

Financial Procedures for Local School Funds Legal Compliance Guidelines

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AASBO – LOCAL SCHOOL PROGRAM

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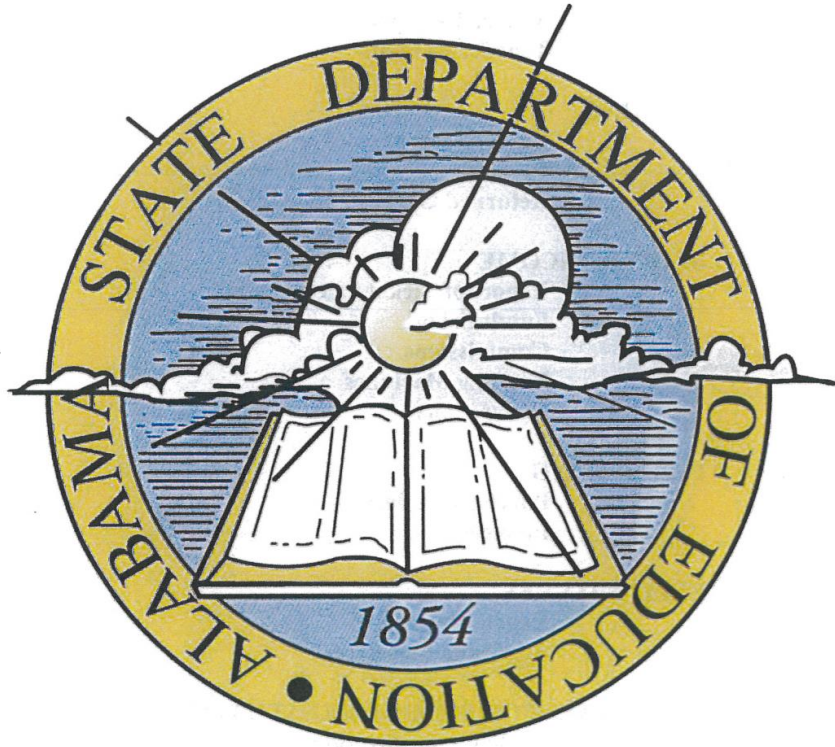
Financial Procedures for Local School

Available from Alabama Department of Education

- www.alabamaachieves.org
- Teachers & Administrators
- LEA Fiscal Accountability
- Local School – Procedures
- Local School Financial Procedures

**FINANCIAL PROCEDURES
FOR
LOCAL SCHOOLS**

APPROVED JUNE 10, 2010



ALABAMA DEPARTMENT OF EDUCATION

Agenda

- ❖ Public / Non-Public funds
- ❖ Parent & Booster Organizations
- ❖ Classroom Instructional Support (CIS) funds

Public vs. Non-Public



Public Funds

- Funds received from public (tax) sources.
- Funds received from non-tax sources but used for public purposes.
- Any funds subject to the direct control of the school principal.

Public Funds – Revenue

- Admissions
- Appropriations
- Concessions*
- Commissions
- Dues & Fees – Required
- Fines & Penalties
- Fund Raisers*
- Grants
- Sales
- Donations*
- Accommodations*
- Other*
 - *In specific situations, these may be considered Non-Public

Public Funds – Allowable Expenditures

- Professional Development Training
- Refreshments for an open house at a school where the public would attend
- Pregame/Postgame meals for student athletes and coaches (NOT Principals or spouses)
- Meals for faculty and staff for a meeting that extended into lunch hour and food had to be provided for the meeting to continue
- Membership in professional organizations

Public Funds – Allowable Expenditures

- School landscaping, maintenance, furnishings, and decorations
- Expenditures for pictures for school office
- Expenditures for flower arrangement for school office
- Transportation to events related to a school sponsored activity
- Academic incentives for students
- Athletic and band uniforms for students participating in school activities

Public Funds – Expenditures Unallowable

- Food items for teachers or teachers lounge
- Beginning of year breakfast with faculty & staff
- Faculty & staff Christmas luncheon
- Coffee & cups for employees
- Lunches for teachers for school closing activities
- Planned lunches for faculty & staff



Public Funds – Expenditures Unallowable

- Gift Items for Staff
 - Faculty Appreciation Gifts
 - Holiday Gifts
- Flowers for sickness, death, secretary week, etc. for staff or their family
- Dues to private clubs (Rotary, Kiwanis)
- T-Shirts for office staff
- Staff Holiday parties / Christmas gifts



Public Funds – Expenditures Unallowable

- Alcoholic beverages
- Scholarships for Students (to be used after graduation)
- Food items for social gatherings
- Meal expenditures for employee spouses
- Championship rings
- Christmas cards
- Donations to various organizations



Non-Public Funds

- NOT received from public (tax) sources.
- NOT required to be used for public purposes.
- Subject to the intent and authorization of the organization's members, officers, and sponsors and not used for general operations of the school.
- The Principal does not direct the use of these funds.

