



FINANCIAL OPERATIONS MANUAL
FOR THE
HARTSELLE CITY
BOARD OF EDUCATION

Revised August 2020

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I. INTRODUCTION

Financial and Accounting Guidelines

This manual is to provide guidance for the oversight of all financial activity and operations of the Hartselle City Board of Education (Board). The Board is subject to the following requirements:

- Generally Accepted Accounting Principles (GAAP)
- Compliance with state and federal laws
- Compliance with all State Department of Education Administrative Code and Regulations
- Internal accounting controls to allow the tracking of financial transactions to the responsible individual and protect the resources of the Board
- Adherence to reporting guidance and statements issued by the Governmental Accounting Standards Board (GASB)
- Compliance with the accounting and coding requirements in the Alabama Department of Education Accounting Manual.

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 and district financial operations.

FISCAL ACCOUNTABILITY (Board Policy 3.1 to 3.21)

The School Fiscal Accountability Law requires each local Board of Education to adopt certain fiscal management policies and procedures. Those policies and procedures are to address the following: regular reconciliation of bank statements, maintaining fixed assets inventory and non-fixed assets inventory, cash deposits, review of monthly revenue and expenditure reports, procedures relating to the expenditure of funds, and the required minimum reserve fund balances. This, and other procedures contained in the Hartselle City Board of Education's Financial Operations Manual, are set forth to comply with this requirement.

II. INTERNAL CONTROLS

The appropriate set of internal controls and a commitment by the Board, Superintendent, and the CSFO are critical to the integrity of a school system's finances and assets. The Hartselle City Board of Education is committed to maintaining an effective set of internal controls that protects the assets of the Board, complements compliance, and supports transparency of the school board operations to the public.

The following five (5) categories are basic to an effective system of internal controls:

Authorization Procedures

The purpose of this basic principle is to assure that transactions (check signatures, purchase order approval, material receipts) are authorized by personnel acting within the scope of their authority. Authorization procedures are also important in limiting access to assets. For instance, only authorized personnel should have access to school store inventories, cash, and certificates of deposit. Personnel records should also have restricted access.

Segregation of Duties

This principle involves the assignment of responsibility for a transaction in a manner such that the duties of one employee automatically provides a cross-check on the work of one or more other employees. The primary purposes of segregation of duties is the prevention and prompt detection of errors in the performance of assigned responsibilities. In receipting of funds, the tasks of receiving/posting funds and bank reconciliation should be handled by different individuals. In the expenditure of funds, the issuing of checks should be done by someone other than the person reconciling bank statements. Adherence to this principle is more difficult in a small school or system with fewer employees. In this case, the Principal/CSFO/Superintendent should exercise closer supervision and review of employees' work to compensate for the inadequate segregation of duties.

Documentation Procedures

Documents provide evidence that the transaction occurred and describes the price, nature, and terms of a purchase transaction. Purchase orders, contracts, receipts, invoices, and checks are illustrative of common types of documents. When appropriately signed, documents also provide a basis for establishing responsibility for recording the information into the accounting system.

Accounting Records and Procedures

This basic principle focuses on the prompt preparation of accurate accounting records and timely reporting of accounting data to the Superintendent, Program Directors, Principals, Teachers, and other select employees. Accounting procedures relate to the timely processing of cash receipts, deposits, purchase orders, cash disbursements, and financial statement preparation within the proper month.

Physical Controls

Physical controls pertain primarily to security measures for safekeeping of assets, computer equipment, accounting records, personnel records, payroll records, and preprinted checks or

other similar documents. Physical controls involve fireproof safes, locked offices, locked filing cabinets, etc.

III. ANNUAL OPERATING BUDGET PROCESS

The Chief School Financial Officer (CSFO), under the direction and authority of the Superintendent, shall have the responsibility for preparation of the annual school budget for submission to the State Department of Education (SDE) by the 15th of September every year. The budget shall be prepared in accordance with rules and regulations prescribed by statutes and the SDE under the authority of the State Board of Education. The Hartselle City Board of Education is committed to developing a budget that supports the Board approved Strategic Plan.

Classroom Instructional Support (CIS) (Board Policy 3.20)

The Foundation Program includes funds for classroom instructional support. Due to state revenue limitations there are some years that the CIS funds are not included in the allocation or only partially funded in the allocation. In years that CIS funds are provided they must be budgeted according to state law and SDE guidelines.

The amounts in each of the categories are based on the number of earned teacher and instructional support units in the Foundation Program and the dollar amount appropriated per teacher unit for each category of CIS. The number of earned units is based on the Average Daily Membership (ADM) as of 20 days past Labor Day from the previous school year.

The following are the categories of CIS:

- Teacher Materials
- Technology
- Library Enhancement
- Professional Development
- Textbooks
- Common Purchases

Teacher Material funds are available so that teachers can purchase materials that support the instructional program in his/her classroom. These funds may be processed at the District level, sent to the schools for processing in the local school account, or by means of a purchasing card given to each teacher. These funds are for the exclusive use by the teacher for their classroom but must comply with state laws and SDE regulations regarding expenditure of such funds.

Textbook funds are typically processed at the District level based on the textbooks being adopted or replacement needs. Expenditure of Textbooks funds may be directed toward digital resources.

