on that item in the list view.

 GL Account Validation Error
After you click Accept on the GL Account Entry Mask, the GL Account Validation Error box is displayed if you entered a new account number. Click Yes to add the account, or click No to exit without adding the account. If the new account number was add, the GL Distribution Entry box is displayed.

Invalid GL Account
If a required balance sheet account (in this case the Encumbrance Reserve account) does not exist, the software displays this message box notifying you of the missing account. If the "Automatically add system generated accounts" parameter is checked in GL Parameter Maintenance, on the GL Parameters tab {General Ledger/GL Set up}, and the "Add General Ledger Accounts" parameter is checked on in User/Group Maintenance, User Parameters {1} tab {System Control/Security Transactions) is checked, then the software automatically adds the account for you. If the software does not automatically add the account, you can minimize the Purchase Order Entry/Maintenance transaction and add the account yourself. If you do not have security clearance to add accounts, another user can add the account for you. The missing balance sheet account must be added before you can save the requisition.

PROCEDURES TO VOID A/P CHECKS

AP/VOID: ACCOUNTS PAYABLE VOID CHECK

Use this transaction to void accounts payable checks and modify reopened invoices. The check status changes from *Paid Posted* to *Voided*.

Menu Tree
     Accounts Payable
     Checks Processing
     Accounts Payable Void Check

FACTS
Only checks with a check status of paid and a check batch status of PP (Paid and Posted) can be voided. Check batch status of paid means the checks have been issued, but the cash disbursement journal entries have not been posted to the general ledger.

JOURNAL ENTRIES

Offline Journal Entries – WITHOUT CLEARING FUND
Debit Cash account in the Expenditure Fund
Credit Accounts Payable account in the Expenditure Fund

Offline Journal Entries – WITH CLEARING FUND
Debit Due-To Clearing Fund account (inter-fund payable) in the Expenditure Fund
Credit Accounts Payable account in the Expenditure Fund
Debit Cash account in the Clearing Fund
Credit Due-From Expenditure Fund account (inter-fund receivable) in the Clearing Fund

Transfer Journal Entries (when the *Auto Post AP Transfer Entries* parameter is checked)
Debit Cash account in the Expenditure Fund
Credit Due-to Clearing Fund account (inter-fund payable) in the Expenditure Fund
Debit Due-from Expenditure Fund account (inter-fund receivable) in the Clearing Fund
Credit Cash account in the Clearing Fund

Delete Invoice Journal Entries (when invoices are deleted)
Debit Accounts Payable account in the Expenditure Fund
Credit Expenditure account in the Expenditure Fund

     And (when the purchase order is reopened)
Debit   Encumbrance Offset account in the Expenditure Fund
Credit Reserved for Encumbrance account in the Expenditure Fund

Encumbrance memo entry on the expenditure account is increased.

If you use a clearing fund and you do not allow the software to post the transfer journal entries, you must manually post the transfer entries using the Create Journal Entry transaction.

Void Check Procedure
1. Select a bank code.
2. Enter a vendor number, or search and select one.
3. Accept the posting date, enter one, or select one from the calendar.
4. Enter a comment. For example, 'check lost in mail" or "vendor never received check."
5. Click *Void*.
6. The Updated Journal Entries Report is minimized on the taskbar (based on parameters set for your User id in on Options {3} tab in User/Group ID Maintenance 'System Control/Security Transactions'}. Print the report and exit the report viewer.
7. Click *Exit* to exit the transaction. When you click *Exit*, the software produces the Void Check Register and displays the message "Void check register must be printed. Have you printed the report?" Click *No* to display the Check Register in the report viewer. Print the report and exit the report viewer.
8. Check the Taskbar to verify that all reports have been processed. If reports remain minimized on the Taskbar, you should select and process each one before exiting.
9. Click *Exit* to exit the transaction. This time click *Yes* when the message "Have you printed the report?" is displayed to exit the software.
10. If you exit the transaction without printing the reports, you can print the journal entries using the Journal Entries Report transaction (General Ledger/GL Reports and Queries/GL Journal Entry Reports/Journal Entry Report) and a check register using the Month to Date Check Register transaction (Accounts Payable/Check Reports.

PROCEDURES TO VOID P/R CHECK

The Chief School Financial Officer or Payroll Clerk will VOID payroll checks through the Nextgen Payroll Void Checks Menu with authorization from the Superintendent of Education.

PR/VPRC: VOID PAYROLL CHECKS

Use this transaction to void employee checks, direct deposit statements, and deduction payments, and vendor deduction checks.

Menu Tree
Payroll
PR Check Processing
Void Checks
Void Payroll Checks

FACTS

A check must have a check status of paid and a reconciliation status of outstanding before it can

be voided.