Non-Public Funds – Revenue

- Concessions*
- Dues & Fees – Self imposed by clubs or classes
- Fund Raisers*
- Donations*
- Accommodations*
- Other*
 - *In specific situations, these may be considered Public funds

Non-Public Activity Accounts

- The Principal cannot use or transfer non-public activity funds without the approval of the organization's officers or sponsor.
- Monthly reports should be provided to the organization's officers or sponsor reflecting the operations and balances of the activity.

Public vs. Non-Public

- You can transfer non-public to public, but NOT public to non-public
- You cannot purchase “stuff” (clothing, food, flowers, coffee, etc.) for teachers or other staff from public funds
- If non-public receipts are commingled with public receipts, the all become public
- A non-public account is not allowed to have a deficit.
- When in doubt, it’s probably public!!!

Food Purchases

Numerous questions arise surrounding the purchase of food items or refreshments from Public Funds.

- All-day Professional Training Meetings – YES
- Open Houses - YES
- After-school Staff Meetings – NO
- Staff meeting day before school starts/end of year – NO
- Candy – NO
- Food (such as pizza party) for students to reward, motivate, or act as an incentive for instructional purposes – YES
- Meeting goes past the meal hour and it would impede the progress of the meeting to stop – YES
- Athletic Recognition Banquets – YES (for coaches & students)



Academic Incentives

- Public funds can be used to promote educational excellence by students.
- Excellence includes
 - Attendance
 - Honor rolls
 - Test scores
 - Other academic achievements

Academic Incentives

- Incentive awards procedure
 - Action required for a student to receive an incentive
 - Relationship of the required action to educational excellence
 - Description of the planned incentive
 - Value of the planned incentive
 - Process for determining the incentive recipients.
- For incentives of significant value, signed documentation of the student's receipt of the incentive should be maintained. This should include signatures of the student, school official, and a witness.

Constitutional Amendment No. 558

- May expend public funds for the recognition of significant academic achievement or contributions to education.
- May expend public funds to promote educational excellence by students, faculty, staff, and the public.
- Recognitions may be in the form of trophies, plaques, academic banquets, and other honors.



Deficits Activity Accounts – Audit Finding

Section 94, Constitution of Alabama 1901, states the Board cannot lend its credit, or grant public money or a thing of value to any individual, association, or corporation. Several of the schools are using public funds to finance operations of their non-public activities. The following schools had deficit cash balances in their non-public activities at September 30, 2019:

- The Academy \$(641.70); K-8 School \$(2,327.46); Elementary School \$(1,311.46); High School \$(33,546.04); Middle School \$(4,303.29)

Deficits Activity Accounts – Audit Response

- The Finance Dept. conducts training and workshops for principals and bookkeepers on a continuous basis. Every principal has been told of the importance of monitoring all expenditures made from their local accounts and the importance of making sure funds are available prior to committing those funds. Principals have also been informed that they are responsible for all monetary transactions occurring at their school and that they cannot spend monies from activities where no funds exist.
- Beginning November 2020, Finance local school accountants will make a minimum of four visits to each school within a twelve-month window to review the school's backup information to their monthly financials, to monitor school practices, and to provide further one-to-one training as needed for the bookkeeper, secretary, and/or principal

Parent and Booster Organizations

Parent & Booster Organizations

PTOs and PTAs - Included in the school financial records and the school bank account unless:

- It has an EIN number and separate mailing address, and
- No employee of the school **leads** the organization's fund-raising, and
- No employee of the school maintains the accounting records for the organization.

Boosters - Included in the school financial records and the school bank account unless:

- It has an EIN number and separate mailing address, and
- No employee of the school, **who is associated with the activity supported by the booster organization**, serves/holds a leadership position in the organization.
- No employee of the school **leads** the organization's fund-raising, and
- No employee of the school maintains the accounting records for the organization.

Parent & Booster Organizations

Parent organizations and booster organizations that maintain their own financial records must provide:

- Proof of employer identification number.
- Annual audit report.
- Financial records to the school's auditors and authorized school employees upon request.
- Required financial reports.
- Proof of a fidelity bond for the treasurer.
- Assurance that it will not provide any payment or benefit to a school employee (or family member of a school employee) in violation of the State Ethics Law.

Boosters – Audit Finding

The Financial Procedures for Local Schools as provided by the Alabama Department of Education contains guidelines for school-related organizations. These guidelines require athletic activities to be under the control of the school principal. Several athletic booster accounts are maintained outside of the school's financial records. As a result, these booster accounts are not under the control of the school principal to ensure proper accountability

- The Board of Education will encourage booster organizations with significant amounts of receipts related to athletic events to be maintained in the related local school's accounting records.

Boosters – Audit Finding

Section 94 of the Constitution of Alabama 1901, as amended by Amendment 558, prohibits the Board from giving public money to a private person, corporation or association. The Financial Procedures for Local Schools, as provided by the Alabama Department of Education, defines gate receipts from athletic events as public funds and that the receipts are subject to the control of the school principal. Additionally, all of a school's money is required to be receipted and deposited in the school's bank account. At the High School, none of the gate receipts for baseball games were deposited into the school's bank account. This was discussed with the School Principal who stated that baseball game gate receipts were retained by the baseball booster organization, of which the financial activity is not reflected on the school's books.