Technology, Library Enhancement, Professional Development, and Common Purchases require the formation of a Budget Committee. A Budget Committee is required in any year that any one or more of these 4 categories are funded by in the education budget. The role of the Budget Committee is to develop a budget for each category for presentation to the school faculty to approve. If the budgets are not approved the Budget Committee must make revisions and present to the faculty again.

The budget for Technology Funds should align with the school and system technology plans. The librarians at each school must be included in the development of the Library Enhancement budget as prescribed by state law.

The Budget Committee is comprised of five (5) members consisting of four (4) teachers and the principal, or the principal's designee. The teachers on the committee shall be elected by secret ballot by majority vote at each school. It is recommended, but not required, that the Building Leadership Team (BLT) or the AEA/AFT representative at each school conduct the election of the Budget Committee. The election may be handled differently but should be independent of the school administration. The committee shall elect a chairperson from among its membership and a secretary for keeping minutes of the meetings and actions to approve the budget by utilizing a secret ballot process.

All documentation, including the committee election ballots, the budget voting ballots, and the approved budget should be maintained for at least one full year after the fiscal year audit has been completed for the given period. Copies of the approved budget will be submitted to the CSFO. Originals will be maintained at the local school.

Additional Information:

- Purchases must be valid instructional materials and supplies;
- All teachers receive the teacher allocation amount, even if a school has more units than the school earned from the Foundation Program;
- Hartselle City Board of Education purchasing procedures must be followed;
- Any items that could be a questionable purchase should have documentation explaining the purpose and validity of the purchase such as food for a family and consumer science class cooking lesson.

The CIS approved budgets will be included in the Hartselle City Board of Education budget submitted to the SDE. If the approved CIS budgets are not available in time for inclusion in the initial budget due on September 15th, the CSFO will provide an estimated budget and then include the approved CIS budgets in the first amendment of the Hartselle City Board of Education budget.

Budget Preparation (Board Policy 3.2)

The budget process normally starts during the month of March or April for the following fiscal year. The Superintendent and/or the CSFO will notify all applicable individuals of the initial budget dates.

It shall be the responsibility of principals, supervisors, department heads, and program coordinators to present budget requests for their respective areas of responsibility for review by the CSFO and the Superintendent. The CSFO will prepare the first draft of the budget. A meeting, individually or jointly, will be held with appropriate staff to discuss the proposed budget once it is complete. This will give an opportunity to discuss with all parties' items that may need to be included or omitted. The proposed budget will be subject to review by the CSFO and Superintendent before the budget is finalized and presented to the Board.

The budget for capital projects will be consistent with the Hartselle City Board of Education Capital Plan. Other budget areas such as technology will be consistent with the corresponding plan for that area of operation.

In addition to providing the budget information for the system budget, Federal Program personnel must submit an application in E-GAP. The application includes the budget as well as a plan on exactly how the budget will be spent. The E-GAP application also includes the Continuous Improvement Plans (CIPs) of each school.

Each principal shall submit a budget for his/her school for inclusion in the system budget. No local school budget will be accepted if the expenditures exceed anticipated revenues plus existing fund balance. The budget information must be entered in through the software system or provided to the CSFO in a format that can be uploaded into the software system.

Two public hearings shall be held on the budget and input from the public shall be solicited and reviewed before the budget is approved by the Board. No budget shall be approved where expenditures exceed anticipated revenues plus fund balance. The Superintendent or the CSFO shall inform the Board of any budget that would result in General Fund ending with less than one month's operating balance. All required forms and documents will be submitted with the budget to the SDE.

During the course of a year it may become necessary to make changes to the original budget. Changes may be necessary due to carryover funds in federal programs, budgeting actual beginning fund balances, implementation of new programs, changes to existing programs, or other factors that may affect the budget. Amendments to the original budget may be made one or more times after the original budget is approved, up until June 15th of the fiscal year.

Principals, supervisors, department heads, and program coordinators should submit budget changes/requests for inclusion in the system budget amendment. Budget changes will be reviewed and processed in the same manner as the original budget.

The CSFO will provide monthly reports or ensure that principals, supervisors, program coordinators, and department heads have access to summary and detail information to manage their individual budgets. In some instances, appropriate personnel may be given access to the accounting software in order to have immediate access to reports at all times. All responsible parties should review the information to make sure that their expenditures accurately reflect the current status of their budget(s). Any discrepancies or questions should be directed to the CSFO as soon as possible.

The CSFO will periodically review and analyze all program/department budgets and all salaries and benefits to ensure that monies are being spent according to the budget and in compliance with laws, code, procedures, and policy.

Budgets, monthly check registers, and monthly financial statements will be posted on the Hartselle City Board of Education website as prescribed by the SDE. Monthly financial statements will be posted on the website no later than 45 days after the close of a month and approval of the monthly financial statement by the Board of Education.

IV. FINANCIAL MANAGEMENT AND REPORTING

The following sections apply to the overall Board operations at the district level and the local school level. Specific local school processes can be found in the Local School Financial Procedures Manual.

Receipt of Funds/Deposit of Incoming Funds (Board Policy 3.9.1)

The Hartselle City Board of Education will receive funds from various sources. Foundation Program, federal funds, state grants, and other state appropriations will be received from the State Comptroller via electronic transfer or by check. Additional funds may be received from the local schools, City of Hartselle, grants from various sources, or other local sources. The source or reason for receiving funds will be identified with correspondence by mail, email, request forms, or other documents so that the funds may be credited to the proper accounts.