Void Procedure
1. Select a void date. The void date is used as the void check date and general ledger posting date.
2. Select a bank code, or search for and select one.
3. Enter a check, direct deposit, or receipt number, or search for and select one.
4. Click on *Void*.
5. Reports are minimized in the task bar. Maximize each Crystal Reports viewer and print the report before exiting the transaction. Reports cannot be printed after you exit the transaction.

Note: Any change in the amount of a check will result in an overage/shortage in the clearing fund bank accounts. To cover the transfer corrections:
For a VOIDED check with a replacement of a GREATER AMOUNT, the additional amount must be ADDED TO THE NEXT APT OR PRT and noted on the cash disbursement projected cash report or the payroll cash disbursement summary. If the replacement check is for less than the original check, the amount must be reduced on the next transfer.

If deductions are effected; checks will be voided and re-issued according to Nextgen payroll troubleshooting documentation.

PROCEDURES FOR THE RECONCILIATION OF BANK STATEMENTS

All bank accounts of the I3 Academy Board of Education will be reconciled between the Bank Statement, Check Register/Book and the General Ledger Cash Account on a monthly basis. This reconciliation will be prepared as soon as is practicable after the end of each month. This reconciliation shall be performed in the following manner:

1. Bank Statements received from the Board approved bank shall be delivered UNOPENED to the Chief School Financial Officer for the Central Office and Principal at schools, who will open and inspect the statement.
2. The Chief School Financial Officer or School Bookkeeper will also verify that the interest rate posted by the bank is the agreed upon rate.
3. After inspecting the statement, the Chief School Financial Officer/School Bookkeeper will reconcile the bank statement or give it to the bookkeeper responsible for performing the bank reconciliation.
4. The Chief School Financial Officer / Central Office Bookkeeper /School Bookkeeper will reconcile all bank statements to the check register/book and to the General Ledger Cash Accounts in the following manner:

AP/PCRD: CHECK RECONCILIATION

Use this transaction to enter the statement ending balance, statement ending date and other reconcilable items, and to change any check's reconciliation status from outstanding to cleared.

Final Reconciliation of Previous Month
1. Choose Reconciliation Report
2. Select the bank code. Enter.
3. This will print the previous month's reconciliation report. If the report is in balance and has been printed, choose "Recon", which now highlights in green.
4. This will finalize the previous reconciliation, and allow the current month to open.

Check Reconciliation Procedure
1. Select a bank code.
2. Enter or select a statement ending date.
3. Enter the statement ending balance.
4. Select (check) all checks that cleared the bank.
5. Click Add to enter "Other Reconcilable Items" {deposits-in-transit, bank errors, etc).
6. Click *Save* to save the reconciliation data before exiting the transaction. You can exit the transaction without completing the reconciliation process, but you must first save the data.
7. Click *Show Deposits and JEs* to view manually entered journal entries, including debits to cash that were generated by the cash receipts journal entry transaction.
8. Click *Run Summary Report* to view summarized reconciliation data and print the AP Check Reconciliation and Journal Entry reports.
9. After the Reconciliation Report includes the statement "Book and Statement in Balance," print a copy of the balanced reconciliation and attach it to the bank statement. Do not click on "Recon" until beginning the initial reconciliation procedures for the following month.

FACTS

When entering other reconcilable items, you must select a transaction code with the correct action type. Each transaction code is assigned an action, either cash receipts or cash disbursements. The amount of an *"other reconcilable item"* with a C/R (cash receipt) code is added to the statement ending balance to increase the adjusted statement balance. The amount of an *"other reconcilable item"* with a C/D (cash disbursement) code is subtracted from the statement ending balance to decrease the adjusted statement balance.

You can begin the reconciliation process without completing it during one session. Always click *Save* before exiting the transaction to retain the reconciliation data. The bank statement is not considered reconciled until the software reports the "Book and Statement in Balance" on the Reconciliation Report. After the reconciliation is complete {Reconciliation Report prints "Book and Statement in Balance"}, click on the *Recon* button in the Reconciliation Report transaction to complete the reconciliation process. When the *Reconcile* button is clicked, items are marked

reconciled and are no longer included in the reconciliation report and check reconciliation transaction, and the current statement ending balance and date are moved to the previous statement ending balance and date on the bank code record.

