**USE OF FUNDS** 7000

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

LEGAL REF: G.S. 115C-36

ADOPTED: February 7, 2005

**SCHOOL FINANCE OFFICER** 7010

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

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

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

B. Giving the preaudit certificate required by law;

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

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

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

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

ADOPTED: February 7, 2005

**FIDELITY BONDS** 7020

The Superintendent shall ensure that the finance officer, treasurer of each school, and all other officers, employees and agents of the school system who are required to be bonded are bonded in accordance with state law. It is the duty of the financial officer to assist the Superintendent in implementing this policy.

LEGAL REF: G.S. 115C-442

ADOPTED: February 7, 2005

**ANNUAL BUDGET**  7100

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

The Superintendent’s budget message shall contain a concise explanation of the educational goals fixed by the budget for the budget year, set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, and shall explain any major changes in educational or fiscal policy.

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

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

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

ADOPTED: February 7, 2005

**ADOPTION OF BUDGET RESOLUTION** 7110

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

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

ADOPTED: February 7, 2005

**BUDGET TRANSFERS AND AMENDMENTS** 7120

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

The Superintendent is authorized to transfer moneys from one appropriation to another within the same fund, so long as the transfer does not increase or decrease the amount within an appropriation by more than twenty-five percent (25%). Any such shall be reported to the Board at its next regular meeting and entered into the minutes.

LEGAL REF: G.S. 115C-433

ADOPTED: February 7, 2005

**INTERIM BUDGET** 7130

In case the adoption of the budget resolution is delayed until after July 1, the Board shall make interim appropriations for the purpose of paying salaries and the usual expenses of the school system for the interval between the beginning of the fiscal year and the adoption of the budget resolution. Interim appropriations so made and expended shall be charged to the proper appropriations in the adopted budget resolution.

LEGAL REF: G.S. 115C-434

ADOPTED: February 7, 2005

**ACCOUNTING SYSTEM** 7200

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

LEGAL REF: G.S. 115C-440

ADOPTED: February 7, 2005

**FINANCIAL REPORTS AND STATEMENTS** 7210

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

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

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

LEGAL REF: G.S. 115C-436, -446

ADOPTED: February 7, 2005

**INDIVIDUAL SCHOOL ACCOUNTS** 7220

The Board authorizes the maintenance of appropriate individual school accounts. The Board shall appoint a treasurer for each school upon recommendation of the Superintendent. The school treasurer shall be bonded in accordance with Policy 7020. The principal shall be responsible for proper administration of financial activities of the school in accordance with law and appropriate accounting practices and procedures.

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

Each payment made at the individual school level shall be made on a check signed by both the principal and school treasurer or assistant treasurer. Neither signature may be a stamp or facsimile. Monies raised by a student organization shall be expended for the benefit of students.

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

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

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

**Gate Receipts and Admissions**

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

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

ADOPTED: February 7, 2005

**RECEIVING AND INSPECTING** 7300

Personnel responsible for purchasing shall establish and maintain a receiving procedure for all supplies, materials, and equipment as appropriate. Personnel responsible for receiving items delivered shall inspect them and have ready access to specifications. Receiving personnel shall be responsible for determining that the items received are in good quality condition and shall be responsible for entering in the receiving document an actual count of quantity delivered. Personnel responsible for receiving shall be responsible for taking appropriate action with respect to complaints on deficiencies concerning the received items.

LEGAL REF: G.S. 115C-47

ADOPTED: February 7, 2005

**MAINTENANCE OF INVENTORY AND FIXED ASSETS** 7310

Administrative personnel shall be responsible for all fixed assets assigned to their site or department, and shall take a physical count and account for each item at least once per fiscal year according to procedures established by the finance officer.

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

The three minimum cost thresholds are $5,000 for equipment, $20,000 for buildings, and $100,000 or higher for infrastructure. Identified fixed assets shall be accounted for in accordance with administrative procedures approved by the superintendent.