Receipts from the Child Nutrition Program (CNP) should be deposited on a daily basis by the CNP Manager, or other approved personnel, at each school. Receipt entries will be coded and posted to the accounts by district CNP personnel.

Local schools receive monies from students, parents, admissions, and other sources. The receipt of those funds should be processed according to the procedures in the Hartselle City Board of Education Local School Financial Procedures Manual. All funds received at the local school should be deposited on a timely basis to reduce the possibility of theft or fraud.

All checks (or cash) received at the District Office will be recorded using the receipt module in NextGen by the CSFO or a designee of the CSFO. Any checks and cash will be stored in a secure area until the checks and cash are ready to be deposited. As a rule, very little if any cash is processed through the District Office. Deposits of all funds should be made in a timely fashion.

The CSFO will designate the Central Office Secretary or Payroll Bookkeeper to compile a bank deposit and have it ready for deposit at the bank. The actual deposit will be taken to the bank by the CSFO or their designee in the absence of the CSFO. ***Remote Deposit may be used as opposed to physically carrying the deposit with checks to the bank. Cash deposits will still be taken to the bank.***

Cash Management of Federal Funds

The Board will minimize the time between the receipt of federal funds from the United States Treasury, the Alabama Department of Education, or other pass-through entity, and the disbursement of those federal funds. Federal funds will only be requested to meet immediate cash needs for reimbursement not covered by prior receipts and anticipated disbursements that are generally fixed, such as monthly program salaries and benefits. Disbursements will be made

within twenty business days after receipt of funds. **Hartselle City Board of Education uses the reimbursement method for requests for federal funds.**

The Chief School Financial Officer will maintain financial records that account for the receipt, obligation, and expenditure of each federal program fund. Cash balances for each federal program fund and for the aggregate of all federal programs will be monitored daily by the Chief School Financial Officer or designee.

Board procedures to minimize the cash balances in federal program funds are expected to prevent the aggregate cash balances of federal program funds from earning \$500 or more for the fiscal year if maintained in interest-bearing accounts. The federal program funds, with the exception of Child Nutrition Programs funds, will not be maintained in an interest-bearing bank account if the Chief School Financial Officer determines that banking requirements for minimum or average balances are so high that an interest-bearing account would not be feasible. Federal program funds will be maintained in insured checking accounts that are subject to the state requirements for public deposits under the SAFE program.

NSF Returned Checks – Worthless Checks (Board Policy 3.19)

The Hartselle City Board of Education will maintain a contract with an outside check collection agency to handle the collection of all worthless checks written to the school system. The agency shall guarantee the face value of the check to the board up to an agreed upon maximum amount.

School employees accepting checks shall obtain the following minimum requirements on all checks to ensure the guarantee from the check collection agency:

Check Requirements: Name
Street Address (NO P.O. BOX)
At Least One Telephone Number (Preferably Two)

Types of Checks Guaranteed: NSF (Non-sufficient funds)
Closed Accounts

The Child Nutrition Program (CNP) will not be responsible for any bad debt due to worthless checks. Any uncollectible checks must be reimbursed to the CNP from non-public funds.

Bank Reconciliation

The Accounting Supervisor and/or a CSFO designee will be assigned primary responsibility for reconciling the central office bank accounts. This supports the internal control aspect of segregation of duties. Reconciliation at the local school is typically done by the local school bookkeeper. Local School reconciliations are reviewed and approved by the Principal and reviewed by the Accounting Supervisor and CSFO.

The software automatically handles the general ledger entries to debit and credit all of the appropriate accounts. The bank will automatically transfer funds to cover any debits that are

processed through the payroll and accounts payable bank account. Transfers from the CNP bank account to the general fund will be made after accounts payable/payroll checks are processed, at the end of the month, or on a scheduled routine to keep the accounts reflective of their balances.

The CSFO has responsibility to review and approve the bank reconciliations each month. The CSFO also serves as backup for doing bank reconciliations. If the bank reconciliation is done by the CSFO it should be reviewed and approved by the Superintendent.

Procurement (Board Policy 3.21.5)

The Hartselle City Board of Education is required to comply with all laws and regulations related to purchases with public funds. This includes Administrative Code, the Bid Laws, and the Public Works Law. The authority to purchase is vested to the Hartselle City Board. To facilitate the efficient operation of the schools and the school system the authority to approve purchases has been delegated to principals, program directors, department heads, and supervisors with approval by the CSFO or Superintendent.

Ethics in purchasing is important not only to the individual making the purchasing decisions, but to the reputation of the school system. The State of Alabama Ethics Law applies to all principals and all school employees and states that “no public official or employee shall use an official position to obtain direct person financial gain for himself/herself or his/her family.”

The Principal has fiduciary responsibility for all funds in the local school account. The Principal has direct control of all Public Funds within the school and fiduciary control of all Non-Public Funds.

Public Funds are all funds raised during the school day or using the school facilities. Any tax dollars such as legislative appropriations or appropriations provided from District funds are also considered Public Funds

Non-Public Funds are typically represented by club accounts where students pay a fee to be a member or funds raised by the club or organization outside of the school environment. The Principal has final approval authority for purchases made with all school funds and purchases made by auxiliary organizations such as PTO’s or booster clubs. The principal may also have funds at the District level that have been budgeted that would require his/her approval before submitting to the District Office for processing.