If the Accounts Payable Reconciliation report lists an out-of-balance condition (adjusted statement balance does not equal ending book balance (combined ending-balance of cash accounts for this bank code):

- A deposit-in-transit may need to be recorded as an "Other Reconcilable Item."
- A Bank error may need to be recorded as an "Other Reconcilable Item."
- A manual check (an offline check) may need to be recorded.
- A deposit may need to be entered.
- Interest may need to be posted to the general ledger.
- An NSF check may require journal entries to correct the cash and revenue account balances.
- A check may need to be cleared.
- A check may have been cleared in error.
- A check or deposit may have been posted for an incorrect amount. If so, the error needs correcting in the general ledger.
- The ending statement balance may be incorrect.
- A cash account journal entry may have a status of *"In-process,"* therefore it is not included in the reconciliation calculation. Use the Create Journal Entry transaction to change the journal entry status to posted.

Never enter an "Other Reconcilable Item" to force the reconciliation.

Note: The cash of the I3 Academy Board of Education is carried in one (1) regular accounts and other investment cash accounts deemed appropriate by the Chief School Financial Officer or the Superintendent of Education to provide a clear and concise record of the receipts and expenditures. No bank accounts will be opened without the consent of the Superintendent of Education or Chief School Finance Officer. The bank accounts held by the I3 Academy Board of Education Central Office are:

Operating

Fund

The cash account is designated by the function code 1-0111.

After balancing each account, be sure to keep a copy of the reconciliation report (signed by Principal/Superintendent of Education/Chief School Financial Officer) along with the bank statement. Each month the school bookkeeper will send a copy of each school's monthly bank statement to the central office.

The required monthly reports to be sent to the central office from the local schools are:

Monthly Financial Statement
Monthly Principal's Report containing Principal's Signature
Copy of monthly Bank Reconciliation report
Copy of Bank Statement
Accounts Payable Month-To-Date Check Register

ACCOUNTING PROCEDURES FOR BONDS AND/OR WARRANTS

From time to time, the I3 Academy Board of Education may find it necessary to issue bonds or warrants to finance a capital project of the Board. A bond or warrant issue requires approval of the Board and the following accounting procedures shall be observed:

TO RECORD THE CLOSE OF A BOND OR WARRANT ISSUE:

1. The Full (Face) Amount of the Bond or Warrant issue is recorded to the Long Term Debt Account Group; Debit – (Fund) Account Number 89-1-0192-000-0000-0000-0-0000-XXXX Amount to be provided for retirement of long term debt; Credit – (Fund) Account Number 89-2-0291-000-0000-0000-0-0000-XXXX Bonds Payable
2. The Actual Amount of the Cash Received is recorded in the Capital Projects Fund (Fund Number 14); Debit – (Fund) Account Number 14-1-0111-000-0000-XXXX-0-0000-0000 Cash Account; Credit – (Fund) Account Number 14-4-9110 Sale of School Bonds or Warrants
3. At the specified due dates (as designated in the bond/warrant issue) a check will be written to the Issue Paying Agent. This transaction will be recorded: Debit – (Fund) Account Number 1-114-000-0000 Cash with Paying Agent; Credit – (Fund) Account Number 1-0111-000-0000 Cash Account; This transaction shows that the cash from the

debt service fund for this specific issue has been sent to the paying agent. This is accomplished by issuing an accounts payable check through the process designated for the preparation of accounts payable checks.

4. When the Paying Agent sends verification that payment has been made to the Bond or Warrant Holders, the Accounting Supervisor/Finance Director will record the following accounting entries through the MCAI Budgetary Accounting General Ledger Journal Entry Process. Debit – (Fund) Account Number 5-8100-931 Principal, Long Term Loans; Debit – (Fund) Account Number 5-8200-932 Interest. Long Term Loans; Credit – (Fund) Account Number 1-0114-000-0000 Cash with Paying Agent

NOTE: When the first interest payment is made, the entry will include the accrued payable on the books for the portion of the interest received from the purchaser for the interim period.

Debit – (Fund) Account Number 2-0289-000-0000 Other Liabilities
Credit – (Fund) Account Number 5-8200-932-0000 Interest, Long Term Debt

The only interest expenditure claimed by the Board of Education will be actual interest incurred by the Board.

PROCEDURES FOR PREPARING ACCOUNTS PAYABLE CHECKS
CENTRAL OFFICE
ISSUING ACCOUNTS PAYABLE CHECKS
The following steps should be taken before issuing a check:
- Purchase orders must be complete, all items either received or cancelled if not available. Do not accept backorders. If however, the company ships items separately; make sure all the invoices have been received before preparing to pay.
- The original invoice must be signed by the person receiving materials, the department head, the CSFO, and/or the Superintendent. No payment will be made from a statement.

The Chief School Financial Officer and/or Accounts Payable Clerk will prepare the board invoices for payment. The board invoices will be entered by the Chief School Financial Officer and/or Accounts Payable Clerk. The invoices will be proofed and processed for payment by the Chief School Financial Officer and/or Accounts Payable Clerk. The Child Nutrition Program Director will prepare CNP invoices and the CNP bookkeeper or her designee will enter and process the invoices for payment.