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

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

ADOPTED: February 7, 2005

**CONTRACT ADMINISTRATION** 7400

Except as otherwise provided by Board policy, all system-level contracts made on behalf of the Board of Education involving expenditures exceeding fifty thousand dollars ($50,000) must receive prior approval from the Board. Unless otherwise prohibited by statute, state regulation, or other Board policy, the Superintendent or his/her designee is authorized to enter into contracts involving amounts up to fifty thousand dollars ($50,000). The Superintendent shall report all contracts between twenty-five thousand dollars ($25,000) and fifty thousand dollars ($50,000) to the Board quarterly. Contracts for unanticipated expenditures exceeding fifty thousand dollars ($50,000) for direct or related services to exceptional children may be undertaken by the Superintendent conditioned on final approval by the Board at its next scheduled meeting. Where feasible, the Superintendent or his/her designee shall seek informal bids for contracts.

All system-level contracts must be pre-audited by the finance officer before they are awarded.

This policy shall not apply to items that must be purchased under the requirements of the State Division of Purchase and Contract. In addition, all contracts involving construction or repair work or purchase of apparatus, supplies, materials or equipment must be undertaken in compliance with Chapter 143 of the North Carolina General Statutes and Board policies.

**School Principal Contracting Authority**

School principals may enter into contracts for:

 A. School pictures;

 B. Yearbooks and school newspapers

 C. Fund-raising activities undertaken in compliance with Board policies;

 D. Disc jockeys/bands and facilities for dances to be paid for with school funds;

 E. Athletic officials and security personnel for games and other special events;

 F. Class rings;

 G. Caps and gowns;

 H. Senior supplies (i.e., invitations, note cards, class keys, etc.);

I. Vending/dispensing machines;

 J. Copiers; and

 K. Maintenance services.

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

LEGAL REF: G.S. 115C-288, -518, -522; 143-129, -131, -132, -133

ADOPTED: February 7, 2005

**DEPOSITORIES** 7500

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

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

ADOPTED: February 7, 2005

**DAILY DEPOSITS** 7510

Except as otherwise provided by law, all monies collected or received by an officer, employee, or agent of the school system or an individual school shall be deposited in accordance with this policy. Each officer, employee, and agent of the school system or individual school whose duty it is to collect or receive any taxes or other monies shall deposit all collections and receipts daily. All deposits shall be made with the school system’s finance officer or in an official depository. Deposits in an official depository shall be reported immediately to the individual school treasurer by means of a duplicate deposit ticket. The school system’s finance officer or designee may at any time audit the accounts of any officer, employee, or agent collecting or receiving any taxes or other monies, and may prescribe the form and detail of these accounts. The accounts of such an officer, employee, or agent shall be audited at least annually.

LEGAL REF: G.S. 115C-445

ADOPTED: February 7, 2005

**INVESTMENT OF IDLE CASH** 7520

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

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

ADOPTED: February 7, 2005

**DISBURSEMENTS** 7600

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

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

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

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

ADOPTED: February 7, 2005

**PREAUDIT CERTIFICATION** 7610

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

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

 Signature of school finance officer

 (Date) ”

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

LEGAL REF: G.S. 115C-441

ADOPTED: February 7, 2005

**PAYMENTS OF BILLS, INVOICES,** **OR OTHER CLAIMS** 7620

The school system shall not pay a bill, invoice, salary, or other claim except by a check or draft on an official depository, by a bank wire transfer from an official depository, or by a warrant on the State Treasurer. Except as provided in this policy, each check or draft on an official depository shall bear on its face a certificate signed by the school finance officer or, in cases where the Board overrides the finance officer, signed by the chairman or some other member of the Board.

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

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

 (Signature of school finance officer) ”

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

LEGAL REF: G.S. 115C-441

ADOPTED: February 7, 2005

**BOARD AUTHORITY TO** **OVERRIDE FINANCE OFFICER** 7630

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

LEGAL REF: G.S. 115C-441

ADOPTED: February 7, 2005

**PAYROLL DEDUCTIONS** 7640

The school finance officer shall make only those salary deductions authorized by the Superintendent and/or required by federal and state law.