All purchases for the Hartselle City Board of Education will be done through the use of purchase orders. The purchase order is the physical document that is proof of authorization to purchase. There are a few circumstances in which a purchase order may not be required. The exceptions are contracts, signed agreements/leases, utility payments, approved travel reimbursements, and similar type of expenditures. These exceptions represent approvals by the Board or by authority given to the Superintendent by the Board.

It is the responsibility of the LSA and Central Office Bookkeepers to check open purchase orders periodically. If a purchase order remains open after a reasonable period of time has passed, the bookkeeper should make a copy of the purchase order and give it to the person that requested the purchase ordering requesting the status of the order, such as: (a) order has not been placed with vendor, (b) order not complete, (c) waiting on invoice to arrive, (d) void purchase order, (e) other, please explain.

A request to purchase can be initiated by anyone working in the system. That request can be entered through a Hartselle City Board of Education Purchase Order. The individual would then submit the purchase order to their supervisor for approval. In some instances, there may be an interim person that would receive the purchase order and then pass it on to the supervisor or person authorized to approve purchases from a specific budget or fund source.

Depending on the source of funds (budget being used), a principal may have final approval if the purchases are made from local school funds. A principal would submit a purchase request to the Accounting Department or CSFO if state, federal, or grant funds are being used to pay for the purchase.

All purchases from local schools' funds require final approval from the principal. All purchases from district office funds must be approved by the CSFO or the Superintendent.

All district purchases must be based on budgeted funds or the purchases must be approved by the Superintendent or Board. Purchases of \$50,000 or less that are not budgeted may be approved by the Superintendent. The Board should be notified of the purchase which should be submitted as part of a budget amendment (if before June 30.) A purchase greater than \$50,000 must be approved by the Board prior to actual purchase.

A planned purchase of an item (or several like items) may exceed \$15,000 is subject to the Alabama State Bid Law. During the course of the year if the system may spend more than \$15,000 on the same or like items, those items are subject to the requirement of the Alabama State Bid Law.

The requirements of the bid law may be fulfilled by use of local bids that may already be in place, purchasing the items from any one of the purchasing cooperatives available to the Hartselle City Board of Education, or state bids and contracts. Any questions concerning whether a purchase must be placed out to bid, purchased from a purchasing cooperative, or state bid should be directed to the Director of Operations, Accounting Department or the CSFO.

Methods of Procurement: Child Nutrition Program and Other Federal Funds

Pursuant to federal and state laws and regulations and to promote fiscal integrity, efficiency, and competitive standards, purchasing and acquisition methods and procedures outlined in A, B & C

below will be utilized. In addition, to the extent allowed by state and federal laws, the board utilizes state, local, regional, and national purchasing agreements where appropriate (Board policy 3.8).

- A. Micro Purchases: The micro-purchase procurement method is utilized for purchases up to and including \$10,000. These purchases do not require competitive quotes from potential bidders if the final price is considered reasonable. Micro purchases shall be distributed equitably among qualified suppliers to the extent practicable.

- B. Small Purchases: Small purchase is an acquisition of products or services where the aggregate amount exceeds \$10,000 up to \$15,000. Product, equipment, and supply specifications and service, labor, and work requirements must be established and provided to an adequate number of qualified sources.
 - a. Contacting potential vendors when price quotes are needed from two (2) or more qualified sources.
 - b. Ensuring the confidentiality for price quotes are maintained until purchase is made.
 - c. Ensuring small purchases are made based on the lowest price and specifications met.
 - d. Ensuring documentation is maintained and includes specifications used, identification of vendors contacted, vendor price quotes received, and vendor selected.

- C. Formal Sealed Bid Purchases: This procurement method is utilized for purchases with a projected total cost greater than \$15,000.
 - a. Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids and the bids must be publicly advertised.
 - b. Bids will include any specifications and pertinent attachments and must define the items or services to be procured in order for the bidder to properly respond.
 - c. All bids will be publicly opened at the time and place prescribed.
 - d. Bids will be awarded based on criteria outlined in the bid documents. Letters will be sent to all bidders, notifying of bid results.
 - e. Any or all bids may be rejected if there is a sound documented reason.

Noncompetitive Proposals

1. The item is available only from a single source.
2. After solicitation of a number of sources, competition is determined inadequate.
3. Emergency or “Pressing Needs” purchases have to be made.

Procurement Records Retention:

The following records will be maintained for a period of five years plus the current year:

- Records of all telephone quotations

- All written quotations and bid documents
- Comparison of all price quotations and bids with the effective dates shown
- Any pre-approved substitutions
- Any emergency or “pressing needs” documents

Procurement Ethics/Code of Conduct:

The following conduct will be expected of all persons who are engaged in the award and administration of contracts supported by Child Nutrition Program Funds and all other Federal Program Funds.

No employee, officer, or agency of the above-named sponsoring organization shall participate in selection or in the award or administration of a contract supported by CNP or Federal funds if a conflict of interest, real or apparent, would be involved.

Conflicts of interest arise when one of the following has a financial or other interest in the firm selected for the award:

The employee, office, or agent, including:

1. Any immediate family member of person(s) listed above
2. His or her spouse or partner
3. An organization which employs or is about to employ one of the above

The sponsoring organization employees, officers, or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.

The purchase during the operating hours of any food or service from a contractor for individual use is prohibited.

