

LOCAL SCHOOL ACCOUNTING

7.81

I. General

- A. The principal shall be responsible for the proper handling of all business affairs in the school. This includes the establishment of bank depository accounts, savings accounts, receipt and disbursement of funds, financial records and reports. The principal, as trustee, is responsible for replacement of student activity money improperly spent.
- B. All money collected from students on school premises and all money collected at school-sponsored activities, on or off the premises, shall be accounted for through the school accounting system.
- C. The use of a change cash account should be avoided if possible. If change cash funds are established, they may be used only to initiate the daily operation of school stores, school sponsored events and lunchrooms. Purchases may not be paid for from such funds.
- D. Funds shall not be transferred from one account to another by borrowing or otherwise, except as authorized in writing by the principal, faculty sponsor, and student representative if applicable. (Note: In no circumstance shall funds be transferred from public to non-public accounts.)
- E. All funds collected in a school shall be expended for the expressed purpose for which they were collected. All funds generated from continuing or recurring events, school store or athletic events should be used to support that activity and other purposes that will benefit the student body.
- F. No contributions to fund-raising drives for charitable organizations may be made from the school's public funds. However, funds may be collected for such a purpose and should be recorded (receipts and disbursements) in the Accommodations Account.
- G. Failure to follow school system rules and requirements for the proper receipt, management, reporting, depositing, and/or disbursement of funds shall result in disciplinary action and/or legal prosecution.

II. Cash Receipts

- A. Extreme care must be taken when receiving and recording receipts of cash by the school. The school principal is responsible for safeguarding this money and maintaining accurate records indicating the purpose for which this money is received. All funds received should be accounted for by a pre-numbered receipt form.
- B. All money received must be deposited in the school's checking account.

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- C. All money received by the school should be deposited no later than the first business day following receipt of the money.
- D. Money should never be kept in a school building overnight except change cash funds established to initiate the daily operation of school stores, school-sponsored events and lunchrooms. The principal, bookkeeper, or other school personnel shall not carry money on his/her person or keep money at home until it is convenient to deposit it.

III. Purchasing

- A. The principal must ensure that good, sound business practices are followed regarding the purchase of goods and/or services from the school's funds. In order to control the purchasing, the principal should determine the need for the goods and/or services and the availability of funds, and then approve or disapprove the proposed purchase.
- B. A purchase order or Board-approved purchase card shall be required for all purchases. The purchase order shall be approved/signed by principal/worksite supervisor or Superintendent or designee prior to the purchase of any material, goods, services or equipment.
- C. A student body organization shall not be obligated for purchases made by students, sponsors, faculty, and others unless supported by a local school purchase order signed by an authorized person.
- D. No purchases shall be made which obligate the income of a subsequent school year nor shall any purchases be made which encumber a local school fund or activity beyond the available resources of that fund or activity.

IV. Cash Disbursements

- A. The principal must ensure that all disbursements from the schools' funds are adequately documented and are made only by check. No petty cash funds shall be maintained, except those established to initiate the daily operations of school stores, school sponsored events and lunchrooms.
- B. All disbursements shall be made by check to a specific payee. No check shall be made payable to cash. No other payments should be made by cash.

V. Reporting

- A. A cumulative and systematic record shall be kept of all accounts between the Board and individual schools in order that schools shall be responsible for their financial obligations and shall operate within budget regulations and individual school allocations approved by the Superintendent and the Board.

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- B. Each local school principal shall prepare a monthly financial report, to include all school accounts, and submit a monthly financial report signed by the person preparing report and principal to the Superintendent for inclusion in the School System’s monthly annual financial reports.

REFERENCE(S):

**CODE OF ALABAMA
16-13-32, 16-13A-1, 16-13-235**

HISTORY:

**ADOPTED: JULY 18, 2013
REVISED: _____
FORMERLY: NEW**