School personnel must notify the central payroll department in writing of any additions, deletions, or other changes to payroll deductions at least 30 days before the effective date of the change.

Nothing in this policy precludes the school system from reducing the amount of an employee’s wages in order to adjust for overpayment and/or to assure accuracy in the cumulative wages paid to the employee, provided that the reduction does not result in the employee’s wages falling below the federal minimum wage. Any employee receiving inaccurate wages shall promptly report the inaccuracy to his/or her supervisor.

LEGAL REF: G.S. 115C-36, -339, -340, -341, -341.1, -342, -343; Ch. 135 of the General Statutes

**DIRECT DEPOSIT** 7645

All permanent employees of the Edenton-Chowan Schools shall receive their paychecks via direct deposit. Each permanent employee is encouraged to designate a financial institution within the federal reserve system (bank, credit union, savings and loan) of his or her choice and shall complete all forms necessary to permit the employee to receive his or her paychecks via direct deposit at that financial institution.

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

LEGAL REF: None

ADOPTED: February 7, 2005

**EXPENSE AUTHORIZATION/REIMBURSEMENT** 7650

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

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

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

ADOPTED: February 7, 2005

**RECOVERY OF SALARY OR BENEFITS** **ADVANCED TO EMPLOYEES** 7660

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

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

ADOPTED: February 7, 2005

**USE OF FACSIMILE SIGNATURES** 7670

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

Nothing in this policy will amend the requirements prescribed to individual schools in Board policy 7720.

LEGAL REF: G.S. 115C-439

ADOPTED: February 7, 2005

**SETTLEMENT OF CLAIMS** 7700

1. APPLICABILITY TO CERTAIN CLAIMS

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

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

1. PROCEDURE FOR FILING CLAIM

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

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

1. SETTLEMENT

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

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

1. Whether there is a reasonable possibility that the potential defense costs to be paid by the Board, including an estimate of personnel time and school system resources, will exceed the amount for which the case can be settled.

2. The extent to which an employee's actions or omissions may have caused, or contributed to, an injury.

3. Whether an employee intentionally caused an injury.

4. Whether there are any affirmative defenses available to the Board in the event of litigation. However, the availability of Sovereign/Governmental Immunity shall not be asserted or considered for any pre-litigation claim.

5. Whether the demand is within the retention or deductible level for monetary payments pursuant to any applicable insurance or coverage agreement.

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

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

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

LEGAL REF: *Hallman v. Charlotte-Mecklenburg Board of Education*, 124 N.C. App. 435 (1996); *Dobrowolska v. The City of Greensboro*, 138 N.C. App. 1 (2000)

ADOPTED: February 7, 2005

**INSURANCE**7710

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

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

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

LEGAL REF: G.S. 115C-36, -42, -47, -435, -533 to -543

**ANNUAL AUDITS** 7800

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

The audit contract shall be in writing, shall include all its terms and conditions, and shall be submitted to the Secretary of the Local Government Commission for his/her approval as to form, terms, and conditions. The terms and conditions of the audit contract shall include the scope of the audit, and the requirement that, upon completion of the examination, the auditor shall prepare a typewritten or printed report embodying financial statements and his opinion and comments relating thereto. The financial statements accompanying the auditor’s report shall be prepared in conformity with generally accepted accounting principles. The auditor shall file a copy of the audit report with the Secretary of the Local Government Commission, the State Board of Education, the Board, and the Board of County Commissioners, and shall submit all bills or claims for audit fees and costs to the Secretary of the Local Government Commission for his/her approval. The Board shall receive the audit report at the regular business meeting in November of each year.

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

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

LEGAL REF: G.S. 115C-447

ADOPTED: February 7, 2005