The removal of any food, supplies, equipment, or property of the sponsoring organization, such as official records, recipes, books, and the like, is prohibited.

The outside sales of such items as used cooking oil, empty cans and the like will be sold by contract between the sponsoring organization and the outside agency. Individual sales by any personnel of the sponsor to an outside agency or other personnel are prohibited.

Staff, whether full-time, part-time or contracted, or board or immediate family members of staff or board are prohibited from being providers.

Rental of facilities, equipment, or furnishings from staff or board or another organization of which staff or board is also a member is prohibited.

Hiring of family members and paying them salaries/travel for which there is no documentation of work performed is prohibited.

The selling of items or services to providers from which staff or board members make a profit is forbidden.

Failure of any employee to abide by the above stated code could result in a fine, suspension, or both, or dismissal.

The sponsoring organization will not be responsible for any other explanation / interpretation which anyone presumes to make on behalf of the sponsoring organization.

“Buy American” - Federal funds cannot be used to purchase foods not produced in the United States. Products not grown in the U.S. are exempting, i.e. - olives. The Nutrition Labeling and Education Act of 1990 mandates that the country of origin for both domestic and imported food products be identified on the product label.

Determination of Allowable Costs (Board Policy 3.21.2)

Before instituting a financial transaction that will require the expenditure of federal funds, the Federal Programs Director and Chief Financial Officer or designee will determine that the proposed transaction meets the requirements for allowable costs for the federal program.

Actions to determine allowable costs will assure that:

- The proposed expenditure is included in the federal program budget;
- The proposed expenditure is reasonable and necessary for the federal program;
- The proposed expenditure is consistent with the procedures for financial transactions of the board including:
 - Purchase order approval procedures;
 - Contract review and approval procedures;
 - Applicable competitive purchasing procedures and;
 - Documentation supports allowability of transaction.

Before payments are made from federal funds the Federal Programs Director and Chief School Financial Officer or designee will determine that the federal program expenditure complies with generally accepted accounting principles and complies with state, local, and federal laws, rules, and regulations.

Expenditures and Payment for Purchases (Board Policy 3.9.3)

After purchases have been initiated and the items and invoice(s) have been received, it is the responsibility of the individual requesting the purchase to verify that all items have been received and to prepare the invoice for payment.

The invoice should be reviewed and verified for accuracy. Any discrepancies should be resolved with the vendor. The invoice(s) should be signed and dated indicating that the items have been received and the invoice is accurate and ready to be paid. The invoice should be submitted

together with the purchase order, packing slip, and any other pertinent documentation for the order.

The invoice package should then be submitted to the person that authorized and signed the purchase order. The authorizer should review the payment documents for accuracy; initial and then submit to Accounts Payable for payment.

In the case that there is not a purchase order (such as travel reimbursement) the same process is followed but only the expense voucher will be submitted.

Travel and Travel Reimbursement (Board Policy 3.21.3)

The Hartselle City Board of Education reimburses expenses incurred as a result of travel during official duties, school business, or professional development activities. All travel and professional development activities must be relevant to the performance of or training for job duties related to the Hartselle City Schools. It is not the policy of the Hartselle City Schools to reimburse for travel expenditures for final destinations that are within a ten-mile radius of the employee's normal worksite.

Procedures:

1. Employee Authorization for Travel: A request for Professional Development Leave must be submitted at least fourteen days prior to travel using the AESOP Absence Management Program. The request must be approved by the Principal/Supervisor and the Superintendent's Designee. The leave request form must be accompanied by an agenda, brochure or some other form of documentation to substantiate the need for travel. These items should be electronically submitted by attaching documents to the request for Professional Development. A travel request will normally only be approved for purposes for which funds have been appropriated in the annual budget.

Estimates for the total costs of registration fees, transportation, lodging, meals and any other allowable expenditure should be included in the Notes to Administrator section of the leave request. Unauthorized travel will be at the expense of the employee. No cash advances will be made for travel expenses.

Administrators' travel requests will be approved by the Superintendent. All other employee travel requests will be approved by the Superintendent's Designee.

To receive professional re-certification credit, you must also register on STI-PD.

2. Prepayments: Once approval has been given, registration, lodging and airline tickets may be paid in advance. If the employee cancels the trip and an approved replacement employee does not attend, expenses shall be repaid to the Board by the employee.
3. Authorized Expenses: The Board of Education will reimburse the employee for:
 - lodging;

- meals;
- registration;
- coach airline tickets or mileage for personal vehicle use;
- parking and toll fees;
- taxi or equivalent transportation fares between the airport and the hotel and/or the hotel and the training site.

All authorized expenses should be documented by itemized receipts.

If an employee chooses to travel by personal vehicle when the preferred method of travel is by airline the Board will only reimburse actual mileage up to the cost of the airline ticket.

Hotel expenses will be reimbursed for conferences and events located beyond a 70-mile radius only.

Hotel expenses must be reasonable; reimbursements will be made at the preapproved rates. If lodging other than the host hotel is used the maximum amount of reimbursement will be the lesser of actual expenses or the conference host hotel rate per night for single accommodations. Supporting documentation for alternative lodging is the responsibility of the employee and shall be approved in advance by the Chief School Finance Officer.

Car Rentals must have prior approval, be for out of town business purposes only, and reimbursement should include rental cost and fuel and be supported by detailed receipts. Mileage will not be reimbursed with the use of a rental car.