The accounts payable invoices shall be process in the following manner:
1. Line up invoices alphabetically.
2. Check vendor numbers.
3. Check all invoices for purchase order, material receipts, administrative authorization and Superintendent's approval.
4. Enter the batch by selecting:

AP/IENT: INVOICE ENTRY/MAINTENANCE Use this transaction to add new invoices and to change existing invoice information for unpaid invoices. Before entering invoices for the first time, you must set up parameter and validation tables for general ledger, requisition, purchase order, and accounts payable; set up general ledger accounts and vendors; and set up security for the user and application (if necessary). Refer to the *Accounts Payable Setup* section of this manual for additional information.

Menu Tree
> **Accounts Payable**
> **Invoice Processing**
> **Invoice Entry/Maintenance**

Invoice Entry Procedure
1. Enter a batch date.
2. Enter a batch number or create a new batch.
3. Enter parameters on the invoice tab (you must enter the invoice number and gross invoice amount; you may accept the defaulted information in the remaining fields). ***You can save the invoice now, if you do not need to add, modify or delete requisitions, item detail or general ledger distribution. (Click Save to save the invoice with a status of In-process, or click Submit then click Save to save the invoice with a status of Not merged).***
4. Select the reconcile tab if you need to modify quantities or amounts. Modify quantities and cost, and change the re-encumber parameter as needed. ***You can save the invoice now, if you do not need to add, modify or delete requisitions, item detail or general ledger distribution.***
5. Select the Requisition tab.
   - To add a requisition, enter the cost center and requisition number, which may be entered as "O" and click *Yes Add* (you may accept the defaulted information in the remaining fields).
   - To modify a requisition, single click on the requisition in the list view, make the changes, and click *Yes* add.
   - To delete a requisition, double click on the requisition in the list view. If you delete a requisition, the related items and general ledger distribution are also deleted. ***You can save the invoice now, if you do not need to add, modify or delete item detail or general ledger distribution.***
6. Select the Detail tab.
   - To add an item, select the Cost Center/Requisition numbers, enter the item detail and click *Yes Add*, or press the enter key, to accept the item. Enter all items using this procedure.
   - To modify an item, single click on the item in the list view, make changes and click *Yes add*.
   - To delete an item, double click on the item in the list view.

- Y**ou can save the invoice now, if you do not need to add, modify or delete general ledger distribution.**
7. After you finish entering items, select the GL tab
    - To add an item, select the Cost Center/Requisition number, and check the desired distribution parameter, either *Distribution by Item* (enter distribution for each item) or *Distribution by Document* (enter distribution for the total purchase order amount). Enter, or select, the general ledger account number. If you are distributing the entire extended cost for this item to one account number, click *Yes Add*, or press the enter key. If you are distributing the extended cost to multiple account numbers, enter the distribution amount for this account, and then click *Yes Add*. When you split the distribution, the last account number used and remaining amount to distribute are displayed in the GL distribution entry fields. Enter another account number, change or accept the amount, and click *Yes Add*. Enter all of the distribution using this procedure.
    - To change a distributed amount, single click on the GL distribution in the list view, change the amount, and click *Yes Add*. If the account number is incorrect, you must delete the GL distribution item in the list view and add a line of distribution to replace the deleted one.
    - To delete a line of distribution, double click on the distribution in the list view.
8. After you have completed entering all invoice information (PO number, vendor, requisition information, items, and GL distribution), you must save the invoice as either *In-process or Not merged*.

Modify Invoice Procedure
1. Enter a batch date, batch number, vendor number, and invoice number, then press Tab, or click Enter.
2. The invoice is displayed.
3. Select the appropriate tab, or button, and make the changes.
4. Click *Submit* and click *Save* to save the invoice as *Not merged*. If you click *Save* without clicking *Submit* the invoice will be saved with an *In process* status {if the parameter "Allow in process invoices" is checked on the AP Options tab in AP Parameter Maintenance}. Only invoices with a *Not Merged* status can be merged.

Delete Invoice Procedure
1. Enter a batch date, batch number, vendor number, and invoice number, then press Tab, or click *Enter*.
2. The invoice is displayed.
3. Click *Delete*.
4. Click *Update* (the save button is replaced with the update button when you click delete).
5. Next: Print Batch Listing

AP/INBL: INVOICE BATCH LISTING

Use this function to print a list of invoices by batch. All invoices in the selected batch are printed. Refer to the screen image below for reporting options and to the Report Format for a complete list of all data included in the report.