- The Board of Education will require gate receipts to be deposited into the athletic funds at the local school.

Classroom Instructional Support Funds

Classroom Instructional Support

- Library enhancement
- Student materials
- Professional development
- Technology
- Common purchases (not currently funded)

Budget Committee

- Each school will have a budget committee
- Four teachers and the principal (or designee)
- Teachers elected annually by secret ballot vote of the teachers at the school
- The budget committee will propose a budget for the classroom support categories except student materials allocations and textbooks.

Budget Committee -continued

- Committee will elect a member as the chair and a member as a secretary to keep minutes

- The committee may form advisory committees

Proposed Budget for Technology, Professional Development, and Library Enhancement

- The professional development and technology budgets must be consistent with the latest plans submitted to the ALSDE.
- Library enhancement budgets will be developed in consultation with the school's media specialists.*
- The proposed budget for each category of classroom instructional support (excluding student materials allocations) will specify the common items which may be purchased, and the amount allotted for each teacher to spend.

Library Enhancement

- The teachers vote on how library enhancement allotments are to be spent.
- The librarian can only offer advice to the budget committee or subcommittee.
- However, two state laws state that these funds are for the library media center, not the classroom.

Approval by Teachers

- The proposed budgets will be submitted to teachers at an annual meeting.
- The annual meeting may be at the beginning or the end of a school year, or both.
- The teachers will have at least two workdays to review the proposed budgets.
- The teachers will vote on the proposed budgets by secret ballot.

Approval of Proposed Budget

- A majority vote of the teachers voting at the school is required before any part of the proposed budget is implemented.
- A proposed budget that is not approved is returned to the budget committee for reformulation, taking into consideration the teachers' recommendations at the annual meeting.

Approval of Proposed Budget

- The revised budget proposed by the budget committee will be submitted to a secret ballot vote of the teachers.
- If the revised proposed budget is not approved by a majority vote of the teachers, the process will continue until a budget is approved.

Approved Budgets

- A report on the approved budget, utilizing ALSDE forms will be submitted to the local superintendent.
- Maintain all budget committee minutes, proposed budgets, revised proposed budgets, and the secret ballots for budget committee members, each proposed budget, and each revised proposed budget.

Permissible Expenditures

Classroom instructional purposes only:

- to be used only by classroom teachers or students in the teacher's classes for instructional materials, supplies, equipment or electrical equipment which is actually utilized with students in the teacher's classroom except funds for common items in the school budget for technology, professional development, and library enhancement.

Allowable Expenditures

The Common Purchases* allocation can include:

- Copiers, copier supplies, copy paper, copier maintenance contracts, staplers, paper cutters, hole punchers, etc.
- Tables and cabinets for using and storing the copiers and supplies.
- Fee for purchasing consortium contract if the fee will be offset by savings.

***NOT CURRENTLY FUNDED**

Allowable Expenditures – cont.

- TVs and media devices used in the classroom (and counselor's office) for instructional purposes, and the stands, carts, and cabinets used to hold and store them.
- Computers and peripherals used in the classroom (or counselor's office) for instructional purposes, if consistent with the technology plan.

Allowable Expenditures – cont.

- File cabinet, plastic storage containers, and shelves used to store tests and instructional items in the classroom.
- Black-out shades for classroom.
- Rug for kindergarten classroom.
- Refrigerator to store biology and chemistry supplies.
- Surge protector/power strip for instructional equipment.

Allowable Expenditures – cont.

- Classroom bulletin board materials
- Classroom banners and posters
- Canned air spray for keyboards
- Batteries for instructional media
- Ink cartridges for classroom printers
- Educational apps
- Academic incentive items
- Flash drives

Allowable Expenditures – cont.

Teachers could decide to pool their student materials allotments to purchase a TV that will be used for each classroom's students to watch virtual field trips.

Questionable Expenditures

- Orthopedic teacher's chair
- Student desk
- Fax machine
- Candy
- Gold Cross pen and pencil set for teacher
- Sink in classroom
- Tissues and hand sanitizer

Unallowable Expenditures

- Field trip costs, such as bus rental, food for chaperones, admission charges, etc.
- Membership dues to any organization or association.
- Extra-curricular activity expenses.
- Registration fees and other conference expenses.**
 - **May be o.k. for Professional Development.

Timelines

- At least some of the individual teacher allotment must be made available for expenditure by December 1.
- The Legislative intent is that all of the allotment be made available for expenditure as soon in the school year as possible.
- Although reasonable deadlines to expend all of the allotment may be established, a teacher has until the end of the fiscal year to order items.

Timelines

- State law allows the expenditure of these funds to begin at the beginning of the school year even though the state funds will not be provided until the fiscal year.
- A reasonable deadline for expenditures, such as August 31, can be established.
- Unspent student materials allotments may be used to buy classroom materials for new teachers or those with additional needs.

Other Provisions

- Classroom instructional support funds are not transportable with the teacher if the teacher is transferred to another school.
- The State Examiners of Public Accounts may audit all expenditures for classroom instructional support and related documents by county and city school boards.

QUESTIONS



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