4. Unauthorized Expenses: The Board of Education will not reimburse the employee for alcoholic beverages, snacks, personal supplies, internet access fees, valet parking or entertainment.
5. Employee Reimbursement Requests: Within seven working days following the employee's return to work from travel, the employee will submit a Travel Reimbursement Request with each section completed, all required attachments, and all necessary supporting documentation including a copy of the approval e-mail from AESOP, a conference/meeting agenda, and name badge (if applicable) to his/her supervisor for review and approval. The form will then be forwarded to the bookkeeper/departmental secretary to supply the vendor number and the appropriate account code. Once approved and accounting information completed, the bookkeeper/departmental secretary will route the Travel Reimbursement Request to the Accounts Payable Clerk for payment. Incomplete requests will be returned to the bookkeeper or departmental secretary. Once reviewed by the Accounts Payable Clerk and any errors corrected, the Chief School Finance Officer will approve for payment.

Travel reimbursement checks will be included in the first available accounts payable check run.

6. Meal Allowances: Employees traveling may be reimbursed the actual costs of meals within the maximum limits established in these travel regulations.

The maximum meal allowances for travel are:

- \$10 for breakfast
- \$15 for lunch
- \$25 for dinner

No meal reimbursement will be made for travel within Morgan County.

An employee will be reimbursed for actual expenses up to the prescribed limit for each meal (including gratuity). A gratuity of up to 15% may be included; however, it must be included in the allowable cost of the meal. Unused meal allowances may not be applied to other meals. *Expenses in excess of the prescribed limits will not be reimbursed.*

7. Meal Allowance Eligibility: Employees traveling may be reimbursed for meals as prescribed in item #6.

The eligibility for meal allowances is as follows:

- An employee is eligible for the breakfast allowance if he/she is on travel status prior to 6:30 a.m.
 - An employee is eligible for the lunch allowance if he/she is on travel status between 11:00 a.m. and 2:00 p.m.
 - An employee is eligible for the dinner allowance if he/she is on travel status between 6:00 p.m. and 8:00 p.m.
8. Mileage Reimbursement Rate: Employees may be reimbursed for business miles traveled in a personal vehicle at the rate established by the State of Alabama. Reimbursement is for point-to-point mileage only. Mileage should be calculated based on the shortest distance for trip, whether from home or place of work. The Board will not reimburse for personal travel miles outside the purpose of the approved trip. It is not the policy of the Hartselle City Schools to reimburse for travel expenditures for final destinations that are within a ten mile radius of the employee's normal worksite.
 9. Required Documentation of Allowable Expenses (reimbursement of authorized expenditures will be made only if substantiated):

- **Registration fee** – publication or invoice/receipt or a copy of check showing payment.
- **Meals** – (including gratuities actually paid not exceeding 15%) – *dated itemized receipt*. (Debit/Credit card charge tickets will not be accepted.)
- **Lodging** – original itemized invoice.
- **Coach Airline Tickets** – original itemized invoice.
- **Mileage for personal vehicle** – substantiated by a map attached to the Reimbursement Request form from point to point; no incidental mileage will be paid.
- **Parking and Toll fees** – substantiated by dated receipt.

- *Taxi or equivalent fees* – substantiated by dated receipt or by hand record showing the date, destination and the amount.
 - *Other expenses* – documented by dated receipts.
10. Employee Responsibilities: Employees are responsible for ensuring the most reasonable rates for all expenditures.
 11. Consultants and Board Members: All consultants hired by the Board and Board members are required to follow the same guidelines as employees (except the Professional Development/Travel request form) when requesting reimbursements.
 12. Other Provisions: The Superintendent may authorize exceptions to the provisions set forth if necessary to meet the needs of the School System’s operations.

BUS DRIVER EXPENSE REIMBURSEMENT GUIDLEINES

The Hartselle City Board of Education provides for bus driver’s meal expenses incurred as a result of driving academic field trips, athletic events, extracurricular activities, or other school related business.

Employees will receive a \$10.00 per diem for each eligible meal incurred while driving school related activities.

The eligibility for meal per diem is as follows:

- An employee is eligible for breakfast if he/she is on travel status prior to 6:30 a.m.
- An employee is eligible for lunch if he/she is on travel status for from 11:00 a.m. to 1:00 p.m. The employee must be on the trip for the complete lunch time for the meal to eligible.
- An employee is eligible for dinner if/she is on travel status after 6:00 p.m.

Proper documentation should be provided by the driver to ensure accurate start and end times.

Per diem payments will be included on the driver’s paycheck and will processed in the first available payroll run after confirmation of all documentation has taken place.

The Superintendent may authorize exceptions to the provisions set forth if necessary, to meet the needs of the School System’s operations.

Journal Entries

Journal entries are used to post transactions that may not be posted through the normal process of issuing purchase orders, processing expense payments, processing payroll, or posting deposits. Journal entries are also used to correct mistakes such as paying a vendor from the wrong expense account.

However, if a journal entry is made incorrectly it can cause an out-of-balance condition for your accounting records (books). It can be very difficult to find errors in journal entries or other accounting entries that cause your books to be out of balance. It is imperative that journal entries be used only when necessary and the person creating the journal entry check and double check the entry before it is entered into the books. Excessive number of journal entries could indicate poor accounting procedures or the possibility of fraud.