___

Menu Tree
 Accounts Payable
 Invoice Processing
 Invoice Batch Reports
 Invoice Batch Listing

Report Procedure
1. Enter a batch date.
2. Enter a batch number or search and select one.
3. Select a report order.
4. Check the "print invoice description" and " print item detail" parameters if desired.
5. Select an address type if desired.
6. Select the GL account component to use in the component summary.
7. Select a report destination.
8. Click *Enter* to produce the report. The report is printed, displayed in the report viewer, or written to the specified file based on the selected "report destination" parameter.

MERGE INVOICES

AP/MINB: MERGE AN INVOICE BATCH

This transaction changes the status of invoices from *Not merged* to *Merged*, changes the status of purchase orders from *Approved* to *Complete* or *Re-encumbered*, and posts journal entries for reserved for encumbrance, encumbrance offset, accounts payable, and expenditure accounts to the general ledger. After merging an off-line batch of invoices, you must print a Check Register and then use the *Update General Ledger* transaction to post cash disbursement journal entries (cash federal tax liability and accounts payable accounts, and when using a clearing fund inter-fund receivable and inter-fund payable accounts) to the general ledger. A Merged Invoice Batch Listing and Updated Journal Entries Listing are produced by this transaction.

___

Menu Tree
 Accounts Payable
 Invoice Processing
 Merge an Invoice Batch

Merger Procedure
1. Enter update parameters.
2. Click Enter to create and post the journal entries and to print the *Merge Batch Listing* and *Journal Entries Listing*.

FACTS

All invoices in the batch must have an invoice status of *Not Merged* before any invoices in the batch can be merged.

Review any reports produced by this transaction. Review data for correct invoice amounts, vendors, due dates and any other information.

If invoices were mistakenly left out of the batch, enter them in a new batch. Invoices cannot be entered into a batch that has been merged.

If the invoice amount is incorrect and it was entered in an Accounts Payable batch (not an Off-line batch), modify the invoice gross amount, detail and expense distribution using the Invoice Entry/Maintenance transaction.

If the invoice amount is incorrect and it was entered in an Off-line batch, you cannot modify the invoice using Invoice Entry Maintenance. You must void the check number {Accounts Payable Void Check), modify the invoice amount (Invoice Entry/Maintenance), delete the check record (Check Maintenance) from the check tables, and then reenter the check information (Offline Check Maintenance).

The totals printed across the bottom of the merged invoice listing should equal the total printed across the bottom of the Invoice Batch Report that you printed after all invoice were entered.

Select Invoices to be paid

AP/SINP: SELECT INVOICES TO BE PAID

Use this transaction to select invoices for payment. Only *"Merged"* invoices can be selected.

Menu Tree
    Accounts Payable
    Cash Disbursements
    Select Invoices to Be Paid

Select Invoices for Payment Procedure
1. Enter the selection parameters.
2. Click Enter
3. Select invoices for payment from the list.
4. Click Accept Selected.
5. The check batch will be created.

View Batch Detail Records Procedure
1.   Enter the batch number.
2.   Click *Enter* to display the detail records.

Delete a Check Batch Procedure
1.   Enter the batch number.
2.   Click *Delete Batch*.
3.   Click *Yes* when the message, "Do you want to delete this check batch?" is displayed.

PRINT CHECKS

> **Print Check Register**
>
> **AP/PRCR: PRINT CHECK REGISTER**
> Use this transaction to print a check register for any check batch or an offline batch of invoices.

> **Menu Tree**
> > **Accounts Payable**
> > **Cash Disbursements**
> > **Print Check Register**

Update General Ledger

AP/UPGL: UPDATE GENERAL LEDGER

Use this function to post cash disbursement journal entries to the general ledger.

Menu Tree:
>   **Accounts Payable**
>   **Cash Disbursements**
>   **Update General Ledger**

FACTS
When the cash disbursement journal entries are posted to the general ledger, the check batch status changes from *Paid* to *PP* (Paid and Posted).

Update Procedure
3.   Enter update parameters.
4.   Click Enter.

After all steps have been performed, determine the amount of money to transfer into the General Fund from the Building Fund to cover the amount of Fund 14 checks written. The CO bookkeeper/ CSFO will transfer bank account funds from the Building Fund to the General Fund.Keep all reports with checks and documentation filed by the month.

PROCEDURES FOR HANDLING CASH (CHECK) RECEIPTS – CENTRAL OFFICE

1. Designated Central Office employee sorts the mail and distributes it to the proper recipient.
2. Checks are delivered to the designated bookkeeper in order to be receipted into the master receipt book.
3. A receipt is either written for all cash and all checks received from all sources, or electronically entered by the bookkeeper.
4. After receipted, copies are made of all checks, dated and initialized by the one receipting and are provided to the CSFO.
5. The Chief School Financial Officer determines into which bank account the item should be deposited, and the CSFO writes out the deposit and takes it to the bank.
6. Items received should be deposited in the bank on the date received. The CO bookkeeper will assign the proper General Ledger code to each item on the deposit ticket and enters the deposit through the cash receipts module.

The Chief School Financial Officer keeps copies of cash receipts entered into the system, and files it in a file with the applicable month and year. These copies of deposit tickets are retained for end of month cash reconciliation and audit purposes.

PROCEDURES FOR PREPARING AND ENTERING PERSONNEL PAYROLL

The payroll for the employees of the I3 Academy Board of Education is processed on the Nextgen Payroll System on the computer. All information regarding the payment of any employee is given to the payroll clerk who checks and prepares it for entering into the payroll system. All employees of the Board are paid on a monthly payroll. Payroll is issued on the last business day of each month. The monthly payroll is processed as follows:

Perform Employee File Maintenance. Enter all payroll changes for taxes, deductions, insurance, addresses, etc. Any change to an employee's personal or tax information must be supported by the written authorization of the employee. A copy of the written authorization is to be placed in a file in the office of the Payroll Clerk.

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

New Hires:
Documentation of the hiring of an employee by the I3 Academy Board of Education must be furnished to the payroll clerk. The Secretary to the Board shall give to the payroll clerk a copy of the minutes of each Board meeting as soon as possible after the meeting has been concluded. This Board approval shall show the employee's name, the hire date, the position for which this employee is hired and the salary which this employee is to receive

{unless the position and pertinent salary is designated on the Board's approved salary schedule).

The Board Secretary (Superintendent) will establish a Personnel File for all teachers of the Board including all support personnel. These files will be maintained in the office of the Superintendent at the Central Office.

Contents of the Teacher Personnel File
Teacher Certificate
Application for Employment
Write in the upper right corner
      1. Date of Board approval
      2. Date entered on duty (EOD)
      3. School to which assigned
Teacher Institute Form
Transcripts of ALL college credits earned to receive certificate
Experience Statements from other systems

Copies of Board Correspondence
      1. Letter of Board approval of employment
      2. Leaves of Absence
E-Verification Form

Contents of Personnel Payroll File: (All employees)
These forms will be on file in Central Office:
Copy of Social Security Card
Copy of I-9 (Determination of Eligibility for Employment) Immigration Form
State and Federal Tax Withholding forms
Teacher Retirement Enrollment form
Copies of Insurance Enrollment forms
All payroll deduction authorizations
ACH Deposit Authorization, if applicable
Sick Leave Bank form

SICK LEAVE TRANSFER IN:
Put pink form in personnel file – make notation and initial after entered into computer.

GENERAL EMPLOYMENT INFO:
Any employee who has instructed the bookkeeping department to hold his or her check to be picked up must come into the office in person to pick up the check. If an employee is sending a spouse or someone else to pick up his or her check, the employee must notify the payroll clerk or bookkeeping department.

During the summer vacation, payroll checks are mailed by the last working day of the month. A check that has not reached an employee within ten business days after payday, the employee will contact the Payroll Clerk and check will be reprinted.

From the General Ledger Posting printout, the Chief Financial Officer prepares the transfer of funds. This transfer designates the amount of money to be transferred from the General Fund to the Payroll Clearing Fund. CNP funds are transferred to the General Fund – the General Fund is responsible for the entire payroll amount to be transferred to Payroll Clearing.

The Payroll Clerk will prepare Federal Tax Form 941 Electronic Federal Tax Payment System and call in the tax deposit by the next banking day since the Board falls into the 24 hour deposit category as specified by the Internal Revenue Service (IRS) Guidelines.

The Chief School Finance Officer/Payroll Clerk will prepare the State of Alabama Electronic Tax Payment online.

Alabama New-hire Program: On April 22, 1997, the Governor signed into a law a bill requiring the establishment of a mandatory system for employer reporting of al newly hired and recalled workers. Its purpose is to reduce fraud in public programs and locate non-custodial parents who are delinquent in paying court-ordered child support. The law, which is mandated by the Federal Welfare Reform Act of 1996, is effective October 1, 1997.

The New-Hire Act of 1997 (Act 97-228) requires all employers to report all newly hired, rehired, or recalled employees to the State Directory of New-Hires within seven (7) days form the first day of work. As defined by Act 97-228, an employer is "a person or entity, including a state or local government entity or labor organization, who employs an individual to perform of a service for hire and pays wages directly to the individual." An employee is "an individual in the employ of another who performs a service for hire and receives wages."