As a safeguard, all journal entries should be approved by the CSFO. Journal entries created by the CSFO should be approved by the Superintendent. The Principal should approve all journal entries at the local schools. Documentation explaining why the journal entry is being made should be kept with the journal entry transaction. This will aid in the process of determining why the books and/or bank reconciliations could be out of balance, as well as assisting auditors during the audit process.

Internal Financial Reporting

All supervisory personnel with budget responsibilities will be given monthly or periodic reports that will assist with managing the budgets. The reports should be reviewed to ensure that there are no unauthorized expenditures (or receipts) that have been posted to those budgets. If any suspected unauthorized transactions are identified the appropriate Bookkeeper or CSFO should be notified as soon as possible.

The Bookkeeper or CSFO should immediately review the financial reports and transactions to determine if an error has been made or a correction is necessary. The Bookkeeper or CSFO should then meet with the supervisor to review the information. If it is determined that a correction needs to be made the Bookkeeper or CSFO will make the correction.

Review of Monthly Revenues and Expenditures

The CSFO will provide monthly reports to the Superintendent and the Board. The reports will include the monthly financial reports required by the SDE and any additional reports that serve to keep the Superintendent and Board informed of the current and projected financial status for the Hartselle City Board of Education. The Board must be notified in the Board Agenda each month of the most recent reconciliation of the bank statements to the general ledger.

External Financial Reporting

The Hartselle City Board of Education is committed to transparency in its operation. The monthly financial statements and a monthly check register will be posted on the Board website. Additional reports that may be deemed useful for the public may also be posted to the website.

Monthly financial data will be uploaded the SDE on a monthly basis within 45 days of the month's last day or close.

V. PAYROLL AND PERSONNEL (Board Policy 3.10)

Payroll is the largest budget item for the Board and virtually all school systems. As such, it is imperative that accurate records are maintained to comply with the IRS, Department of Labor, state and local laws, and the SDE.

All compensation payments to Board employees must be processed through payroll. This would include additional pay for supplements, after school programs, and additional pay to coaches above their normal. Travel reimbursement is not compensation and is not processed through payroll.

Each employee has a responsibility to review his/her monthly attendance information and then attest to the accuracy of the information. In order to ensure accuracy of payroll it is the joint responsibility of the principal and the employee at the local school level. This would apply to CSFO, supervisory personnel, and employees at the district level.

Additional information can be found in the Hartselle City Schools Board of Education Employee Handbook.

The payroll and personnel information required to process payroll contains a significant amount of highly sensitive information. Examples include social security number, date of birth, salary information, certain deduction information, and miscellaneous other information. The Board has a responsibility to ensure that this information is protected from being seen or changed by anyone other than designated personnel working in the Personnel/Payroll Department.

All changes to any payroll/personnel information within our database will be limited by security settings that are assigned to each user of the software. Only the Payroll Bookkeeper and the CSFO will have rights to make changes to any of the payroll/personnel information. Changes will only be made when appropriate documentation is submitted for making changes. Some examples include address changes, payroll withholding changes, or salary changes due to contract changes.

It is the primary role of the Payroll Bookkeeper to make the changes and file the appropriate documentation in the employee's file. The software tracks all changes that are made. If an issue does arise, an audit report can be printed to show the changes made and the user id of the person making the changes. The Board uses the Employee Self Service module offered by Harris. Thus, if at all possible, the employee should request all changes through this method to ensure the appropriate approval and audit trail of changes are maintained.

In addition to internal data security, external data security will be provided by appropriate firewalls, other software, and other hardware to provide data protection from access outside of

the Personnel/Payroll Department. The Technology Department will have responsibility for this external data security within the Hartselle City Board of Education data network.

Conflict of Interest (Board Policy 5.6)

Generally, a conflict of interest exists when a board member, board employee, or agent of the board participates in a matter that is likely to have direct effect on his or her personal and financial interests. A financial interest may include, but is not limited to, stock ownership, partnership, trustee relationship, employment, potential employment, or a business relationship with an applicant, vendor, or entity. A board member, board employee, or agent of the board may not participate in his or her official capacity in a matter that is likely to have direct and predictable effect on his or her financial interests.

A board member, board employee, or agent of the board will abide by federal and state laws and regulations that address conflict of interest standards. In general, the federal rules provide that:

No employee, officer, or agent of the board shall participate in selection, or in the award or administration of a contract supported by federal funds if he or she has a real or apparent conflict of interest. Such conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs, or is about to employ any of the parties indicated therein, has a financial or other interest in or a tangible personal benefit from the firm considered for a contract. The board's officers, employees, or agents will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subcontractors.

The board's conflict of interest policies include adherence to the Alabama Ethics Law, which defines conflict of interest as:

A conflict on the part of a public official or public employee between his or her private interests and the official responsibilities inherent in an office of public trust. A conflict of interest involves any action, inaction, or decision by a public official or public employee in the discharge of his or her official duties which would materially affect his or her financial interest or those of his or her family members or any business with which the person is associated in a manner different from the manner it affects the other members of the class to which he or she belongs.

A board member, board employee, or agent of the board may not review applications, proposals, or participate in the evaluation or selection process where his or her participation in the review process would create the appearance that he or she is: (a) giving preferential treatment; (b) losing independence and impartiality; (c) making decisions outside official and appropriate channels; or (d) harming the public's confidence in the integrity of the board.

Situations and circumstances presenting an actual conflict of interest or the appearance of a conflict of interest should be brought to the immediate attention of the Superintendent. A board employee, board member, or agent of the board who has knowledge of a possible conflict of interest should identify the conflict and notify the Superintendent. The Superintendent will document his or her actions related to the reported conflict of interest. Resolution can consist of disqualification, recusal, waiver, or other appropriate measures. Appropriate measures may include reporting a conflict of interest to the State Ethics Commission, the Alabama State Board of Education, or the appropriate federal agency.

VI. OTHER AREAS

Audits (Board Policy 3.6)

An independent certified public accountant (CPA) firm will be selected by the Board and will perform an annual audit, and will issue their opinion in the published audit. Selection of the audit firm will comply with PART 200 - Uniform Guidance for Federal Programs issued by the Office of Management and Budget.

General Fund Reserve

The Board recognizes the importance of long-term financial stability to serve the needs of the students and provide the best possible education for the Hartselle community. The Board will strive to maintain three (3) months available operating fund balance, as directed in the Superintendent's and CSFO's goals. A minimum one (1) month operating balance is required by law.

Banking (Board Policy 3.9.1 & 3.9.2)

The selection of a banking institution for school or district funds should involve a comparison of the operating features of various banks. Although proximity to the school is important for daily deposit of funds, bank charges and other banking procedures can create problems in managing school funds. All funds encompassing all school and board of education operations are to be deposited into a qualified public depository by the Security for Alabama Funds Enhancement (SAFE) program administered by the Alabama State Treasurer.

The Hartselle City Board of Education District Office will have at a minimum three (3) bank accounts: one for payroll, one for general fund or operations, and one for the Child Nutrition Program (CNP) which will serve primarily as a deposit account. The payroll account may be a zero balance account and is used to process only the employee payroll amounts and the vendor deduction check amounts created from payroll. Additional accounts may be established as needed to enhance the effectiveness or the investments of the operation of the Hartselle City Board of Education.

A school should have no more than one (1) checking account. Funds not needed for current operations may be invested in CD's, money market accounts, or saving accounts, must be recorded in the school's accounting records and included in the school financial statements.

Debt

The authority to borrow money and incur debt is vested with the Board of Education. All financing must be approved by the Board. **The principal and/or booster clubs do not have the authority to obtain loans in the name of the school without approval by the Board.**

Lease purchases are another acceptable form of extending the length of time a school or the Board may take to pay for equipment. Leases must be approved by the Superintendent.

Inventory (Board Policy 3.7)

A. Capital Assets Inventory

The requirements for the recording of the fixed assets of the Hartselle City Board of Education shall be the same as the State of Alabama. That requirement is that all items that are not consumable with an acquisition cost of \$5,000 or more must be recorded as capitalized fixed assets.

B. Supplemental Inventory

A supplemental inventory must be maintained at each building. An inventory item is a moveable or fixed unit of furniture or furnishings, an instrument, a machine, an apparatus, or a set of articles that meet all the following conditions:

- Furniture costing more than \$1,000
- Donated items with value over \$1,000
- Technology items – See Appendix 1

The following is used to further distinguish furniture and equipment from supplies:

- Lasts longer than one year
- Repair rather than replace
- Independent unit rather than being incorporated into another item
- Exceeds minimum dollar value

Supplemental assets are defined as:

- a. real property with a unit cost or donated value less than \$5,000 and
- b. has a useful life greater than one year and
- c. will be replaced when worn out rather than repaired
- d. supplemental are not capitalized and will be coded to the 400 series object codes
- e.

Items that meet the requirement for an inventory item must be coded with an expenditure object code of 491-499.

The Principal at each local school (or his/her designee) is required to conduct a physical inventory of all equipment at each school on an annual basis. The purpose of this inventory is to locate all items, complete missing information, enter corrections as needed, verify that items are properly marked and/or barcoded and determine that items removed were properly documented. Upon completion of the annual physical inventory, the Principal must sign and submit the Physical Inventory Completion form to the Central Office. The district may contract this process to an outside vendor. If so, the principal will be notified of the company and the dates of the inventory process to be performed.

Capital Assets - Fixed Assets (Board Policy 3.7)

Fixed assets are defined as:

- a. real property with a unit cost or donated value greater than \$5,000 and
- b. has a useful life greater than one year and
- c. is more feasible to repair than replace
- d. fixed assets are capitalized and must be coded to the 500 series object codes

Theft or Damaged Property

On occasion, a school or office will experience theft or vandalism. This should be reported immediately to the Chief Operating Officer, local authorities, and the district insurance carrier (if applicable.) A list of any stolen items should be submitted to the CSFO for the Board to approval for removal from inventory.

Record Retention (Board Policy 2.7)

The efficient management of public records for the Board enhances the overall efficient operation of the Board. It is the goal of the Board to eliminate, to the extent possible, hardcopy records and maintain as many records as possible in digital format.

Hardcopy records that are not disposed of properly once their retention life has expired requires more storage space and makes the process of locating specific records more difficult because of the volume of records. Many records (paper or digital) that must be maintained contain confidential information such as social security numbers and dates of birth. The Board has an obligation to secure and protect this information. Records that are inadequately maintained could potentially result in identity information being compromised.

The Alabama Department of Archives and History (ADAH) provides a document that identifies all records that must be maintained and the retention period for those records.