All employees are to be reported to the New-Hire Program when they are newly hired, rehired or recalled to work. As defined by law, a newly hired employee is "an individual who is employed by a particular employer for the first time." An individual is considered a new hire the first day such individual performs services for remuneration, i.e. the first day of work. As defined by law, a re-hired employee is "an individual who was separated from an employer on other than a temporary basis but who is returning to work for that same employer." An individual is considered a rehired employee if the employer/employee relationship has been served and the returning individual is required to submit a W-4 form to the employer. As defined by law, a

recalled employee is "an individual who was temporarily separated from an employer but who was called back to work for that same employer."

Under the new law, New-Hire will serve to benefit employers and other taxpayers by reducing the cost of Unemployment Insurance, Worker's Compensation, Food Stamps, T.A.N.F. and Medicaid. Much of the savings will come as a result of locating non-custodial parents who are delinquent in paying court-ordered child support. Fraud detection and prevention will be greatly increased under mandatory coverage. A New-Hire Report Form must be completed on every newly hired, rehired or recalled employee and mailed to the State Directory of New-Hires within seven (7) days of the first day of work. Monetary penalties not to exceed $25.00 per violation may be assessed for not complying with the New-Hire program.

Read all instructions carefully before completing the forms.
Mailing address: Alabama Department of Industrial Relations
                        New Hire Unit
                        649 Monroe Street, Room 283
                        Montgomery, AL 36131-0283

Prepare Quarterly Reports. After the monthly payroll for the final month of the calendar has been run and all entries completed and posted, the quarterly reports should be prepared.

Prepare quarterly report to Department of Industrial Relations.
Mail to: Alabama Department of Industrial Relations
                Labor Market Information
                649 Monroe Street, Industrial Relations Building Room 422
                Montgomery, AL 36131-2280
                Phone: 334-242-8870

REPORT OF PAYMENT TO UNEMPLOYMENT COMPENSATION TRUST FUND
The Alabama Department of Industrial Relations makes an assessment annually for State Unemployment Insurance (SUI). A rate is established for the Fiscal Year beginning October 1, XXXX and ending September 30, XXXX. The average quarterly covered payroll for the calendar year is multiplied by the advance payment rate to establish the amount to be remitted each quarter. The payment is debited to Prepaid Items:
11-1-0151-000-0000-6001-0-0000-0000
As the monthly payroll is processed the SUI generated is deposited and credited back against the prepaid account.

At September 30, XXXX, the Department of Industrial Relations performs an analysis of advance payment account of the Board and sends a Credit Memorandum if the Board has made an overpayment to the Unemployment Compensation Trust Fund (CR-4G) or Debit Memorandum if the Board needs to pay an additional amount.

If the Board has made advance payments which exceed the benefit cost, the Board may apply the credit to future payments or request a refund. If a refund is received, the check from the Alabama Department of Industrial Relations should be deposited into the Board's general fund with the following entries:
Credit – Prepaid Items – 11-1-0151/6001
Debit- Cash in Bank – 11-1-0111/6001

Fixed Asset and Supplemental Inventory Accounting and Management Procedures

Purpose
The purpose of this section is to establish organizational responsibilities of Board employees and managers for inventory management, control, accounting, and record keeping and to define fixed assets and supplemental inventory and the guidelines for their capitalization.

Objectives
The objectives of this document are as follows:
- To ensure consistent district-wide procedures for inventory accounting, management, control, and accountability.
- To ensure that management has effectively minimized risk to inventory through internal controls.
- To ensure proper financial accounting and reporting in accordance with Generally Accepted Accounting Principles (GAAP), the Governmental Accounting Standards Board (GASB), and other relevant government accounting standards.

Scope
These procedures apply to all I3 Academy Board of Education employees, regardless of classification offunction. All employees shall exercise the utmost care and diligence in the use, maintenance, and protection of all fixed assets and supplemental inventory.

Responsibilities
- Management personnel, i.e. school principals, and department supervisors are accountable for assets/inventory within their immediate area of responsibility. This accountability is inherent to the position. Accountability includes inventory, control, and maintenance of all equipment in their immediate area of responsibility.
- Responsibility lies within every individual utilizing district equipment for the performance of his or her duties.
- All personnel are responsible to adhere to the procedures included in the I3 Academy SchoolSystem Purchasing & Procurement Procedures Manual.
- Ensure full compliance with the established fixed asset and supplemental inventory accounting and management procedures.
- Report to CSFO and Technology Director when inventory changes locations.

Definitions

1. *Capitalized assets* are defined as real property governed by audit requirements associated with control, accounting, and disposal. A capitalized fixed asset is defined as assets with a unit cost of $5,000 or more.
2. *Non-Capitalized assets* are personal property type assets/ equipment with a useful life of at least one year and a unit cost of $1,000 - $4,999. Exceptions to this rule are the following technology items, regardless of cost:
    i. Computers, laptops, Chromebooks, iPads
    ii. Network Laser Printers

Acquisitions

Fixed assets will be purchased using the purchase order system and in accordance with the Alabama Bid Law. Object codes relative to fixed assets are 500 series for all capitalized assets with a unit cost of $5,000 or more, and 400 series for non-capitalized equipment with a unit cost of less than $5,000. Material will be shipped to and received at each school site or department, in most cases.
Exceptions to the above procedures are those assets received by:
    i. Donations (gifts) from individuals or organizations
    ii. Purchased with local school (LSA) funds

The school principal will report these assets to Central Office. Technology equipment will be received and coordinated with the Technology Coordinator.

All purchases will follow the guidelines included in the I3 Academy School Purchasing and ProcurementProcedures Manual.

Receiving Assets

When equipment is ordered and received, the following steps will be accomplished:

1. Asset(s) will be verified for quantity and condition.
2. Receiving ticket will be printed and signed by receiver/bookkeeper.
3. New Asset information will be provided to the Central Office Fixed Asset Clerk for entering into the Nextgen Fixed Assets Module.
4. For each asset received that is not a component to another asset, a barcode tag will be provided by the Fixed Asset Clerk or the Technology Coordinator for tagging and serial number recording.
5. Inventory records will be maintained to include a description of property, serial number or other identifiable number, source, acquisition date, cost, percentage federal funds (if applicable), location, and condition.

Adjustment of Assets:

Fixed asset records will not be retired, added, or adjusted without written explanation as follows:

1. Transfers: Recorded when an asset is moved from one site / location to another, including transfers between classrooms.

      i. Transfers of technology equipment, including within each location, will be scanned and recorded by the Technology Coordinator in real time.

      ii. All other equipment transfers will be reported to the Fixed Asset Clerk.

2. Disposals: All asset/inventory disposals must be declared as surplus property and **board approval must be obtained PRIOR to disposal of *any* school/district property**. Appropriate personnel will dispose of obsolete/unserviceable equipment in the best interest of the district and will follow federal guidelines for disposition of assets/inventory purchased with federal funds.

      i. Prior to disposal, asset barcode numbers will be removed and sent to the Fixed Asset Clerk.

      ii. Disposal of equipment will be reported to the Fixed Asset Clerk. Once received, the Fixed Asset Clerk will provide disposition authority and instructions.

      iii. Disposal of technology equipment will be identified, coordinated, and reported to the Technology Coordinator.

Temporary Loans:

Defined as any equipment assigned to an employee of the district for off-site use. All temporary loans must be documented. School principals and department supervisors are required to have personnel, under their area of responsibility, sign for and check out equipment to provide visibility of the assets. A record of all temporary loans will be made available during physical inventories. Personal computer devices and cellphones issued to faculty/employees are not considered to be temporary loans, but are recorded and tracked by either the principal or Central Office personnel.

Theft:

On occasion, a school, office, or department will experience theft or vandalism. This should be reported immediately to the CSFO, local authorities, and the district insurance carrier (when applicable). A list of any stolen items should be submitted to the CSFO for the Board to approve for removal from inventory. A police report should accompany the internal report.

Asset Inventory:

Departments and schools will conduct a yearly inventory of all property under their possession and will provide the results to the CSFO / Fixed Asset Clerk. The CSFO and Technology Director will make any necessary adjustments or transfers needed to ensure an accurate inventory count.

All equipment and furniture purchased must be tagged in the accounting system as to which fund paid for the item, especially items purchased with Federal Funds and indicate which Fund (ex: Title I, IDEA-Part B, Federal Vocational, etc.)

Records Maintenance

Inventory records will be a compiled and accurate accounting for fixed assets and supplemental inventory and are fundamental to sound financial management. The responsibility involved in safeguarding such a large public investment is of the utmost importance. This responsibility can only be discharged effectively through adequate fixed asset and supplemental inventory control. Inventory records will be maintained on each asset until disposal.

Accounting Procedures Manual
I3 Academy Board of
Education

_____
School

      I have read the accounting policies as contained in the Accounting Procedures Manual and the Policies of the I3 Academy Board of Education. I will follow these regulations and Policies and will explain them to the School Bookkeeper and/or Secretary, Child Nutrition Program workers, and all other Board of Education employees at this school. I will monitor their actions to assure compliance with the Policies of the I3 Academy Board of Education and the Board Accounting Procedures Manual.

_____
Principal Signature

_____
Date Signed

Please sign and return to the Central Office

Keep a copy for your file.